

# Measuring Customer Satisfaction w.r.t Restaurant Industry in Bahawalpur

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## Abstract

### Purpose of the study

The purpose of the study is to determine the factors that explain customer satisfaction in the restaurant industry in Bahawalpur.

### Methodology

Structured questionnaire technique was used to determine the customer satisfaction. Data was gathered through snowball sampling and the model is tested. SPSS software analysis is used to determine the means and results are interpreted.

### Findings

The average means of various restaurants in all five SERVQUAL dimension suggested that which restaurant is more reliable, responsive, empathetic, assured and full of tangibles in the Bahawalpur Restaurant Industry.

### Limitations and Implications

The research was conducted in particular geographical area. The findings help managers to invest their resources more efficiently, making changes to crucial quality attribute that elicit the customer satisfaction level.

**Keywords:** SERVQUAL Dimensions, Satisfaction, Quality, Price

## 1. Introduction

The restaurants in Bahawalpur are not in a large number but there are few restaurants which provide a quality environment, food and services at reasonable price. People visit restaurants not on daily basis but occasionally. These restaurants are majorly used for family dinners, conferences and get together parties.

Customer satisfaction should be the basic objective, while considering marketing in Bahawalpur. It depends on the perceived performance of product according to consumer's prospects. The customer gets discontented, if the product performance fails to come up to the mark. If the consumer's requirements are fulfilled, he gets satisfied and delighted. Why customer's contentment is so important? Customer satisfaction is a secret of building lucrative relationship with consumers, growing them in number and reaping customer's lifespan value. Satisfied customers buy a product again, talk constructive to others about it, and take less notice of the competing products. It is essential to satisfy customers due to a couple of reasons for instance, if the customers are not fully satisfied, they are definitely called in for recompense by the related authorities. (Oliver 1987; Nyer 1999). If the customer is not at all satisfied by the product, he might think bad of it abuse it.

Service quality in the service setting is one of the major aspects of customer satisfaction. On the other hand for this issue, there is some disagreement, as whether customer satisfaction is a precursor of service quality. One of the ideas refers service quality as a comprehensive evaluation, regarding service category in a specific establishment (PZB 1988). In 1985, a research was conducted by Parasuraman, Ziethaml and Bitner, exemplified cases where respondents were, impressed to some extent but the service did not meet their expectations. Because most events of customer satisfaction narrate a specific assessment of a service experiences, customer's pleasure is analyzed as it relates to a particular transaction (Howard and Sheth 1969; Hunt 1979; Singh 1990). From this perspective, customer satisfaction is mere a minor aspect, it's the service quality that counts most. Responsiveness of the service is major issue including staff being prompt, courteous, knowledgeable, and neat in appearance, helpful, attentive and customers' needs should be understood.

The main research question for this study is "What drives customer satisfaction"? , "What are the factors affecting customer satisfaction"? , "What are the determinants, influencing customer satisfaction?" or "What explains customer satisfaction in the full service restaurant industry"? In this research we have highlighted, the contributions of the service restaurant industry, which can be viewed as a mélange of service and product attributes. As a result, customers should take into account the food, quality, ambience, responsiveness, reliability, empathy, assurance and price, to be satisfied on the whole restaurant encounter. This study will be helpful for the restaurants owners and managers to stress more on continuously improving the quality of their service in order to satisfy their customers who in turn will help in customer's loyalty and positive word of mouth.

## 2. Objective of the Study

The objective of this study is to measure the customer's satisfaction in full service restaurants in Bahawalpur.

## 3. Conceptual Framework

### *Customer satisfaction:*

"Everyone knows what satisfaction is, until asked to give a definition. Then, it seems, nobody knows".

This is a quote of Richard L. Oliver, esteemed expert and long time writer and researcher on the topic of customer satisfaction, expresses the challenge of defining the most fundamental customer's concept. From prior definitions, Oliver (1997) proposed his own formal definition:

"Satisfaction is the customer fulfillment response. It is a finding that a product or service malfunction, or the product or service itself, provides a pleasing level of utilization related fulfillment."

It is normally observed that marketing practitioners anticipate customer satisfaction, by using slogans like "Our focus is customer satisfaction" or "Customer is the king".

Satisfaction is a person's feelings of delectation or despondence resulting from comparing a product's apparent performance (or outcome) with respect to his or her expectation.

Customer satisfaction in the marketing literature is time and again defined as a customer's overall assessment of his or her purchase and consumption experience of a good or service. (Cronin and Taylor, 1992; Johnson *et al* 1995). According to Ziethaml and Bitner (2003), satisfaction is the customer's

evaluation of a product or services in terms of whether the product or service has met the customer's requirements and expectation. Satisfaction occurs when the consumer's expectations go beyond after using the product or services. According to Ziethaml and Bitner, there are two ways of viewing satisfaction:

1. Services encounter satisfaction
2. Overall satisfaction

Service encounter satisfaction: According to this satisfaction or dissatisfaction occurs with specific service encounters.

Overall satisfaction: This kind of satisfaction is based on multiple encounters or experiences.

In other words, a little satisfaction based on each service encounter directs to overall satisfaction.

The customer forms an opinion about the quality of provided services, based on distinction between expectations and perceptions.

Heskett suggested the concept of service profit chain, that sets up an association between profitability and growth as a result of customer loyalty and satisfaction, which in turn due to service provided by contented and productive workforce.

According to transaction specific model, customers are likely to deem specific features of transaction for instance, product features (food quality, restaurant ambience), service features like (responsiveness of server) and price.

According to QS9000 standard clause 4.1.6 which says:

"Trends in customer satisfaction and key indicators of customer dissatisfaction shall be acknowledged and supported by unbiased information. These trends shall be compared to those of contenders, or suitable benchmarks, and reviewed by superior management."

The customer is always right. The suppliers should fulfill the demands of the customers and should keep in view their likes and dislikes. Customer Satisfaction is customers' awareness, that a supplier has met or surpassed the expectations.

### 3.1 Quality

It is the way of supervising a business process, to guarantee absolute satisfaction at every level internally and externally. (Oakland 2000).

According to Goetsch and Davis (1997) quality includes every aspect of your business and is in fact a touching experience for the consumer. Parasuraman *et al.* (1985, 1988) defined service quality is basically the overall assessment, which includes both, the firm's performance and customer expectations. It can also be evaluated by the difference of perceptions and expectations.

Service Quality = Perception - Expectation

Service quality could be viewed, as the whole family picture album, while the customer satisfaction is just one snapshot. (Syed Saad Andaleeb, after studied the restaurant industry in USA.). The focus on service quality upgrading and enhancement is essential for a service providing firm to be competitive. (Stevens *et al.* 1995, Parasuraman *et al.* 1991).

### 3.2 Service Quality

One of the most important features in the service world that drive customer satisfaction is service quality. High service quality results in higher customer satisfaction which consecutively results in high customer loyalty and eagerness to advice the first to other people (Bohon & Drew 1991; Boulding 1993; Rust, 1994). Undoubtedly service quality is a matter that has engaged academics leading to extensive debate over its conceptualization. The difference between customer expectations and perception is based on five basic dimensions of SERVQUAL (PZB 1985).

### **3.3 Dimensions of SERVQUAL**

#### **1- Reliability.**

The ability to meet up the promised services accurately is generally defined as reliability.

#### **2- Responsiveness.**

Responsiveness is eagerness to help customers with interest in order to satisfy the customers.

#### **3- Assurance.**

The employee's method including knowledge and courtesy in order to gain the customers trust.

#### **4- Empathy**

Empathy is defined as individual care and interest that a customer gets from the employees of the restaurant.

#### **5- Tangibles.**

The tangibles include the appearance of physical amenities, equipment and written material.

### **3.4 External Quality Factors**

Customer satisfaction is also affected by some external service quality factors which are as follows,

(Van Hsien Haung, 2008),

#### **1. Safety and choice:**

It means how secure a customer feels in terms of his dealing at the restaurant.

#### **2. Organizational image:**

It includes all the aspects of the restaurant such as environment, menu approach, waiter's behaviour towards a customer. This would make a customer satisfied with the services offered at the restaurant to a greater extent. Service quality is counted more as compared to customer satisfaction. (Syed Saad Andaleeb).

### **3.5 Product Quality**

In a restaurant industry, the food and the physical décor of restaurant are the products, so their quality should be in accordance with the name of restaurant.

According to (Parasuraman 1988; Kivela 1999; Rajpoot 2002) following are the key factors which ensure synthesis of product quality.

#### **1- Presentation:**

The food presentation is one of the most important features of the product quality. A well presented food item looks good to the eyes and to some extent, has ability to satisfy one's hunger.

#### **2- Healthy option:**

Healthy option means offering nutritious and healthy food. Nowadays many people are health conscious and are concerned about their health, so availability of nutritious food is becoming important as one of the major factors of dining satisfaction. (Sulek and Hensley 2004).

#### **3- Taste and Freshness:**

Taste is a key attribute in food. Tasty food has the ability to satisfy a person's hunger influences restaurant satisfaction and future behavior intentions. Freshness refers to food with crispiness, juiciness and its aroma. (Peneau et al. 2006).

#### **4- Atmosphere Quality:**

The physical environment can create feelings of excitement, pleasure or relaxation atmospheric elements include space, design, color and music. Space creates a sense of coziness and intimacy. (Ching 1996), interior design of a restaurant may influence the customers stay in the restaurant (Wakefield & Blodgett 1996) and atmospheric design creates an impact on service satisfaction. (Andrus 1986), the physical design of a business, can also influence the degree of success consumers attain once inside. (Darley & Gilbert 1985). In other words, customers visit restaurants to pass and enjoy their time accompanied with delicious food and tension free environment. The better the physical design and appearance of the restaurant, the greater the level of satisfaction. Music also has positive effects and creates emotions and behaviors in service settings. (Dube et al. 1995; Mattila and Wirtz 2001; Milliman 1982, 1986).

#### **5- Temperature:**

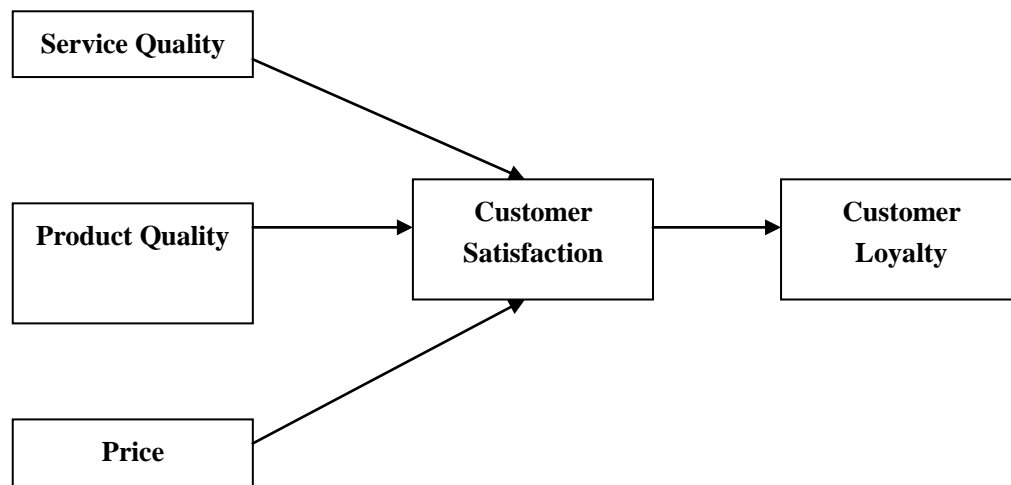
Temperature is related to taste, smell and sight of food, and it affects the evaluation of flavor of

food (Delwiche 2004).

### 3.6 Price:

Customer satisfaction is also effected by the price of the items present on the menu, because price is the factor that has the supremacy to attract or repel the customer. (Monroe 1989). According to Levis & Shoe maker (1997), 'Prices' the means of exchange from which we get worth, that can be in the form of tangibles (goods), intangibles (service), price function is an indicator of quality.

If prices are low, it may be a question on restaurant's aptitude to deliver product and service quality. If price are high customers are likely to expect high quality. If the price is high than the customer expectation, customers satisfaction is adversely affected.



Good service and food make customers satisfied but only good food makes them likely to return. Hence should management concentrate on making customers happy or making them loyal? Increasing loyalty and good that is better for profitability, high satisfaction and trustworthiness (Rust 1995).

Prices vary according to the type of restaurant and if the price is high, the quality must also be high or sense of being deceived may not be encouraged. Many customers have perception of what a restaurant is likely to charge, and if the prices are higher than they expect, customer satisfaction is negatively affected.

## 4. Research Design and Methods

### 4.1 Methodology

In this study the sample comprises of the customers of ten restaurants in Bahawalpur. Mostly restaurants in Bahawalpur are casual dining restaurant, which are situated along well known and famous routes of Bahawalpur City. The data for this study is collected from the customers to explain their dining experiences. We have also gathered some general information from our target restaurants in order to measure the customer satisfaction more effectively and efficiently.

The restaurants are enlisted below with their particulars such as inception, sitting capacity, average customers in a day and number of employees.

Name of the Restaurant	Year of Inception	Sitting Capacity	Avg. customers in a day	Number of Employees
Four seasons	1997	200	70-80	50
Lataska	2005	275	90-100	70
Panda	1989	125	150	40
Tandoori	1999	250	200	25
Libra	2009	200	120	30
Taj	2007	230	150	50
Lataska village	2008	300	100	25
Luxury	2000	350	70	20
Bobby's	2005	70	40	15
Do piazza	1993	325	60	35

The above mentioned information was gathered through valid and reliable sources, so there is no biasness as far as this data is concerned. A comprehensive questionnaire was developed after the thorough literature review. The questionnaire consists of three important factors in relation to customer satisfaction which are product quality, service quality and price. Whereas product and service quality were further dimensionalized.

The questionnaire inquired the respondents to evaluate their dining experiences by using the five point Likert Scale. Each scale item was attached at numerical 1 having verbal statement "strongly disagree" and the numerical 5 with the verbal statement "strongly agree". Questionnaire also consisted of demographic questions in order to obtain the demographic profile of the respondents.

A total of (200) questionnaire was floated by focusing, chain of references and covering all the demographic profiled respondents in order to lessen the biasness.

### 5. Analysis and Findings

A total of 172 questionnaires were completed and it was found that a majority of respondents were willing to participate in the study.

The sample had more males, 100(58.1%), and 72 females (41.9%). A significant difference between groups was identified by demographics like age, education and gender.

The age group of 20-25 years forms a big part of our respondents with percentage of 47.1%. The major portion of occupation was students, teachers and bankers with a percentage of 44.2%, 15.7% and 12.8% respectively.

The education level was classified in six categories among which Masters level with percentage of 55.25 and Bachelors levels with percentage of 31.4%, shared a large part of respondents.

In this study we have used SERVQUAL as it is the available instrument to measure service quality from customer's perspective. SERVQUAL is dimensionalized in further five service dimensions as:

- ❖ Reliability
- ❖ Responsiveness
- ❖ Assurance
- ❖ Empathy
- ❖ Tangibles

The questionnaire consisted of all the five dimensions of SERVQUAL as it is a valid tool to access whether or not the considered restaurants provided the service which a consumer desired. The questionnaire from this study is borrowed.

The restaurants which were mentioned above are considered to be the top ten restaurants of Bahawalpur from which only the top five restaurants were selected for analysis on the basis of up to the mark services.

The next part includes the calculated statistics and discussion on the basis of gender, incomes, lifestyle and SERVQUAL dimensions.

## 6. Discussion

The questionnaires were completed and the data was gathered and entered in SPSS which helped in generating results.

### 6.1 Gender

The results generated by applying the SPSS software for gender with respects to SERVQUAL dimensions includes the means, given in Table 1.

Gender	Reliability	Responsiveness	Assurance	Empathy	Tangibles
Male	3.415	3.31	3.42	3.41	3.53
Female	3.457	3.49	3.65	3.52	3.54

According to gender classification the calculated means for all the SERVQUAL dimensions provides a bird eye view that how males and females differently respond to these dimensions. As a whole females are more satisfied with the services of the restaurants in all five dimensions.

### 6.2 Income

If we come to another demographic factor like income, the calculated means are as follows in Table 2:

Income	Reliability	Responsiveness	Assurance	Empathy	Tangibles
None	2.94	3.26	3.60	3.37	3.35
Less than 15000	2.93	3.39	3.58	3.53	3.59
15000 to 25000	3.39	3.24	3.32	3.31	3.58
25000 to 35000	3.55	3.51	3.51	3.45	3.51
35000 to 45000	3.81	3.62	3.46	3.78	3.72
45000 and above	3.97	3.54	3.67	3.51	3.66

The results suggest that people having income ranging from Rs. 35000 to Rs. 450000 and Rs. 45000 and above, find the restaurants more reliable, responsive, assured, empathetic and have up to the mark tangibles.



### 6.3 Lifestyle

Considering the people of Bahawalpur, we have estimated that they mostly and comfortably like to dine out firstly with friends and secondly with family, and their frequency to dine out depends on their mood, which in turn suggests that people are socialized and like changes, to hang out and enjoy quality food and time at the restaurants.

#### Means with respect to SERVQUAL Dimensions of Restaurants

Restaurants	Reliability	Responsiveness	Assurance	Empathy	Tangibles
4 seasons	3.55	3.57	3.67	3.53	3.37
Lataska	3.48	3.47	3.33	3.40	2.99
Panda	3.46	3.30	3.38	3.71	3.55
Tandoori	3.34	3.28	3.58	3.34	2.74
Libra	3.54	3.25	3.59	3.48	3.37
Taj	3.29	3.31	3.39	3.24	3.41

Table 3 given above, indicates that four seasons is more reliable than other restaurants with an average mean of 3.55, where as Libra comes second with average mean of 3.54 for reliability. As we move towards responsiveness, four seasons again has more average mean of 3.57 than other restaurants and Lataska stands second having average mean of 3.47, this shows that Four Seasons is good in providing responsive and receptive services than others,

By analyzing further we come across assurance which is another dimension of SERVQUAL, tells that our respondents are assured and pledged by the services of Four Seasons and Libra with average means of 3.67 and 3.59 respectively.

With respect to empathy dimension, Panda excels with an average mean of 3.71 and Four Seasons stands second with 3.53 as average mean.

Now we come to the last but not the least SERVQUAL dimension, tangibles, here Panda comes first with average mean of 3.55 and Taj is at second place with average mean of 3.41.

According to the respondent's choice of restaurant, or in other words the restaurant which the most respondents like to visit to fulfil their desires in terms of food & environment, the data suggests is Four Season as it provides more variety in food, as price of food is in accordance with the food quality. But a lot of respondents do not agree with his statement.

The restaurant owners and managers should focus on the major elements like service quality, product quality and price. The customer when makes the choice of a particular restaurant, he desires a kind of service and a positive behaviour. The customer also assesses the overall service of the restaurant as how the employees deal with customers, do they have enough knowledge about the product they are delivering. Same is the case with prices of food in the restaurants as it is important for restaurants to assess competitive prices and customers' reference prices for the targeted segment for their products.

### 7. Conclusion

We summarize our main findings in the context of all the discussions and analysis. We conclude that satisfaction is at the heart of every restaurant service provider.

These findings depict that the manager of restaurant should focus on internal service quality (to enhance internal communication and collaboration among employees) issues if they wish to improve service provided to customers.

By above findings we have analyzed that Four Seasons is at the top by providing prompt services as a customer desired and a large part of customer are satisfied by its services.

The result also suggests that the promised services willingness to help and competency are effective elements of service provide that creates high satisfaction in restaurants.

The findings also conclude that managers of restaurant should have complete knowledge that the restaurant expect to provide for their customer.

This also tells the restaurant managers to achieve a balance in their focus on three major factors of restaurant, product quality, service quality and price. Therefore the finding of this study can be extended and of value to restaurants by helping managers to understand the customer satisfaction.

For a restaurant the key process are good service provisions as well as good food in order to make a customer satisfied. But only quality food enables the customer to return. As a result of which management should focus on establishing loyal relationships by providing good services and quality food in order to get better profitability.

A quantitative assessment of service quality has potential benefits for restaurant customer. As part from the obvious enhancement of the dining experience which should result from identifying and improving service weaknesses. Therefore the use of SERVQUAL tool is not restricted by national borders or cultural differences but can have a global application. Nevertheless this study has contributed to this goal through an application of the SERVQUAL instrument to measure and compare service quality within one sector of the restaurant industry.

## **8. Limitations and Future Research**

There are many limitations of this study which are to be addressed. This study only focuses on a relatively smaller number of restaurants selected from geographic area of Bahawalpur city. So the generalization of the finding may not work. The results are also limited by the small sample size within specified geographical area. Although it is not expected that findings would be significantly different, it would be worthwhile to expand this research throughout the country to improve the generalizability of results. The only limiting factor in the modification of the research tool is in restricting the ability to make comparison regarding quality across industries and cultures.

Homogeneous part of all population exercised in regarding its conclusion as representative of all Bahawalpur top quality restaurants. The result of this study suggests that if it is useful to compare service quality of firms with the same industry sector. It will be interesting to investigate whether and how a firm can be benefited by marketing more than one product in an oligopolistic market. The second line of inquiry is the comparison between oligopolistic and monopolistic markets.

Thus more studies on relationship between customer satisfaction and perception of quality are needed to cross validate the findings from different directions. Moreover more research can be done in order to determine other aspects of restaurants in industry by using the empirical means.

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