

# Impact of Perceived Service Quality on Customer Satisfaction: With Special Reference to ABC Fast Food Restaurant Chain in Sri Lanka

M.S.H. Rathnasiri

*Department of Marketing Management, Faculty of Management Studies, Sabaragamuwa University of Sri Lanka, Belihuloya, Sri Lanka*

Submitted: 30-08-2021

Revised: 03-09-2021

Accepted: 05-09-2021

**ABSTRACT:** There is a widespread and growing concern in the fast food industry regarding the quality of service, which has a more significant impact on the organization's survival and continuity. The quality of service is a paramount for customer satisfaction and sustainable competitive advantage in the competitive business environment. This conceptual paper aims to examine the impact of perceived service quality on customer satisfaction of ABC Fast Food Restaurants in Colombo District, Sri Lanka. Most of the prior studies used the SERVQUAL model to study perceived service quality; hence this study will focus on CFFRSERV scale which was tested in the fast food sector in the Chinese context. Therefore, this study will focus on seven dimensions of perceived service quality: empathy, assurance, reliability, responsiveness, tangibles, food quality, and cleanliness, which influence customer satisfaction in the fast food sector. This study will utilize the quantitative research approach; thus, the researcher will use self-administered questionnaires to collect primary data from the sample. Finally, the researcher will be able to recommend strategies for the management of ABC Fast Food Restaurant Chain to improve their customer satisfaction and provide some suggestions to future researchers to gain more reliable outcomes in their studies.

**KEYWORDS:** ABC Fast Food Restaurant Chain, CFFRSERV scale, Customer Satisfaction, Perceived Service Quality, Service Quality Dimensions

## I. INTRODUCTION

The fast food industry, initially conceived in Southern California during the 1940s, altered the eating habits of Americans and those in many other

countries around the world, including Asian countries (Schlosser, 2001). Eating in Sri Lanka is an exciting practice, and food has many different styles with immense restaurants in almost all the cities in Sri Lanka. Worldwide cuisines can be cooked in Sri Lanka like Asian, Middle Eastern, Indian and approximately all international dishes.

Similarly, fast food restaurants are growing in popularity in Sri Lanka because of convenience and their home-oriented approach. The first international fast food restaurant chain which began operations in Sri Lanka was Pizza Hut. Today, fast food restaurants can be found in streets, airports, shopping malls, cinemas and even inside the hospitals in Sri Lanka. The fast food market can be defined as the sale of food and drinks for instant consumption either on the premises or in chosen eating areas shared with other foodservice operators or for consumption elsewhere (Anand, 2011).

Today, eating out entirely is part of a busy lifestyle, not just a special treat as it was in years past. A large number of women who go to work spend less time cooking at home (Roberts & Worzel, 1979), so it is considered that women's time is an important factor in increasing the demand for fast foods in developing countries (Senauer et al., 1986). Urbanization is also one of the factors that lead to changes in the lifestyle of young people such as increased income and independence, so Pingali (2004) pointed out that the demand for food is related to lifestyle in urban areas. Moreover, Regmi and Dyck (2001) found that when income levels increased in developing countries, the consumption of western-style food increased. Furthermore, Nichanj (2005) described that changes in lifestyle and work habits

Determine consumers' fast food choices, ultimately leading to junk health.

Parasuraman et al. (1985) discussed perceived service quality as a critical factor for the success of organizations due to its direct link with customer satisfaction and behavioural intentions. Organizations that provide superior service will experience a high level of customer satisfaction and favourable word-of-mouth (Gilbert & Veloutsou, 2006). Furthermore, customers' perceptions of service quality are important to international

organizations because such measures are inclined to cultural factors and other differences (Furrer et al., 2000).

Table 1.1 demonstrates the classification of customer complaints and the number of complaints reported under each category as a percentage of total complaints per year against the fast food restaurant considered in this study. The name of the studied fast food restaurant chain was kept anonymous due to ethical obligations; hence, it was named 'ABC' fast food restaurant chain.

**Table 1.1: Types and Percentages of Customer Complains**

Year	Type of complain					
	Product Quality%	Service Quality%	Order Delay %	Web Related %	Incorrect Order %	Other %
2016	35	40	15	5	3	2
2017	33	42.5	15	6	2	1.5
2018	35	44	12.5	5	3	0.5
2019	30	45	14.5	5	3	2.5
2020	32	47	12	5	2	2

Source: Call Centre Customer Complain Index of ABC Fast Food Chain (2016-2020)

The ABC fast food restaurant chain considered in this study is one of the leading international fast food brands in Sri Lanka. Now, it has control of nearly 70 outlets around Sri Lanka. However, though the company has a large customer base and good distribution channel, various types of customer complaints have been reported over time. Moreover, Table 1 depicted that customer complaints about service quality has increased year by year during the period between 2016 to 2020.

According to Bitner et al. (1990), the increase of customer complaints means there is a problem in service providers, leading to customer dissatisfaction. Prior researchers (Brady & Robertson, 2001; Cronin & Taylor, 1992; Qin et al., 2009) have proved that service quality directly influences customer satisfaction in the fast food industry. Hence, the findings of this study are expected to support the management of similar types of fast food restaurant chains in Sri Lanka to increase service quality to improve customer satisfaction. Thus, two main research objectives

have been formed to examine the impact of overall perceived service quality on customer satisfaction and the impact of perceived service quality dimensions on customer satisfaction.

## II. LITERATURE REVIEW

Services differ from tangible products since services are produced and consumed simultaneously in the presence of the customer and the service producer. Because of the presence of human elements during the service delivery process, the probability of errors can be increased on the part of employees and customers. According to Bowen (1986), these errors cannot be easily monitored or controlled due to intangible nature of them. Services offered by service providers cannot be seen and touched, as they are intangible activities. Various researchers defined service in different ways. According to Kotler et al. (2008), a service is any activity or benefit that one party can offer to another party which have intangible

behaviour. According to Lovelock (1991), services are economic activities that create value and provide benefits for customers at specific times and places.

Early attempts to define quality in the service industry have primarily been derived from the tangible elements of products such as physical appearance, technical specifications and other sensory clues. Consumers often use these surrogate attributes to assess the quality of something that is essentially intangible. However, the intangible elements: inseparability, heterogeneity, and perishability of service are the critical determinants of service quality perceived by the ultimate consumer. The quality of the service is assessed not only on the end result but also on how it is delivered during the service process and its subsequent effect on consumers perceptions (Douglas & Connor, 2003). Johnston (as cited in Goetsch & Davis, 1997) revealed that quality covers all aspects of a company and is the emotional experience of consumers. According to Oakland (2000), quality is far more comprehensive in its application than assuring product quality or service quality and states. It is a way of managing business processes to ensure that consumers are completely satisfied at every stage, internally and externally.

Service quality is complex, subjective and abstract in nature. The different scholars defined it in different ways. Parasuraman et al. (1985) expressed service quality as the difference between expected service and perceived service. Furthermore, he stated that service quality is the consumer's judgment about the overall excellence or superiority of a service (Parasuraman et al., 1985). Specifically, the service quality construct addresses the customer's perception of the service personnel to perform the promised service reliably and precisely (Parasuraman et al., 1988). In a general sense, the construct emphasizes the overall facility cleanliness, decor and shopping experience, yet it also captures the customer perception of the

service complexity in relation to service timing and appropriate communication between the customer and service provider (Chase & Zhang, 1998).

Customer satisfaction is the extent to which a product perceived performance matches a buyer's expectations (Kotler et al., 2008), with expectations viewed as predictions about what is likely to happen (Parasuraman et al., 1988). Customer satisfaction should be the ultimate goal of all firms because both theoretical and empirical research links a firm's business performance to the satisfaction of its customers (Morgan et al., 2005).

The restaurant is a part of the foodservice industry. Generally, the restaurant can be classified into two types as fast food restaurants and full-service restaurants. In this research, fast food restaurant is defined as a restaurant that serves fast food. Meanwhile, fast food can be defined as food that can be prepared and served very quickly. There are many local and international fast food restaurants in Sri Lanka. Some of them are McDonald's, KFC, Pizza Hut, Domino's Pizza, Subway, Taco Bell, Perera & Sons, Harpo's Pizza, Arthur's Pizza, etc. The fast food restaurant business is growing rapidly in this decade due to various reasons discussed in the introduction of this paper.

Some researchers have already investigated fast food restaurant service quality using various conceptual models. Some researchers adopted SERVQUAL as fast food restaurant service quality measurement model. For example, the study performed by Kaur in India; Chow and Luk Canada; Oluseye in Nigeria. Other researchers have tried to develop a service quality model which is specifically related to fast food restaurants. For example, Tan et al. (2014) proposed the Chinese Fast Food Restaurants Service Quality Scale (CFFRSERV). Table 2.1 summarize few service quality models specifically designed to measure service quality in fast food restaurants.

**Table 2.1: Fast Food Service Quality Models**

Author	Model / Dimensions
Tan et al. (2014)	Assurance and empathy, Food quality, Cleanliness, Responsiveness, Reliability, Tangibles
Qin et al. (2010)	Recoverability, Assurance, Tangibles, Empathy, Responsiveness, Reliability
Wen et al. (2012)	Recoverability, Assurance, Tangibles, Empathy, Responsiveness, Reliability
Campos and Nobreda (2009)	Dimensions were identified to be different in each stage customer must perform to obtain fast food
Yunus et al. (2013)	Assurance, Tangibles, Empathy, Responsiveness, Reliability, Low food prices, Short service time, Convenient location

Source: Developed by Researcher (2020)

The relationship between service quality and customer satisfaction has been tested since both constructs are fundamentals in services marketing theory (Spreng & Mackoy, 1996). Though a positive relationship between service quality and customer satisfaction is generally accepted, this causal link has been debated for many years whether customer satisfaction to service quality (Bitner, 1990) or service quality to customer satisfaction (Parasuraman et al., 1994; Spreng & Mackoy, 1996). Dabholkar (1995) mentioned that the directionality between these two concepts varies due to the service situation and no specific relationship under each condition (Hellier et al., 2003; Parasuraman et al., 1985). Therefore, this argument in the existing literature leads to study the same phenomena further to examine the relationship between service quality and customer satisfaction (Bougoure & Neu, 2010; Rust & Oliver, 1994).

### III. HYPOTHESES AND THE CONCEPTUAL FRAMEWORK

Two hypotheses were developed addressing the two research objectives of this study. Under the second objective, several sub-hypotheses were developed concerning the impact of each service quality dimension on customer satisfaction.

#### Overall Service Quality and Customer Satisfaction

Many scholars (Cronin & Taylor, 1992; Olorunniwo et al., 2006; Qin et al., 2009) across the globe have conducted researches about service quality in the fast food industry. Cronin and Taylor (1992) discussed that service quality is one of the antecedents of consumer satisfaction, but the influence of service quality on purchase intention is less critical than consumer satisfaction. Brady and Robertson (2001) also found that the impact of service quality on behavioural intention is mediated by customer satisfaction. Taylor and Baker (1994) believe that service quality and customer satisfaction affect retention simultaneously. However, scholars in Sri Lanka primarily focus on the service quality of the hotel industry (Gunerathna, 2014) and service quality in banks (Viruli, 2009). Rasanthika and Gunawardene (2013) mentioned that it was hard to identify fast food consumption research in the Sri Lankan context. Therefore, the researcher intended to find the relationship between perceived service quality

and customer satisfaction in fast food restaurants. Accordingly, the hypothesis was formed as;

**H<sub>1</sub>**: Perceived service quality has a positive impact on customer satisfaction in ABC Fast Food Restaurant Chain

#### Dimensions of Perceived Service Quality and Customer Satisfaction

In conceptualizing the perceived service quality dimensions, the dimensions presented in the CFFRSERV scale were used. The findings from the international context in relation to the fast food sector revealed that service quality and food quality are the two main determinants of customer satisfaction (Qin et al., 2009). Assurance, one of the service quality dimensions, is a non-satisfying factor to the hotel customers in Sri Lanka (Gunerathna, 2014). Furthermore, the research findings revealed that service quality dimensions such as assurance and empathy, cleanliness, food quality, responsiveness and tangibles positively influence customer satisfaction except for the reliability dimension (Qin et al., 2014). Moreover, Viruli (2009) found that human-related factors of perceived service quality such as reliability, responsiveness, assurance, and empathy made a more significant impact on customer satisfaction than non-human related factors of service quality, namely tangibles in the banking sector in Sri Lanka. Accordingly, hypotheses were formed as;

**H<sub>2a</sub>**: Empathy has a positive impact on customer satisfaction in ABC Fast Food Restaurant Chain

**H<sub>2b</sub>**: Assurance has a positive impact on customer satisfaction in ABC Fast Food Restaurant Chain

**H<sub>2c</sub>**: Reliability has a positive impact on customer satisfaction in ABC Fast Food Restaurant Chain

**H<sub>2d</sub>**: Responsiveness has a positive impact on customer satisfaction in ABC Fast Food Restaurant Chain

**H<sub>2e</sub>**: Tangibles has a positive impact on customer satisfaction in ABC Fast Food Restaurant Chain

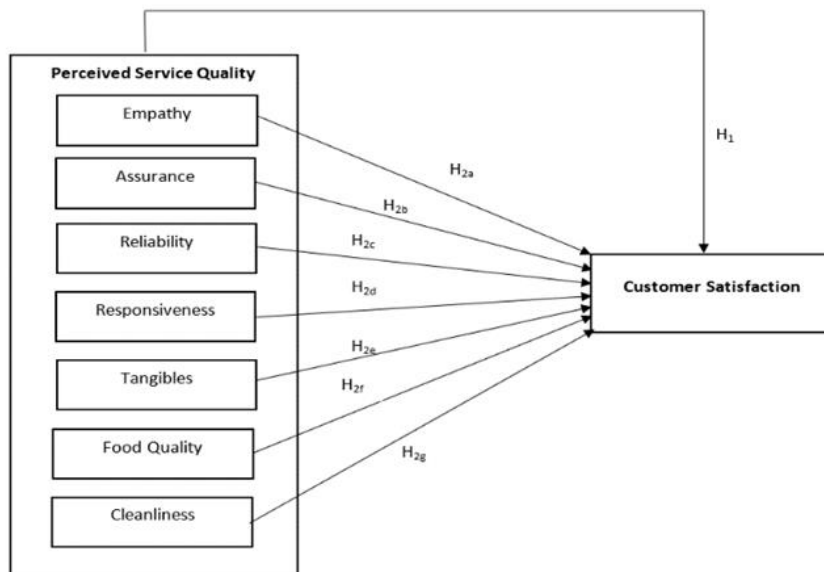
**H<sub>2f</sub>**: Food quality has a positive impact on customer satisfaction in ABC Fast Food Restaurant Chain

**H<sub>2g</sub>**: Cleanliness has a positive impact on customer satisfaction in ABC Fast Food Restaurant Chain

#### Conceptual Framework

The proposed conceptual model (Figure 1) was developed based on the constructs identified through the literature concerning the specified research concern. This service quality scale has adapted from Tan et al. (2014) and did slight modifications to the original scale.

Figure 3.1: Proposed Conceptual Framework



Source: Adapted from Tan et al. (2014)

#### IV. CONCLUSION

Nowadays, the success of businesses is dependent on customer retention. Customer satisfaction is a fundamental key that is largely an affective or emotional variable to achieve customer retention. The study will reveal gaps between expectations and experience with fast food outlets in all the selected dimensions. It is important to reduce those gaps and satisfy customers to be competitive and thriving in the industry. The present research will be focused on the ABC fast food restaurant outlets located only in the Western Province. Therefore, future researchers can extend the same research to other provinces as well. Further insights into service quality could be obtained if a qualitative method such as the interview method is adopted. The analysis could be extended to find out whether there are any differences in customer satisfaction among customers from different ethnic or religious groups. Thus, this paper will address the existing literature gap on the lack of fast food restaurant-related research in the Sri Lankan context. Furthermore, the findings of this study will support fast food restaurant managers and other decision-makers to improve service quality in their business by prioritizing service quality dimensions based on their significance values to enhance customer satisfaction.

#### REFERENCES

[1]. Anand, R. (2011). A study of determinants impacting consumers food choice with

reference to the fast food consumption in India. *Society and Business Review*, 6(2), 176-187.

- [2]. Bitner, M. J. (1990). Evaluating service encounters: The effects of physical surroundings and employee responses. *Journal of Marketing*, 54(2), 69–82.
- [3]. Bitner, M. J., Booms, B. H., & Tetreault, M. S. (1990). The service encounters: Diagnosing favorable and unfavorable incidents. *Journal of Marketing*, 54(1), 71-84.
- [4]. Bougoure, U. S., & Neu, M. K. (2010). Service quality in the Malaysian fast food industry: An examination using DINESERV. *Services Marketing Quarterly*, 31(2), 194-212.
- [5]. Bowen, D. E. (1986). Managing customers as human resources in service organizations. *Human Resource Management*, 25(3), 371-383.
- [6]. Brady, M. K., Robertson, C. J., & Cronin, J. (2001). Managing behavioural intentions in diverse cultural environments: An investigation of service quality, service value, and satisfaction for American and Ecuadorian fast-food customers. *Journal of International Management*, 7(2), 129-149.
- [7]. Cronin, J. J., & Taylor, S. A. (1992). Measuring service quality: Are examination and extension. *Journal of Marketing*, 56, 55-68.



- [8]. Dabholkar, P. A. (1995). A contingency framework for predicting causality between customer satisfaction and service quality. *Advances in Consumer Research*, 22,101–108.
- [9]. Douglas, I., & Connor, R. (2003). Attitudes to service quality - the expectation gap. *Nutrition & Food Science*, 33(4), 165-172.
- [10]. Furrer, O., Liu, B. S. C., & Sudharshan, D. (2000). The relationships between culture and service quality perceptions: Basis for cross-cultural market segmentation and resource allocation. *Journal of Service Research*, 2(4), 355-371.
- [11]. Gilbert, G. R., & Veloutsou, C. (2006). A cross-industry comparison of customer satisfaction. *Journal of Services Marketing*, 20(5), 298-308.
- [12]. Goetsch, D. L., & Davis, S. B. (1997). *Introduction to total quality* (2nd ed.). New York: Prentice-Hall.
- [13]. Gunerathna, U. W. H. D. P. (2014). Relationship between service quality and customer satisfaction in Sri Lankan hotel industry. *International Journal of Scientific and Research Publications*, 11(4), 110-123.
- [14]. Hellier, P. K., Geursen, G. M., Carr, R. A., & Rickard, J. A. (2003). Customer repurchase intention: A general structural equation model. *European Journal of Marketing*, 37, 1762–1800.
- [15]. Kotler, P., Armstrong, G., Wong, V., & Saunders, J. (2008). *Principles of Marketing*. London: Prentice Hall.
- [16]. Lovelock, C. H., & Lovelock, C. H. (1991). *Services Marketing*. Englewood Cliffs, NJ: Prentice Hall.
- [17]. Morgan, N. A., Anderson, E. W., & Mittal, V. (2005). Understanding firms' customer satisfaction information usage. *Journal of Marketing*, 69(3), 131-151.
- [18]. Nichanj, M. (2005). Urbanities in India junk health, turn fast foodies, Knight Ridder Tribune Business News. Particularly for the poor *Social Sci. Med*, 59, 1505-1515.
- [19]. Oakland, J. (2000). *Total quality management: Text with cases* (2nd ed.). Oxford: Butterworth-Heinemann.
- [20]. Olorunniwo, F., & Hsu, M. K. (2006). A typology analysis of service quality, customer satisfaction and behavioral intentions in mass services. *Managing Service Quality*, 16(2), 106-123.
- [21]. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49(4), 41-50.
- [22]. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12.
- [23]. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1994). Alternative scales for measuring service quality: A comparative assessment based on psychometric and diagnostic criteria. *Journal of Retailing*, 70, 201–230.
- [24]. Pingali, P. (2007). Westernization of Asian diets and the transformation of food systems: Implications for research and policy. *Food policy*, 32(3), 281-298.
- [25]. Qin, H., & Prybutok, V. R. (2009). Service quality, customer satisfaction, and behavioral intentions in fast-food restaurants. *International Journal of Quality and Service Sciences*, 1(1), 78-95.
- [26]. Tan, Q., Oriade, A., & Fallon, P. (2014). Service quality and customer satisfaction in Chinese fast food sector: A proposal for CFFRSERV. *Advances in Hospitality and Tourism Research*, 2(1), 30-53.
- [27]. Rasanthikaa, A. H. B. S., & Gunawardana, T. S. L. W. (2013). Fast food consumption: Identifying working women's attitudes towards consumption of fast food. In *Proceedings of the 2<sup>nd</sup> International Conference on Management and Economics 2013*. Sri Lanka: Managing turbulence in economic environment through innovative management practices.
- [28]. Regmi, A., & Dyck, J. (2001). Effects of urbanization on global food demand. *Changing Structure of Global Food Consumption and Trade*, 23-30.
- [29]. Roberts, M. L. & Wortzel, L. H. (1979). New life-style determinants of women's food shopping behavior. *Journal of Marketing*, 43(3), 28-39.
- [30]. Rust, R. T. & Oliver, R. L. (1994). Service quality: Insights and managerial implications from the frontier. In R. T. Rust & R. L. Oliver (Eds.), *Service quality: New directions in theory and practice*, (pp. 1–19). Thousand Oaks, CA: Sage.
- [31]. Schlosser, E. (2001). *Fast Food Nation*, Houghton Mifflin, New York, NY.

- [32]. Senauer, B., Sahn, D., & Alderman, H. (1986). The effect of the value of time on food consumption patterns in developing countries: evidence from Sri Lanka. *American Journal of Agricultural Economics*, 68(4), 920-927.
- [33]. Spreng, R. A., & Mackoy, R. D. (1996). An empirical examination of a model of perceived service quality and satisfaction. *Journal of Retailing*, 72, 201–214.
- [34]. Taylor, S. A., & Baker, T. L. (1994). An assessment of the relationship between service quality and customer satisfaction in the formation of consumers' purchase intentions. *Journal of Retailing*, 70(2), 163-178.
- [35]. Viruli, S. (2009). Unleash potential through effective service quality determinants. 21st Anniversary Convention.