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MODERATING AFFECT OF SERVICE QUALITY AND FACTORS IMPACTING ON CUSTOMER SATISFACTION AND RETURN INTENTIONS

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Abstract: The primary purpose of the current research paper is to investigate the effect of service quality factors on customer satisfaction and customers' behavioural intentions in the restaurant industry. The researcher is going to review the fundamental attributes of the service quality which play pivotal role in creating an appealing dining experience, customer satisfaction and lead to customer loyalty.

Keywords: service quality, customer satisfaction, physical environment, perceived price, customer service quality

Introduction

Services dominate the economy of most countries by contributing greatest percentage to countries' GDP and generating many job places. Lovelock and Gummesson (2011) define the services as form of rental through which customers can obtain benefits. Often time-based performances bring about the desired results to recipients, objects or other assets for which purchases have responsibility. In exchange for money, time and effort, service customers expect value from access to goods, labour, professional skills, facilities, networks and systems. However, they do not normally take ownership of any of the physical elements involved.

Unlike to physical products, services have unique features which create tasks for marketers to put extra efforts on attracting and retaining the customers. First of all, most services cannot be inventoried and the time factor assumes the greatest importance. Secondly, services are usually quite complex to visualize and understand and intangible elements play prevailing role in value creation. Next, many services require the customers in coproduction and the people are actually considered as core part of the service experience. Lastly, the operational inputs and outputs for services may vary each time and unlike the physical goods, many services may be distributed through non-physical channels (Sangkaworn and Mujtaba, 2010).

Methods: Current research paper carries a systematic review of the existing research articles of contemporary scholars. Author discusses the primary definitions of the quality concept and the major dimensions of the service quality. In addition, the critical factors affecting the customer loyalty and return intensions such as physical environment, food quality, perceived price and value and customer service quality are elaborated significantly.

Discussion

Definitions of quality

The quality issue in the service industry is quite complicated to define and measure due to specific attributes of service products and organizations. Quality and productivity are considered to be two essential elements for creating value to customers and the organization.

The term and concept of quality can be defined from different perspectives. The

transcendent view of quality is related to inherent excellence of the product or the service offered. The manufacturing based approach is supply based and concerned with manufacturing process and zero defection in each output. The user-based approach of quality equates the quality to customer satisfaction and assumes that quality lies on the eyes of beholder. Lastly, the value-based approach of quality identifies the quality in terms of perceived value for given price (Lovelock and Gummesson, 2011).

Dimensions of service quality

Many researchers and field experts in the hospitality industry evaluate the service quality as significant topic. Service quality is defined by Zaithaml (1998) as the overall excellence of the product perceived by customers. Parasuraman et al (1988) identifies the service quality as the difference between the customers' desired or expected service quality and actual delivered service quality. Expectations of the customers in the hospitality industry and restaurant sector are formulated under the influence of various factors. Changes in lifestyles, social and professional environment, travelling to different countries, familiarity with various cuisines and culinary culture, eating habits and excessive marketing promotional activities are the preliminary factors shaping the individual's dining expectations. Zeithaml and Bitner (2003) define customer expectations as beliefs of customers about the adequate process of provision of services which are then mainly used to compare against the delivered service as a benchmark. Markovic et al (2010) discussed that the customers' expectations are formulated on five levels as tolerable, acceptable, predicted, must be and desirable expectations.

In the context of restaurant industry, customer expectations comprise the things the customers feel and assume the restaurant should offer them. During the investigation of customers' dining experiences and habits in New Zealand, Mohsin et al (2005) found out that food quality and variety, taste and originality of meals, staff courtesy and helpfulness, quick and timely service and attractiveness of service environment were the most fundamental expectations of most customers.

Customer perceived service quality is defined as an extent to which the service provider successfully meets the customer expectations (Zeithaml et al., 1990). Kim et al (2009) describes that in a restaurant industry the customers' perception of service quality is identified as a comparative difference of service performance and the customers' expectations. If the perceived service quality is lower than customers' expectations, customers are dissatisfied, if it matches the customers' expectations, they are satisfied and if the service performance exceeds the expectations, customers are delighted. Therefore, many successful enterprises actually offer one set of promises and in reality try to outperform and delight the guests.

Wu and Liang (2009) mentioned that overall dining service quality consists of three essential components like food quality, physical environmental elements and service staff. In the practice of the service quality, researchers have developed several models which are broadly used as techniques to evaluate the service quality. Most frequently used models are 'Technical and functional quality model' developed by Gronroos (1984), 'Attribute service quality model' designed by Haywood-Farmer (1985), GAP or SERVQUAL model by Parasuraman et al (1984), Synthesised model of service quality by Brogowicz et al. (1990), Attribute and overall affect model by Dabholkar (1996) and Antecedents and mediator model by Dabholkar et al (2000).

Parasuraman et al (1985) has introduced the GAP model in 1985 which later was refined in 1988 and known as SERVQUAL model and widely used by field experts

to evaluate the service quality. The model is basically consists of two core sections from which the first section represents 22 main criteria to assess the customer's expectations of service quality and the second section presents 22 reflective criteria for evaluating customers' perceived service quality. All these criteria are the core part of five significant service quality dimensions such as responsibility, reliability, tangibles, assurance and empathy. Authors identify the tangibles as appearance of physical facilities, people, technology, equipment, building and all visible representations. Responsiveness mainly relates to the promptness and helpfulness of the employees and their ability to accurately handle the customers' complaints. Reliability dimension measures the dependable, accurate, consistent and timely performance of the promised service. Assurance element refers to credible, secure, competent knowledge and courtesy of employees and their ability to build trust and confidence. Empathy is the ability of staff to provide caring and individualized attention to customers, good communication and proper understanding of customers' needs.

The model presented by Parasuraman et al. (1998) assists the researchers to measure the service quality by comparing the customers' expectations and perceptions of delivered service. The difference emerged between the score of expectations and a perception is known as SERVQUAL gap and indicates to either positive or negative matching of customers' expectations. In broad explanation of the model the researchers have identified 6 types of GAPS which can occur during the process of service design and delivery: the knowledge GAP, the policy GAP, the delivery GAP, the communication GAP, the perceptions GAP and the service quality GAP.

Factors affecting the customer loyalty and return intensions

The physical environment

The physical environment or "atmospherics" are considered as pivotal factors in the context of restaurant service industry as they are the primary location were the service is consumed and customers' thoughts about service quality are formulated (Sharma and Stafford, 2000). The research analyses carried out by previous authors indicate that ambient factors, design factors and social factors are core constituents of physical environment (Ryu and Jang, 2007). Ryu and Jang (2007) explain that ambient factors consists of music, colour, noise, scent features; design includes the location, space of dining area, decoration of walls, service space and appeal of furniture and tables; social elements comprises the presence of other customers, appearance of staff, busyness and fullness of tables. Mehrabian and Russell (1974) suggested a stimulus organism response model, which was applied by researchers in psychology and service industry to identify the direct impact of service environment on emotional response of the customer. Mattila and Wirtz (2001) identified that combined effect of pleasant and affect arousal emotions created by physical environment stimulates higher level of approach and buying intentions.

Authors admit that physical surroundings play a significant role in creating a positive image and impact on customer behaviour and return intentions in restaurant industry (Ryu and Jang, 2008). Distinctive feature of service refers to the fact that service is produced and consumed simultaneously and the consumer being in the "service factory" experiences the service in the physical environment of the restaurant. Therefore, in line with high quality food, the physical facilities and pleasant atmosphere are crucial elements in creating overall customer satisfaction. Bitner (1992) mentioned that physical environment is very important factor in service encounter process and affects to overall perceived image of the service provider and ultimate customer satisfaction. Moreover,

the researcher has developed the concept "SERVICESCAPE" which is defined as "built environment" or the combination of all physical facilities and environment created by restaurant intended to enhance the customer and employee satisfaction (Bitner, 1992). Three fundamental dimensions of the SERVICESCAPE: ambient conditions, special layout and functionality and signs, symbols and artifacts are designed and regulated by service providers to develop an appealing physical environment. Research carried by Chang (2000) also supported the fact that high perceived physical environment was considered as primary factor of customer satisfaction and positive approach behaviour. Jang and Namkung (2009) and Reimer and Kuehn (2005) also investigated that in the service settings, the favourable service environment influence the customers' perception of quality and satisfaction which in turn lead to future return intentions and customer loyalty.

Food quality

The quality of food and consistency, menu variety and originality and freshness of ingredients are considered to be one of the top reasons for customers to return to the same restaurant (Soriano, 2002). Siguaw and Enz (1999) admit that in the restaurant service environment the quality of food is an integral part of overall service quality which influence the customer satisfaction. Food quality mainly consists of four important elements such as food safety, nutrition, value and package or delivery.

Research studies carried by MacLaurin and MacLaurin (2000) analyzed different factors of dining experience including food quality, menu variety, price, location, value and environment and identified that food quality was rated as prior factor for customers which creates satisfaction. Yuksel and Yuksel (2002) while investigating dining experience and satisfaction of tourists in fine dining restaurants in Turkey explored that fact that many tourists considered the food quality as substantial determinant of dining experience and influential element of customer loyalty. Moreover, Mattila (2001) identified that top three reasons for customers to return to the same restaurant are food quality, service quality and physical environment. Specifically, food quality was rated as number one attribute for customer satisfaction with overall dining experience and repeat patronage. This finding was also supported by Namkung and Jang's (2007) research that food quality has adirect relationship with customer satisfaction and behavioural intentions.

Perceived price and value

Price is defined by Zeithaml (1988) as what the customers giving up or sacrificing in order to gain the product or service. Price is mainly perceived by customers as monetary and non-monetary price of which the former relates the money customer pays for the product or service and the later the value customer obtains relative to competitor products or services (Han and Ryu, 2009). Authors argue that the objective or stated price does not much influence on customers' behaviour, but perceived price does when encoded by them. Ham and Kim (2009) explain that customers encode the stated menu price into perceived price by comparing with other service providers. Customers are much concerned whether they are being charged more or at the same price as they competing service providers. Researchers state that perceived price in line with perceived value are considered to be key determinants of consumers' repeat post-purchase behaviours. Carauana et al (2000) identified that value is directly related to price and customers evaluate and pay for quality, thereby forming a concept of perceived value, the difference between what they pay and receive. The research evidence indicate that customers' perceived price creates positive linkage between service quality and

perceived value and perceived value in turn results in higher level customer satisfaction in the scope of restaurant industry. Importantly, when customers perceive the price to be reasonable, their level of satisfaction with food and service quality enhances. Specifically, the perception of reasonable price serves as crucial element combining food quality and higher rate of customer satisfaction. Sulek and Hensley (2004) found out that as the customers' perceived value for restaurants' services and paid price rises, the intention for repeat behaviour and loyalty level also increase.

Customer service quality

In the service industry, the role of front-line employees is very crucial as they are the first point of service encounter and play major role in creating initial impression about the service provider and contribute largely to creation of customer satisfaction. Lovelock et al (2011) admit that front-line employees span the boundary between inside and outside the organization. Author highlights that it is extremely difficult for competitors to duplicate high-performance human assets compared to other corporate resources. Service employees are considered to be very important to the success of a service organization due to several reasons: they are the core part of service product; they represent the service organization in the eyes of customers; they are the core part of the brand, as they deliver the promise given by the brand; they personally generate sales by cross-selling and up-selling; they are important source of customer loyalty and satisfaction.

In the scope of restaurant industry, the front-line employees are noted to be the important source of customer satisfaction with the service provider. Parasuraman et al (1988) in his SERVQUAL model has mentioned that empathy and responsiveness dimensions of service quality are mainly delivered by employees. Kim and Han (2008) identified that treating customers as individuals and providing individualized and caring attention to each customer in the fine dining restaurant created higher level of customer satisfaction. Authors highlighted that clear, timely and appropriate communication and individualized attention to customers' needs were rated by visitors as important elements in enhancing their dining experience. Hulten (2007) investigated that staff's willingness to help to customer's requests, prompt attention to their requests, questions and ability to handle the complaints are primary factor in creating trust between the customers and the service provider, which leads to further positive relationships between the parties.

Influence of service quality on customer satisfaction

There have been many research findings about the relationship between the service quality and customer satisfaction. Lee at al. (2000) examined the conceptualization of service quality and customer satisfaction in restaurant industry based on Oliver's (1993) model and identified that service quality is an antecedent of customer satisfaction. Parasuraman et al (1994) suggested that customers can perceive the service quality immediately after service experience and compare to their expectations. Therefore, if the perceived service quality matches the customers' expectations, they are satisfied with the service providing organization (Oliver, 1989).

Conclusion. Numerous researchers have identified a positive direct association between the customer satisfaction and behavioural intentions such as positive word-of-mouth, recommendations, repeat patronage and repurchase (Ryu and Han, 2011). Namkung and Jang (2007) tested the relationship between customer satisfactions and revisit intention in upscale dining restaurants and explored that improving the customer satisfaction level leads to better revisit and recommendation intentions. On the other hand, dissatisfied customers, are most likely to switch to other brand, complain and spread negative

word-of-mouth about the service provider (Kim et al, 2009). Han et al (2009) also suggested that customer satisfaction leads to positive attitudinal relationship where customers form strong positive attachment with service provider and exhibit loyalty in behavioural actions as well.

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