

## AN EMPIRICAL STUDY OF CUSTOMER EXPECTATION AND PERCEPTION IN RESTAURANT CHAINS AND FAST-FOOD OUTLETS

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### **Abstract**

*Consumer behavior identification becomes very difficult when it comes to basic necessity like food. Although, many researches have been made in order to find out the major attributes of customer behavior in restaurant industry, but regional taste preference and cultural difference have big impact on the success chances of quick service restaurants (QSR's).*

*In recent couple of years, in Udaipur we have observed many QSR outlets were opened, however they all didn't have the same level of success. Thankfully though, majority of outlets are still surviving but other's odds were not into their favor.*

*This paper is intended to identify the customers' expectation and how QSR industry is responding to this in Udaipur. This study is based on survey of customers in major QSR chains. This study emphasizes the importance of minimizing the gap between service offering and the expectation of customers. In this study we will try to find the success factors with the help of service quality i.e. Parasuraman's et al (1988) SERQUAL model.*

*The results of this study would help management identify the strengths and weaknesses of service quality and implement an effective strategy to meet the customers' expectations.*

**KEYWORDS:** Restaurants, Food-Outlets, Customer, Expectation, Perception etc.

### **Introduction:**

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With the increasing urbanization and rising income level, we are observing change in the lifestyle and food habits of Indian population. This attracted many international players like McDonalds, Pizza Hut, as well as Indian brands like Nirula's and Chatkazz. In a country with population of around 1.3 billion, there are huge opportunities for quick service restaurants industry.

This same trend is also being observed in city like Udaipur, which is known for its palaces and lakes. This city is also following the trail of Tier 1 and Tier 2 cities. In a recent couple of years, we have seen opening of many outlets of international as well as Indian brand. However, at the same time there are also cases where some outlets needed to be closed because these were not profitable. This shows that having opportunity is just not enough. Every outlet need to adapt different strategy as per the location and behavior of the local population.

In this paper, we are trying to identify the service quality gaps (i.e. gaps between expectation and perception) with help of Parasuraman's SERVQUAL model. Customer satisfaction is the key success factors for this industry and service quality is one of the important dimensions for attaining the customer satisfaction in this paper and also we are trying to draw framework for developing a road map for success.

In the year 1988 Parasuraman's et al developed a model to measure the expectation & perception towards any service, which is named as a SERVQUAL model. In the context of restaurants chains/ food outlets service the model is based on following five dimensions:-

- Reliability dimension is concerned with the restaurants ability to perform the service accurately and dependably.
- Responsiveness dimension is related with the employees' willingness to help customers and provide prompt services.
- Assurance dimension includes Employees' knowledge, courtesy and their ability to inspire trust and confidence.
- Empathy dimension is related with Caring, individualized attention given to customers or the ease of access, approachability and effort taken to understand customers' requirements.
- Tangibles dimension is all about the appearance of the physical facilities and Service relayed at restaurants

### Literature review:

**Bassam & Shawi** has done a study titled “Analysing the Use of the SERVQUAL Model to Measure Service Quality in Specific-Industry Contexts”. The authors have tried to do a comprehensive review of literature on service quality measurement and discussed the key issues on the development of an industry-specific scale for measuring service quality from the customer’s perspective in specific-industry contexts.

**Ghimire (2012)** has studied the service quality and customer satisfaction in the restaurant business by taking a Case of Restaurant Sagarmatha in Vantaa. The results of the survey determined that the customer satisfaction and service quality in Restaurant Sagarmatha was very good.

**Markovi & Raspor** has tried to examine customers’ perceptions of service quality in the Croatian hotel industry. The results of the study suggested that solving guests’ problems, performing error-free service, employees’ attitude, appropriate location, and the appearance of the facilities are the key attributes for a hotel’s success on the Opatija Riviera.

**Marković, Raspor & Šegarić (2010)** has made an attempt to determine restaurant service quality. The empirical results showed that expectations scores are higher than perceptions scores, which indicate low level of service quality. Furthermore, the analysis of respondents’ expectations scores suggested that the most important expectations items were “accurate bill”, “clean rest rooms”, “clean, neat and appropriately dressed staff” and “clean dining areas”, which fall under the dimensions reliability and tangibles. The results of gap analysis implied that restaurant service providers did not meet customers’ expectations, which indicates that the overall restaurant service quality fell below customers’ expectations and that there is room for service quality improvement in the restaurant industry in Croatia. Improving service quality in Croatian restaurant settings will, in turn, not only increase customer satisfaction and strengthen customer loyalty, but also improve the restaurant’s reputation and generate greater revenue.

**Aaijaz & Ibrahim** has aimed to investigate the relationship between consumers’ fast food outlet loyalty (in years) and the attitude of young consumers living in Kota Bharu city. The study also investigated the importance of quality of the products that are offered to the customer. The results indicated that food quality, overall cleanliness of the outlet, service efficiency and facility layout provided by the outlet influences the fast food brand loyalty of young customers.

Purchases were mainly due to the four factors – perception of customers on food quality, cleanliness, facility layout, efficiency in service delivery.

**Motwani** has made an attempt to identify the difference between expectation & perception of organized retail sector customers with the help of renowned model of service quality i.e. Parasuraman's et al (1988) SERVQUAL model. He concluded that Service quality is an important aspect for retailers to know about customers' satisfaction. The results indicated that there is a gap between expectation & perception of customers towards the organized retail outlets of Udaipur, which revealed dissatisfaction among customers but it can be removed by improving the level of service quality.

### **Objectives**

The purposes of this research paper are as follow:-

1. To study the important factors in service quality dimensions applicable to restaurant chains and fast-food outlets.
2. To know the level of customer satisfaction with service quality dimensions.
3. To identify the significance of difference between customers' expectations and perceptions in restaurant chains and fast-food outlets.
4. To suggest measures for improving the quality and efficiency in restaurant chains and fast-food outlets.

### **Scope of study**

Identifying service quality is essential for restaurant chains and fast-food outlets which ultimately derive the customer satisfaction, so in this view scope of study is wide & valuable.

The level of dissatisfaction will lead to take corrective actions.

### **Research methodology**

Research Design

The primary purpose of this research is to identify the customers' expectation & perception towards restaurant chains and fast-food outlets and find out the level of customer satisfaction.

Therefore descriptive research design is used to serve the purpose.

Area of the Study

The research is conducted at Udaipur among customers of restaurant chains and fast-food outlets i.e. U.S. Pizza, Pizza Hut, Chatkazz, McDonalds, KFC, Café coffee day etc.

#### Research Approach

To collect Primary data structured questionnaire was designed which was divided under two heads i.e. demographics & service quality. In first part respondents were asked to reveal their personal characteristics i.e. gender, age, education, income & occupation. In second part respondents were asked to evaluate parameters of service quality on a 5 point scale, separately for their expectation & perception.

#### Sampling

Sample size of this study was 120 & Convenience sampling method was adopted for sampling.

#### Time Frame of Study

The study was conducted during the period December 2012 to February 2013.

#### Analytical Tools

For analysis and interpretation Arithmetic mean & z-test were applied.

### Analysis & interpretations

#### Demographic Profile of Respondents

Particulars	Classification	Frequency	Percentage
Gender	Male	72	60.0
	Female	48	40.0
Education	Undergraduate	30	25.0
	Graduate	35	29.2
	Post Graduate	30	25.0
	Professional	25	20.8
Age Group	Below 25	40	33.3
	25-35	50	41.7
	36-50	20	16.7
	50 & above	10	8.3
Monthly Income	Less than Rs. 10,000	12	10.0
	Rs. 10,001-20,000	28	23.3

	Rs. 20,001-30,000	35	29.2
	More than 40,000	45	37.5
Average visit at Restaurants/food outlet	Weekly	33	27.5
	Fortnightly	45	37.5
	Monthly	30	25.0
	Half yearly	10	8.3
	Yearly	2	1.7

### Interpretation

As per shown in table 1, demographics of respondents were classified according to their gender, education, age, monthly income & average visits at the restaurant chains/food outlets. Out of total respondents 60% are male & rests are female. Majority of respondents are graduate (29.2%) & 41.7% respondents belong to the age group of 25 to 35 years. 37.5% of respondents have their monthly income more than Rs. 40,000 and 29.2% respondents have their monthly income from Rs. 20,001 to Rs. 30,000. Majority of respondents (37.5%) visit the restaurant chains/food outlets once in a fortnight and 27.5% customers visit on a weekly basis.

### Customers' Expectation & Perception towards Service Quality

This part included analysis on the basis of five factors according to service quality dimensions of the SERVQUAL system: tangibility, reliability, responsiveness, assurance, and empathy based on Parasuraman et al. (1988) Model. The researcher explored customer's expectation and perception levels towards service quality of the restaurant chains and fast-food outlets.

The degree of satisfaction towards service quality is set from 1 to 5 (5 is from the highest expectation/perception, whereas, 1 is the lowest expectation/perception).

In addition following criteria is used for analysis part:-

The score among 1.00-1.80 mean lowest satisfaction

The score among 1.81-2.61 mean low satisfaction

The score among 2.62-3.41 mean average satisfaction

The score among 3.42-4.21 mean high satisfaction

The score among 4.22-5.00 mean highest satisfaction

### Customers' Expectation & Perception towards Reliability Dimension:



**Table: 2.**

Reliability	Level of Expectation		Level of Perception		Mean Quality Gap Score
	Mean	Level	Mean	Level	
Restaurant/Food outlet provide you service as promised	4.39	highest	4.21	High	-0.18
Restaurant/Food outlet perform the service at right time	4.57	highest	4.63	highest	0.06
Restaurant/Food outlet always has the dishes (i.e. Mentioned in menu card) available when customer wants it.	4.6	highest	4.3	highest	-0.3
Restaurant/Food outlet services are error free	4.7	highest	4.26	highest	-0.44
<b>Overall Mean Score</b>	<b>4.565</b>	<b>Highest</b>	<b>4.35</b>	<b>Highest</b>	-0.215

**Interpretation**

Table shows that for all the parameters under “Reliability” dimension customers’ expectations are at highest level and customers’ perceptions are also at highest level excluding one dimension where perception is high. Overall expectation of customers’ concerning “Reliability” dimension is highest (4.565) & perception towards this dimension is also at highest level (4.35).

Majority of mean quality gap scores are negative which reveals the inefficiency of restaurant chains and fast-food outlets towards reliability dimension but positive gap (0.06) shows that restaurant chains and fast-food outlets performs the service within the expected time. The overall mean quality gap score is negative (-0.215) which shows that restaurant chains and fast-food outlets is not completely able to perform the promised services accurately.

**Customers’ Expectation & Perception towards Responsiveness Dimension:**

**Table: 3**

Responsiveness	Level of Expectation		Level of Perception		Mean Quality Gap Score
	Mean	Level	Mean	Level	
Employees of Restaurant/Food outlet tell exactly when services will be provided	4.3	Highest	4.2	High	-0.1
Employees of Restaurant/Food outlet are willing to help you every time	4.42	Highest	4.3	Highest	-0.12
Employees of Restaurant/Food outlet give you prompt service	4.4	Highest	4	High	-0.4
Employees of Restaurant/Food outlet are able to handle customer complaints directly and immediately	4.23	Highest	4.21	High	-0.02
<b>Overall Mean Score</b>	<b>4.3375</b>	<b>Highest</b>	<b>4.1775</b>	<b>High</b>	<b>-0.16</b>

### Interpretation

From the above table it is clear that for all the parameters under “Responsiveness” dimension customers’ expectations are at highest level whereas perceptions are at high level excluding one dimension where perception is highest. Overall expectation is highest (4.3375) but perception of customers’ concerning “Responsiveness” dimension is high i.e. 4.176.

Overall mean quality gap score is negative (-0.16) which shows that some improvements are required towards this dimension.

### Customers’ Expectation & Perception towards Assurance Dimension

Table: 4

Assurance	Level of	Level of Perception	Mean
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	Expectation				Quality Gap Score
	Mean	Level	Mean	Level	
The behavior of employees in Restaurant /Food outlet instill confidence in customers	4	High	3.86	High	-0.14
Employees of Restaurant/Food outlet are courteous with customers	4	High	4	High	0
Employees of Restaurant/Food outlet are well qualified and perform the jobs accurately	4.1	High	4.33	Highest	0.23
Employees of Restaurant/Food outlet are trustworthy	4.21	High	4.2	High	-0.01
Employees of Restaurant/Food outlet has sufficient product knowledge	<b>4.8</b>	<b>Highest</b>	<b>4.69</b>	<b>Highest</b>	-0.11
<b>Overall Mean Score</b>	<b>4.222</b>	<b>High</b>	<b>4.216</b>	<b>High</b>	-0.006

### Interpretation

It can be seen from the above table that four parameters under “Assurance” dimension customers’ expectations are at high level while highest for one parameter and customer perception are at high level while highest for two parameters.

Overall expectation & perception of customers’ concerning this dimension is high i.e. 4.222 & 4.216 respectively.

Every customer expects that dealing employee at restaurant chains and fast-food outlets must has sufficient knowledge about dishes but the negative mean quality gap of this parameter projects that customers’ expectation are not being fulfilled. In the case of courteous behavior of employees customers’ expectation are matching with their perceptions. In the case of qualification & accurate performance on job by employees, customers are satisfied so gap is positive (0.23) for this parameter.

The overall mean quality gap score is negative (-0.006) which shows that staff don’t have enough knowledge, trust & confidence among customers.

**Customers' Expectation & Perception towards Empathy Dimension**

**Table: 5**

Empathy	Level of Expectation		Level of Perception		Mean Quality Gap Score
	Mean	Level	Mean	Level	
Restaurant/Food outlet has operating hours convenient to all their customers.	4.29	Highest	4.28	Highest	-0.01
Employees of Restaurant/Food outlet give personal attention to customers	4.3	Highest	4.1	High	-0.2
Employees of Restaurant/Food outlet understand needs of customers	3.9	High	3.7	High	-0.2
Restaurant/Food outlet has varieties in their menu	4.8	Highest	4.9	Highest	0.1
<b>Overall Mean Score</b>	<b>4.32</b>	<b>Highest</b>	<b>4.25</b>	<b>Highest</b>	<b>-0.0775</b>

**Interpretation:**

Table shows that level of expectation & perception for 3 parameters concerning “Empathy” dimension are equal but in case of personalized services to customers the expectations are higher than the perception. Overall mean score of perception and Expectation towards “Empathy” is at highest level (4.25 and 4.32) which has produced negative mean quality gap score (-0.0775) & it shows deficiency in efforts taken by employees in understanding customers’ requirements.

**Customers' Expectation & Perception towards Tangibles Dimension**

**Table: 6**

Tangibles	Level of Expectation		Level of Perception		Mean Quality Gap Score
	Mean	Level	Mean	Level	
Restaurant/Food outlet has modern Furnitures & fixtures	4.5	Highest	4.6	Highest	0.1

Physical facilities (Wash rooms, Waiting rooms) are sufficient	4.32	Highest	4.56	Highest	0.24
Overall ambience of the place	4.9	Highest	4.9	Highest	0
Restaurant/Food outlet has convenient parking for customers	4.8	Highest	4.6	Highest	-0.2
Restaurant/Food outlet has sufficient moving space	4.22	Highest	4.4	Highest	0.18
Restaurant/Food outlet is neat & clean	4.6	Highest	4.8	Highest	0.2
Location of Restaurant/Food outlet is convenient	4.5	Highest	4.7	Highest	0.2
Employees of Restaurant/Food outlet has attractive appearance	4.43	Highest	4.6	Highest	0.17
<b>Overall Mean Score</b>	<b>4.53</b>	<b>Highest</b>	<b>4.65</b>	<b>Highest</b>	<b>0.11125</b>

### Interpretation:

It can be seen from the above table that all parameters under “Tangibles” dimension customers’ expectations & perceptions are at same level. Overall expectation & perception of customers’ concerning this dimension is highest i.e. 4.53 & 4.65 respectively.

This is the only dimension where majority of parameters are having positive mean quality gap score including overall mean quality gap score (0.11125). So it can be stated that restaurant chains and food outlets are meeting with the expectations of customers for this dimension or customers are satisfied with tangibles associated with restaurant chains and fast-food outlets.

### Hypothesis testing

Although that there is a negative difference between customer expectation & perception for 4 parameters which leads to the customer dissatisfaction, still the significance of difference between mean scores should be identified.

So Let us take the hypothesis that

H<sub>0</sub>: There is no significant difference between the mean scores of Expectation & Perception for any dimension.

H1: There is a significant difference between the mean scores of Expectation & Perception for any dimension

**Table 7**

Attributes		Mean	S.D.	Z-value	P-value	Result
Reliability	Expectation	4.565	0.98	1.8063	0.0709	NS
	Perception	4.35	0.86			
Responsiveness	Expectation	4.3375	0.94	1.244	0.2135	NS
	Perception	4.1775	1.05			
Assurance	Expectation	4.222	0.97	0.05	0.9601	NS
	Perception	4.216	0.93			
Empathy	Expectation	4.32	0.97	0.571	0.568	NS
	Perception	4.25	0.93			
Tangibles	Expectation	4.53	0.96	0.958	0.3381	NS
	Perception	4.65	0.98			

Note: Level of significance is 5%, S- Significant, NS- Not Significant, Tabulated Value: 1.96

Table shows that all the calculated vales of z-test are less than tabulated value, which proves that there is no significant difference between the mean scores or the difference is negligible which can be removed by putting little efforts.

### **Conclusion**

Service quality is an important aspect for restaurants or food outlets to know about customers' satisfaction & SERVQUAL model is the root way to measure the effectiveness of service quality. In this paper, gap has been identified between expectation & perception of customers towards the restaurant chains and fast-food outlets of Udaipur, which revealed dissatisfaction among customers. Z-test results projected the insignificance of differences it means gaps can be easily removed by improving the level of service quality.

### **Suggestions**

Restaurant chains and fast-food outlets of Udaipur can take following actions to reduce the mean quality gap score:-

- Employees of restaurant chains and fast-food outlets should be trained to handle the customers' complaints effectively and should also be able to understand the unsaid needs of the customers.
- Employees of restaurant chains and fast-food outlets should have sufficient knowledge about dishes' recipe, ingredients etc.
- Restaurant chains and fast-food outlets should try to give personalized services to customers.

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