How Determinants of Customer Satisfaction are Affecting the Brand Image and Behavioral Intention in Fast Food Industry of Pakistan?

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Abstract

In this paper, a relationship of customer satisfaction and behavioral intention in the fast food chains has been examined. A survey was conducted in three major cities of Pakistan as Sahiwal, Lahore, and Gujranwala. Data of fast food consumers were collected from target population with sample size 166 respondents by applying convenience sampling technique of non-probability sampling. PLS-SEM is used to interpret the results of this study. The finding revealed that positive customer satisfaction leads to positive behavioral intention and healthy brand image in the minds of customers. The results will lead the managers of the industry to prioritize the focus on various antecedents of satisfaction of customer especially food quality, service quality and price value ratio.

Keywords: Food quality; Customer satisfaction; Service quality; PLS-SEM

Introduction

In the highly competitive environment and cutthroat competition maintaining a brand image in the minds of the customers and keeping customers satisfied are the challenging task for a firm’s survival and profitability. Brand image is term as “how a brand is interpreted in the minds of customers” [1]. A strong appearance of a brand makes the customers more satisfied [2]. It will create the loyalty among the customers and will consider fewer alternatives amongst the available options generating repeat purchase [3].

Quality matters a lot but when we consider service quality of food, as it is a vital part of a product. Organizations cannot achieve their objectives without attracting sufficient satisfied customers. Service quality differentiates itself among other services by giving satisfaction to their customer. It means customer satisfaction is the key to success of firms which perceives service quality as the topmost success factor.

This paper emphasizes on customer satisfaction concept offered by the SERVPERF Instrument [4], customer performance perceptions and performance importance which measure service quality. Service quality is the distinction amongst perception and expectation according to SERVQUAL instrument by Parasuraman et al. [5,6]. According to SERVQUAL, the positive gap or difference between perception and expectation leads to satisfaction and negative gap leads to dissatisfaction to a customer. In this research, customer satisfaction is measured with the SERVPERF instrument based on food quality, service quality, and price value ratio.

As per the business point of view, it is very important to build brand image and to find loyal customers with their behavioral intention, who have faith in firm’s product quality. It also engages customers in future by repeated purchase that makes business more successful. This research studies the relationship between various factors like customer satisfaction, behavioral intention, service quality, price-value ratio, food quality, and brand image in the context of fast food industry of Pakistan. The finding of this research paper shows that there is no direct link to increase behavioral intention and brand image. Instead service quality, food quality and the price-value ratio has an impact on customer satisfaction which leads to improving brand image and behavioral intention. This research enlightens the concept of managerial decisions and helps managers to view from a customer perspective by taking further steps that are based on customer-centric business approach.

Literature Review

Fast food industry is growing in Pakistan and competition among fast food restaurants has been increased significantly. Therefore, these fast food chains need to focus and improve their brand image by satisfying more customers with continuous improvement of service quality to attract and retain more customers [7].

Moreover, superior service quality leads to greater customer satisfaction, which ultimately converts into the purchase repetition and it is also known as consumer behavioral intention [8]. In addition to this, previous researchers also identified that satisfied customers produce positive word of mouth among their circle, which ultimately contribute to building a strong brand image.

Hence, the importance of knowing the connection amongst service quality and customer satisfaction with the relationship of behavioral intentions of the customers [9]. Moreover, the impact of customer satisfaction in building the brand image of the fast food restaurant has also become critical to understand.

To better understand the relationship between these variables we must know the previous researches done in this area.

Service quality, customers satisfaction, and behavioral intentions

Every business needs repeat customers to foster and to increase profit. This behavior of customer will remain loyal and completely satisfied until they received services which the company promises

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to deliver [10]. Similarly, management should more emphasize on improved policies of customer satisfaction in association of service quality [11]. Customers satisfaction is largely dependent on service quality [12]. Omar et al. [13] conducted research on service quality, customer satisfaction and the moderating role of gender in the context of Arabic restaurant in Malaysia which shows positive correlation amongst them. The researchers have identified a strong relationship between service quality and customer satisfaction [14]. Kivela et al. [15] has also explained that customer satisfaction leads to the repeat purchase behavior. Kim and Lough [16] defined that the more satisfied customers become more loyal to a service provider and do repeat purchase and develop positive word of mouth. Similarly, unhappy customers may create negative word of mouth [17] which ultimately effect brand image of the company.

Service quality has been found more important than product quality [18]. Schlesinger and Heskett [19] defined the desired service quality cycle as repeated bonding between the customers’ satisfaction and service quality and their further impact on behavioral intentions. Cardello et al. [20] conducted pre and post-test in the food industry in which behavioral, purchase and consumption of food were tested in which attitude is referred to liking or disliking of food, its consumption, taste and repurchasing of food. These two factors food preferences and expected liking/disliking have a relationship with the food, location, and atmosphere where the food is being served. Parasuraman et al. [5,6] developed service quality model called SERVQUAL which included five dimensions; reliability, tangibility, responsiveness, assurance, and empathy. This framework defines service quality as the distinction of customer’s perception in relation to quality of service and the actual service being experienced.

Another framework to determine the service quality is the SERVPERF instrument [4]. The SERVPERF instrument added 22 items to the five dimensions introduced by SERVQUAL. This paper deploys SERVPERF with its five measurements of service quality as the instrument for analysis.

This literature review described the importance of a strong relationship between service quality with customer satisfaction and behavioral intentions.

Food quality and customer satisfaction

Shock and Stefaneli [21] explained the theory that service quality, product, place, and price have an effect on customer satisfaction with the processes and success of the restaurant. Satisfaction of customer can be measured with a different variable rather than just quality of service [7].

Law et al. [22] also studied the relationship among factors creating an impact on customer satisfaction. They defined that quality of food quality and its variety are amongst the vital factors of customer satisfaction. Food quality is an indication of a quality of ingredients and food offered by the fast food restaurants which include the food cleanliness, freshness, and healthiness as well as variety of foods offered at the fast food restaurants.

Customer satisfaction is influenced by the quality of product and its price [7]. The main purpose of visiting a restaurant is to fulfill the human need of hunger [23]. Hence, quality of food is an extremely important factor in attracting the customers. In the previous studies, food quality is significant and one of the major influence of customer satisfaction. It leads to ground the second hypothesis of this research, which is developed and tested in the next section of this paper.

Price value ratio and customer satisfaction

Bell et al. [12] described price to value ratio as another critical factor in defining customer satisfaction. Johns and Howard [23] referred that price to value ratio is an important factor in determining customer satisfaction. Soriano [24] showed the positive relationship between the price to value, customer loyalty and repeat purchase behavior. There is a positive bonding between the perceived value and customer satisfaction whereas the perceived value is defined as the perceived level of quality compared to the price paid [25].

Hence, in support of the literature review price value of the product has been determined as one key determinant of customer satisfaction and therefore used to ground the third hypothesis of this research paper.

Customer satisfaction and brand image

Customers satisfaction shows the satisfying outlook when a customer accepts a certain deal which leads to a positive relationship with brand value [26]. Customer satisfaction and brand characteristics have noticeably affirmative bonding [26,27].

A customer is more satisfied when the service offered is greater than the anticipation of the customer [28]. On the other hand, if the gap amongst perceived and expectation of service is getting widens, the dissatisfaction will increase [29].

Kandampully and Suhartanto [28] in conducted research on loyalty, customer satisfaction and brand image in hotel industry of New Zealand and results indicates that image and satisfaction is positively related to loyalty of customers. The brand building includes the explanation and understanding of brand characteristics, features and benefits of the product, an experience of the product and image in the minds of customers after usage or before usage. Therefore, it is a set of related thoughts which the customer learned regarding the brand after experiencing it. Therefore, a positive relationship exists amongst customer satisfaction and brand image [26].

Conceptual model

The model in Figure 1 is the conceptual model of this study as brand image is the main contribution of this research paper. The unhappy customers may deteriorate the brand image and lead to negative word of mouth. Therefore, it is important to test the behavior of this variable in this conceptual model.

This paper determines the association between service quality, customer satisfaction, brand image and behavioral intentions in the fast food industry of Pakistan. Hence, following hypotheses are developed (Table 1). These hypotheses are developed to analyze the relationship between customer satisfaction (as the intermediary) and the three constructs; service quality, food quality, and price-value ratio, on independent variables as behavioral intentions and brand image of the restaurant. Moreover, service quality has been defined by five dimensions Parasuraman et al. [5,6].

Research Methodology

Data collection and sample

The data is collected from three major cities of Pakistan i.e.; Gujranwala, Lahore, and Sahiwal who are fast food consumers. Overall, 200 questionnaires were distributed, out of which 166 were considered for data analysis, having response rate as 83%. Regarding the respondents, 63% were male and 37% were female. Moreover, 66%
customers visit the fast food chains with friends, 8% customer visit by themselves, and 25% customers visit with their families. Further, 59% customers visited more than six times to fast food chains, 33% clients visited two to five times, and 8% clients visited the first time to fast food chains. We used convenience sampling technique for our study. This technique is used to reduce the cost as well as time [30-36].

**Measures**

The questionnaire included 30 questions to test the hypotheses under this research. Service quality was adopted from Parasuraman et al. [6] and customer satisfaction was adopted from Cronin and Taylor [4]. Questions about the price-value ratio were adopted from Kim and Kim [37] and Kara et al. [30] where as questions regarding food quality were adopted from Johns and Howard [23] and Kivela et al. [15]. Finally, brand image was adopted from Aaker [1] and behavioral intentions questions were adopted from Boulding et al. [31] and Keillor et al. [33]. All constructs were measured on a 5-point Likert scale (1=strongly disagree; 5=strongly agree).

**Data Analysis and Results**

The PLS path model estimation (Figure 1) uses the software SmartPLS 3 [33]. Partial Least Square - Structural Equation Modeling (PLS-SEM) technique was used for the assumption of this study. The measurement model explains the value of R²=0.558 for customer satisfaction being endogenous latent variable. This means that the three antecedent variables (service quality, food quality and price value ratio) practically elucidate 55.8% of the variation in customer satisfaction. Similarly, customer satisfaction on behavioral intention and brand image increase by 0.727 and 0.718 respectively.

Further, the composite reliability (CR) with average variance extracted (AVE) is analyzed which shows the values above 0.7 and 0.5 correspondingly in lieu of convergent validity that Fornell and Larcker [36] suggested see Table 3.

Discriminant validity was checked by the cross-factor loading values keeping in view the criteria of Fornell and Larcker [36] (Table 4).

**PLS –SEM Path analysis**

The PLS path model estimation (Figure 2) was performed through the software SmartPLS 3 [33] to evaluate the model in which service quality, food quality and price value ratio are described as an independent variable, while customer satisfaction as dependent variable which affects the behavioral intention and brand image.

By observing the findings it shows that if the other factors remain constant and there is one unit change in service quality, there will be an increase in customer satisfaction by 0.321. Similarly, if there is one unit change in food quality, there will be an increase in satisfaction by 0.181. In the same way, if other dynamics of price value ratio remains unchanged and if there is one unit change, the satisfaction of customer changes by 0.355. However, if customer satisfaction changes by one unit, the behavioral intention and brand image increase by 0.727 and 0.718 respectively.

Table 5 supports the path analysis for testing the hypothesis from H1-H5 by showing their P-value, path coefficients and T-statistic value. At the start, the direct result of service quality, food quality and price value ratio towards customer satisfaction (β=0.321, β=0.181 and β=0.355 p<0.05) were significant which is confirming the H1, H2, and H3 respectively [37]. Similarly, the direct effect of customer satisfaction towards behavioral intention and brand image is (β=0.727 and β=0.718 p<0.05) were significant which is also supporting the H4 and H5 respectively.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1:</td>
<td>There is a positive relationship between service quality and customer satisfaction in fast food chains of Pakistan.</td>
</tr>
<tr>
<td>H2:</td>
<td>There is a positive relationship between food quality and customer satisfaction in fast food chains of Pakistan.</td>
</tr>
<tr>
<td>H3:</td>
<td>There is a positive relationship between price-value ratio of product and customer satisfaction in fast food chains of Pakistan.</td>
</tr>
<tr>
<td>H4:</td>
<td>There is a positive relationship between customer satisfaction and behavioral intention in fast food chains of Pakistan.</td>
</tr>
<tr>
<td>H5:</td>
<td>There is a positive relationship between customer satisfaction and brand image in fast food chains of Pakistan.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Latent variables</th>
<th>R-Squared (R²)</th>
<th>Adjusted (R²)</th>
<th>Q² Predictive Validity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioural Intention</td>
<td>0.528</td>
<td>0.525</td>
<td>0.247</td>
</tr>
<tr>
<td>Brand Image</td>
<td>0.515</td>
<td>0.512</td>
<td>0.286</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.558</td>
<td>0.55</td>
<td>0.282</td>
</tr>
</tbody>
</table>

**Figure 1: Conceptual model.**
Discussion

In this study, we examined the relationships of the antecedents of customers' satisfaction i.e. service quality, food quality and price value ratio on behavioral intention and brand image of the fast food chains in Pakistan. The finding suggests that all the three factors are important for customer satisfaction that ultimately creates positive or negative behavioral intentions and brand image in the minds of the customer. Another managerial implication is to develop reliability of service quality in regard to increase the satisfaction of customer by empowering the restaurant staff in terms of onsite compensation to unsatisfied customers turning them into satisfied and happy customers. It will help in building loyalty with the customers and improving brand image.

Further, only respondents who had visited the fast food chains were selected that means the current study can help in identifying the importance of all the three factors (service quality, food quality and price-value ratio) are important antecedence of customer satisfaction on behavioral intention and brand image. Marković and Raspor Janković [38] conducted research on hotel customers in Croatia and found that better service quality leads to higher customer satisfaction. Therefore, previous research and current study both emphasis on better service quality to improve customer satisfaction that results in building brand image and repeat purchase. Another interesting finding of this study is that the price-value ratio is the strongest predictor of customer satisfaction rather than service quality and food quality. Moreover, service quality is the second strongest predictor of satisfaction in this study. Therefore, the managers should improve that into consideration the price as well as all dimensions of service quality for the better profitability of fast food restaurants. Better service quality leads to better customer satisfaction and affects the behavioral intention and improved brand image leading to a better customer-oriented environment in fast food industry [39].

Theoretical contributions and managerial implication

The main contribution is to check the output of customer satisfaction on behavioral intention and brand image.
satisfaction on the brand image in fast food industry. Based on the findings it is clearly indicated that customer satisfaction improves the image of a particular brand and repeated purchase intentions. As food is the prime focus in fast food industry therefore it is positively associated with the satisfaction of customer as evident in this paper. Similarly, service quality and price value ratio have been confirmed to directly impact on customer satisfaction. Therefore, fast food industry may give various offers in different spans of times with modified prices to target different clients in order to attract them for a longer period of time.

Limitation and Future Research Directions

This study has analyzed some renowned brands in fast food chains working in Pakistan with a limited geographical area that may be analyzed to another context with different income groups of people as a future research. Moreover, the data may be collected from other areas to study the cultural differences. These two dimensions are left for future researchers.

References


