

## **Determinants of Customer Satisfaction in Fast Food Industry A Study of Fast Food Restaurants Peshawar Pakistan**

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### **Abstract**

*This research is focused to find what are the key success factors for fast food industry in region of Peshawar Pakistan. Fast food concepts developed very rapidly in last few years in Peshawar region. The failure or success of a fast food industry based on some factors like Promotion, Service quality, Customer expectations, Brand, Physical Environment, Price, and Taste of the product. To find which of these factors has greater influence on consumer satisfaction, four fast food restaurants customers were targeted randomly. These four restaurants were KFC, CHIEF, ARBAIN CHICK, and PIZZA HUT. The data collected from the customers of these restaurants. The data collected from customers of these restaurants when the customers were in restaurants for refreshment. Total number of customers who were targeted was 120. From each restaurant 30 customers were targeted on availability basis. On the basis of their responses multiple regression and correlation test was applied. Findings of the study shows that service quality and brand are the key factors for satisfaction in fast food industry in Peshawar Pakistan.*

### **Key words**

*Customer satisfaction, Fast Food Industry, Service Quality and Price*

**JEL Classification:** M31

### **Introduction**

“Fast food” this term was recognized in dictionary by Merriam-Webster in year 1951 mostly we need small capital requirements to start a fast-food restaurant, small individually-owned fast-food restaurants have become common throughout the world.

Franchises are the part of restaurants chains which operations is to provide standardize food stuffs to the different locations for example Pizza Hut, KFC, McDonald, Dunkin Donets, and many others. For starting any fast food business the capital requirements are relatively low than any other business. That is the reason all over the world individually owned fast food restaurants are increasing.

The term fast food is use for the food which can be prepared and served quickly than any other meal, minimum preparation time is considered for fast food, generally

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this term refers to food sale in restaurants and stores with low time preparation and served to customers in form of packaged for take away /takeout.

This research was conducted to find out the factors for customer satisfaction. The feeling of pleasure and disappointment is known as Satisfaction. If the product was not satisfied person feelings then it will be dissatisfied, and if product satisfied person feelings after the use they will be satisfied.

Customer is the key role in any business, without any customer it's difficult to do business, and that's the fact. It's necessary to work closely with your customer. Because customer can also create your business. Customer is the major part of business and also in the market. Market where buyers and sellers meet. Business runs through customer, without the customer there is no business.

Satisfaction is an individual feeling of pleasure or the disappointment, if their expectation level meets, their level of satisfaction also increasing but if not then disappointment comes. Customer satisfaction is very important for every organization; either they are service sector or the private sector. It's not every time to satisfy your customers. Because there are so many customers using products. And every customer uses it differently, take it differently, and speak it differently. The most dangerous part for any organization is word of mouth. You can't stop every person's mouth, even if you give your best of best, they still argue on your products which are not good for some time. Some customer likes your products and after use they speak good words for the product. But some use your product, and speak wrong word of mouth for the product.

## **1 Literature Review**

### **Customer Satisfaction**

According to Zairi (2000) the feeling of pleasure and expectation fulfillment is known as Satisfaction. If the product will not satisfy customer feelings they will be dissatisfied, and if product satisfied them after the use customer will be satisfied and become loyal to that product or brand. In other words customer satisfaction is goods or services which fulfill the customer expectation in terms of quality and service for which he paid. If Customer satisfaction develops they will become loyal to that product or brand and their loyalty will be good for the company in sense as a Profit. Customer satisfaction is the part of marketing and play important role in the market. In any organization satisfaction of customer is more important, because if your customer is satisfied with your services or products, your position will be good in the market. Oliver (1981) describe in his study that customer satisfaction is the part of marketing and play important role in the market. In any organization satisfaction of customer is more important, because if your customer is satisfied with your services or products, your position will be good in the market. In old times customer satisfaction was not too much important and people were not focused on quality. But now a day's competition is tough and customer is aware of all the products and companies due to education and learning environment and this is the reason that every business is concern to fulfill properly customers need and wants.

Concerning all types of business organization customer satisfaction is the most important issue, and considered as most reliable feedback, for the excellence of any business organization (T. W., 2001).

Veloutsou (2005) describes in his study regarding customer satisfaction tangible products and services, there is a distinction. This distinction between tangible and intangible goods becomes coz different factors of customer satisfaction, and that is why they should be treated separate and distinct

Churcill (1982) customer satisfaction has overall reaction of expectation of consumption with a product or service on the base of perception, evaluation and psychological reaction. According to Kottler (2000) Satisfaction is the sum of attributes of product or service. Kurniawan (2010) customer satisfaction can change over the period of time, it is a dynamic process The individual's perception about the product's or service's performance Leads to customer satisfaction Tat, Sook-Min, Ai-Chin, Rasli, & Hamid (2011).

### **Determinants of Customer Satisfaction**

Huang (2011) promotions is different form of activities for attracting and getting attention of customer to purchase the product or service through personal selling, public relations, sales promotions and advertising. According to Kurniawan (2010) promotion of product or service helps in the best way to builds relationship with customers, because everyone is looking for the best suitable deal for them.

Athanassopoulos (2000) describe that customers want to see for what they are looking for. Myers (1998 ) promotion is for reducing the feeling of guilt which is associated with the use of different products or service which result to customer satisfaction. Schefter (2000) another common factor which is helpful to derives customer satisfaction is website. Website is the advanced way uses for the promotion, to aware the consumer and to satisfy them with offering vast array of function and features. Before making choice of product offering, potential customer has an opportunity through website to make a detailed comparison Khatibi (2007). When information like discounted products and other special offers on different products travels in the public, could increase the level of customer satisfaction Kandampully (2002).

Takeuchi (1983 ) quality is standard of something which consumer measure against the other different things; quality can be measured by giving grade, merit, attributes etc to the products or services. Consumer can not differentiate between the quality and its requirements. Service quality is evaluated when the out customer compare his/her perception and expectation of service delivery Gronroos (1984).

By recognized the need of measures of service quality many researchers most often use service quality to measure customer satisfaction Zeithaml (1985). For evaluating and estimating various dimensions of service quality is the instrument accepted as standard Kurniawan (2010).

Zeithaml (1985) it is a scale with multiple items good validity and reliability, many researchers use this instrument to understand and find the service expectation and consumer's perception for improving the service quality. The expectation of a customer is an important factor. The more service quality is near to customer expectation more satisfaction and vise versa Ayse Ozfer Ozcelik (1988).

Customer satisfaction is reflected when he recognized the quality. While using the web, the (user interface) web is a service and customer is user. They surf the internet retrieve the information and share the information when interact over the internet with others. The quality of internet service plays a greater role than the service quality providing to the customers in other sectors, like hotels and hospital Kurniawan, (2010).

Schwager (2007) describe in his study that in the new millennium providing customers a unique experience is the major key to capture the market and winning their hearts and mind. Satisfaction or dissatisfaction is the consequences of customer's consumption or experiences of services or expectation.

Kurniawan (2010) branding is one of the factors which has been identified repeatedly customer choice in the selected product. Branding has impact on purchase decision of consumers. The more a brand is succeeded in their earlier period the more value for its brand can be generated.

Kurniawan (2010) company formal introduction today is branding. Brand is a set of guidelines or a promise in customer's mind Brand is a product which adds other dimensions some way to differentiate it from other products Boukili (2008). Brand helps the customer the product and how he describes the company to others, opportunities can avail by branding. Brand is described by the American marketing association as a "name, sign, symbol or combination of them to identify and to differentiate the goods and service, or sellers from their competitors".

Lim (2010) Customer's ultimate satisfaction may have significant affect of atmosphere. Physical surroundings are helpful to create image in the mind of customer and to influence their behavior. Physical atmosphere of the restaurants have the significant impacts on the customers satisfaction. Lightning, furnishing, sent, music and different other atmospheric factors among them influence on customer satisfaction.

Skindaras (2009) there are millions of products in this world having different prices. Pricing a product is difficult thing to do. Prices are set according to the value of the product. Price from marketing mix Han (2009) state that one of the most flexible element that changed quickly. In the literature of Khan (2011) marketing the most important factor indicated for customer satisfaction is price, because most of the customers estimate the value of the product or obtained service through price.

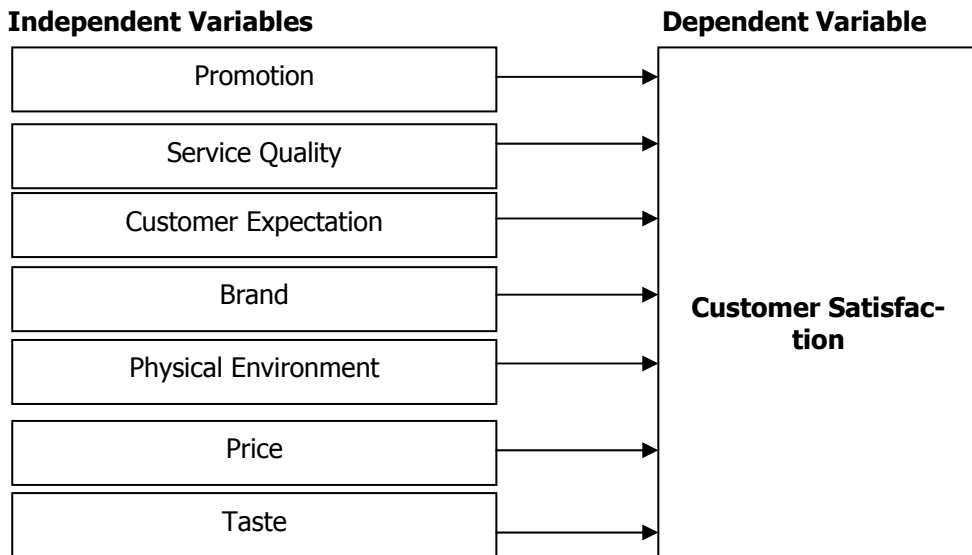
Lim (2010) for the customer it is not necessary that a better quality can be a better taste, if customer like the taste of food he/she will be willing to pay for the it. Based on previous researches, in customer satisfaction and taste, there is a significant correlation found between them. Researchers found that Good taste of food has positive influence on customer's satisfaction and it also increase the customer's retention rate which is also depends upon customer's satisfaction. Therefore, restaurants focus is on taste of the food and services that has influence on customer's satisfaction.

## 2 Research Framework

Figure 1 below shows the theoretical framework of the study. There are two variables discussed in this study, i.e. independent and dependent variables. Customer sat-

isfaction in fast food industry showing dependency on Promotion, Service quality, Customer expectations, Brand, Physical Environment, Price, and Taste of the product.

**Figure 1** Theoretical Frame work of the Study



### 3 Methodology

As this research is focused on customer satisfaction of fast food industry of Peshawar Pakistan. For the very same purpose the customer in KFC, CHIEF BURGER, ARBAIN CHICK, and PIZZA HUT were targeted. These four restaurants were selected randomly from Peshawar market. The respondents were targeted on convenient basis through non probability sampling.

The Likert scale questionnaire was designed for collecting of data from the mention respondents in above mentioned Fast food restaurants. The number of respondents who were contacted was 120. For data collection 30 selected from each restaurant. The response rate was 100% because the data collection made in restaurants in presence of researchers.

### 4 Reliability of Scale

The below table shows the reliability of the data collected from respondents. The following scales show that the data collected from there is reliable and respondents answered accurately. Because the variables are exceeding from 70% which is the standard of acceptance for reliability.

**Table 1** Reliability of Scale

<b>S.No</b>	<b>Variables</b>	<b>Cronbach's Alpha</b>
1	Customer Satisfaction	0.732
2	Promotion	0.750
3	Customer Experience	0.776
4	Physical Environment	0.778
5	Service Quality	0.773
6	Price	0.724
7	Brand	0.740
8	Taste	0.742

The above table calculations suggest that the responses given by KFC, CHIEF BURGER, ARBAIN CHICK, and PIZZA HUT customers are reliable.

## 5 Hypotheses of the study

An overview of the hypothesis related to the relationship with customer satisfaction and Promotion, Customer expectations, Environment, Service quality, Price, Brand and Taste of the product. On the base of dependent and independent variables, for this study seven hypothesis has been developed given below.

- H1: Promotion is positively related to the customer satisfaction on purchase decision.
- H2: Service quality is positively related to customer satisfaction in purchase decision.
- H3: Customer experiences and customer satisfaction are also positively related.
- H4: Brand plays an important role to the customer satisfaction in purchase decision.
- H5: Price has positive impact on customer satisfaction
- H6: Taste is positively related to customer satisfaction
- H7: Physical environment has also positive relation with customer satisfaction

## 6 Socio-demographic Profile

For research the data collected from the customers of KFC, CHIEF BURGER, ARBAIN CHICK, and PIZZA HUT restaurants. The demographic characteristic of respondents shows that 78% of the respondents were male and 22% were female. The data reveals that 73% of the respondents were in the age group of 20-30. While in 30-40 age range there were 14% respondents, in age of 40-50 only 9% respondents and only 4% respondents were above 50. With respect to marital status of respondents 61% respondents were unmarried and 39% respondents of the study were married.

## 7 Results and Analysis

The following results were obtained after fitting the multiple linear regressions.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784 <sup>a</sup>	.615	.586	.25717

a. Predictors: (Constant), Promotion, Service quality, Customer expectations, Brand, Physical Environment, Price, and Taste of the product

The adjusted R-square in the table shows that the dependent variable, (Satisfaction) is affected by 58.6% by independent variables (Promotion, Service quality, Customer expectations, Brand, Physical Environment, Price, and Taste of the product). It shows that Promotion, Service quality, Customer expectations, Brand, Physical Environment, Price, and Taste of the product factors are responsible for satisfying customers. The overall model was also significant, tested with the help of ANOVA. The results are given in the following table.

**Table 2 ANOVA Results**  
**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.728	7	1.390	21.012	.000 <sup>b</sup>
	Residual	6.085	92	.066		
	Total	15.813	99			

a. Dependent Variable: satisfaction

b. Predictors: (Constant), Promotion, Service quality, Customer expectations, Brand, Physical Environment, Price, and Taste of the product.

ANOVA table is showing the level of significance. Through the table it is clear that all sub factors Promotion, Service quality, Customer expectations, Brand, Physical Environment, Price, and Taste of the product are related to satisfaction and that the relationship between them is significant as compared to alpha value=0.05. Table III shows the coefficients of all independent variables included in the model along with their respective P-values.

Mostly the sub factors in the inventory under the heading of "Customer Satisfaction in Fast Food Industry" are significant. In the table, un-standardized coefficient shows that the sub-factors are positively affecting the satisfaction and is showing comparative figures of the satisfaction and the factors causing satisfaction in the purchase of fast food.

**Table 3** Regression Co-efficient

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.138	.252		4.520	.000
Promotion	.143	.076	.199	1.883	.063
Service Quality	.210	.076	.296	2.748	.007
Customer Expectation	.112	.089	.147	1.264	.010
Brand	.229	.083	.296	2.748	.007
Physical Environment	.197	.088	.272	-2.226	.028
Price	.188	.075	.243	2.494	.014
Taste	.025	.015	.109	1.644	.024

a. Dependent Variable: satisfaction

As it clear from the table, each and every factor is significantly related to 'Customer satisfaction'. Under the standardized coefficients it is evident that: 'Service Quality and Brand' are the two majors and most important factor causing customer satisfaction in fast food restaurants customers of Peshawar Pakistan with a standardize coefficient of 0.296 in order of importance second important variable is 'Price' with a standardize coefficient of 0.243. The third important variable is 'Physical environment' with a standardize coefficient of 0.272. Hence there are three main factors that are responsible in order for customer satisfaction in fast food restaurants in region of Peshawar Pakistan. Other factors of the study has weak impact on customer satisfaction like 'promotion' (b =0.199), 'taste' (b = 0.109). As the table shows positive values and sub factors are significant at value=0.05 it is concluded that the entire list of hypothesis is endorsed.

**Conclusion**

Concerning all types of business organization customer satisfaction is the most important issue, and considered as most reliable feedback, for the excellence of any business organization. Customer satisfaction is the part of marketing and play important role in the market. And for measuring the customer satisfaction this study was conducted and to examine the relationship between the customer satisfaction to Promotion, Service quality, Customer expectations, Brand, Physical Environment, Price, and Taste of the product. Brand, Service quality, physical environment and promotion are the key determinant of customer satisfaction in the purchase of fast food industry. At the end it could be concluded that, there is a significant positive relationship between the Promotion, Service quality, Customer expectations, Brand, Physical Environment, Price, and Taste of the product to customer satisfaction.



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