

SERVICE QUALITY AND CUSTOMER SATISFACTION: ANTECEDENTS OF CUSTOMER'S RE-PATRONAGE INTENTIONS

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ABSTRACT

This study was designed to examine the relationship between service quality, customer satisfaction and customer's re-patronage intentions in the context of the restaurant industry. The respondents were 377 restaurant patrons who completed the self-administered questionnaire. Pearson Correlation analysis indicated that service quality and customer satisfaction had a direct positive effect on customer's re-patronage intentions. Multiple Linear Regression highlighted customer satisfaction as a stronger predictor of re-patronage intentions compared to service quality. Possible interpretations, limitations, and implications for marketing professionals are discussed.

Key words: Service Quality, Customer Satisfaction, Re-patronage Intentions, Restaurant

INTRODUCTION

In today's fast-paced and increasingly competitive market, the bottom line of a firm's marketing strategies and tactics is to make profits and contribute to the growth of the company. Customer satisfaction, quality and retention are global issues that affect all organizations, be it large or small, profit or non-profit, global or local. Many companies are interested in studying, evaluating and implementing marketing strategies that aim at improving customer retention and maximizing share of customers in view of the beneficial effects on the financial performance for the firm. There has been a strong advocacy for the adoption of customer retention as one of the key performance indicators (e.g. Kaplan and Norton, 2001). For instance, a study by Reichheld and Sasser (1990) reported a high correlation between customer retention and profitability in a range of industries. However, the fragmentation of media choices and the dynamic nature of the market, coupled with an increased number of more demanding and affluent consumers, brought greater challenges to marketing practitioners in retaining their customers.

Quality and customer satisfaction have long been recognized as playing a crucial role for success and survival in today's competitive market. Not surprisingly, considerable research has been conducted on these two concepts. Notably, the quality and satisfaction concepts have been linked to customer behavioural intentions like purchase and loyalty intention,

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willingness to spread positive word of mouth, referral, and complaint intention by many researchers (Olsen, 2002; Kang, Nobuyuki and Herbert, 2004; Söderlund and Öhman, 2005). The most commonly found studies were related to the 'antecedents, moderating, mediating and behavioral consequences' relationships among these variables – customer satisfaction, service quality, perceived value and behavioral intentions. However, there have been mixed results produced.

As many industry sectors mature, competitive advantage through high quality service is an increasingly important weapon in business survival. The restaurant industry has certainly not been exempted from increased competition or rising consumer expectations of quality. In Malaysia, the restaurant industry is undergoing a dramatic transformation and experiencing heightened competition. Restaurant is an important but often neglected area of study (Kivela, Inbakaran and Reece, 1999a). The fact is that 'restaurant business' is regarded as a low credence service and the quality of the services are difficult to prove until customers patronise the restaurant. Moreover, the quality of the service that customers encounter may be different each time they re-visit that particular restaurant, thus influencing the level of satisfaction and eventually affecting their re-patronage intentions. Given these important issues that need to be addressed, the main purpose of this study was to examine the factors that affect customers' repatronage intentions in the restaurant context. Specifically, this paper aims to examine the nature and strength of relationships between customer satisfaction, service quality and customer's repatronage intentions. The predictive ability of satisfaction and service quality on repatronage intention will also be analyzed.

CUSTOMER SATISFACTION AND SERVICE QUALITY

The interest in studying satisfaction and service quality as the antecedents of customer behavioural intentions in this paper has been stimulated, firstly, by the recognition that customer satisfaction does not, on its own, produce customer lifetime value (Appiah-Adu, 1999). Secondly, satisfaction and quality are closely linked to market share and customer retention (Fornell, 1992; Rust and Zahorik, 1993; Patterson and Spreng, 1997). There are overwhelming arguments that it is more expensive to win new customers than to keep existing ones (Ennew and Binks, 1996; Hormozi and Giles, 2004). This is in line with Athanassopoulos, Gounaris and Stathakopoulos's (2001) arguments that customer replacement costs, like advertising, promotion and sales expenses, are high and it takes time for new customers to become profitable. And lastly, the increase of retention rate implied greater positive word of mouth (Appiah-Adu, 1999), decrease price sensitivity and future transaction costs (Reichheld and Sasser, 1990) and, finally, leading to better business performance (Fornell, 1992; Ennew and Binks, 1996; Bolton, 1998; Ryals, 2003).

From the literature that has been reviewed so far, customer satisfaction seems to be the subject of considerable interest by both marketing practitioners and academics since 1970s (Churchill and Surprenant, 1982; Jones and Suh, 2000). Companies and researchers first tried to measure customer satisfaction in the early 1970s, on the theory that increasing it would help them prosper (Coyles and Gokey, 2002). Throughout the 1980s, researchers relied on customer satisfaction and quality ratings obtained from surveys for performance

monitoring, compensation as well as resource allocation (Bolton, 1998) and began to examine further the determinants of customer satisfaction (Swan and Trawick, 1981; Churchill and Surprenant, 1982; Bearden and Teel, 1983). In the 1990s, however, organizations and researchers have become increasingly concerned about the financial implications of their customer satisfaction (Rust and Zahorik, 1993; Bolton, 1998).

While satisfaction has been examined by many researchers in different industries (Fornell, 1992; Anderson and Sullivan, 1993; Bolton, 1998; Caruana, 2002; Ranaweera and Prabhu, 2003), service quality is also likely to influence consumer behavioural intentions (Bitner, 1990; Cronin and Taylor, 1992, 1994; Choi *et al.*, 2004). Cronin, Brady and Hult (2000) stated that examining only one variable at a time may confound the understanding of consumer decision-making and this may lead to inappropriate marketing strategies. This view is supported by Caruana (2002) and it is crucial to study the effect of other constructs such as quality on behavioural intentions in addition to customer satisfaction. Hence, this study incorporated service quality into the model in examining customer's repatronage intentions in the restaurant context.

Definition of Service Quality, Customer Satisfaction and Repatronage Intention

There are many researchers who have defined service quality in different ways. For instance, Bitner, Booms and Mohr (1994, p. 97) define service quality as 'the consumer's overall impression of the relative inferiority / superiority of the organisation and its services'. While other researchers (e.g. Cronin and Taylor, 1994; Taylor and Cronin, 1994) view service quality as a form of attitude representing a long-run overall evaluation, Parasuraman, Zeithaml and Berry (1985, p. 48) defined service quality as 'a function of the differences between expectation and performance along the quality dimensions'. This has appeared to be consistent with Roest and Pieters' (1997) definition that service quality is a relativistic and cognitive discrepancy between experience-based norms and performances concerning service benefits.

Many researchers (Oliver, 1981; Brady and Robertson, 2001; Lovelock, Patterson and Walker, 2001) conceptualize customer satisfaction as an individual's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. Generally, there are two general conceptualisations of satisfaction, namely, transaction-specific satisfaction and cumulative satisfaction (Boulding *et al.*, 1993; Jones and Suh, 2000; Yi and La, 2004). Transaction-specific satisfaction is a customer's evaluation of his or her experience and reactions to a particular service encounter (Cronin and Taylor, 1992; Boshoff and Gray, 2004), and cumulative satisfaction refers to the customer's overall evaluation of the consumption experience to date (Johnson, Anderson and Fornell, 1995).

Intentions are subjective judgements about how a person will behave in the future and usually serves as dependent variables in many service research and satisfaction models (Boulding *et al.*, 1993; Soderlund and Ohman, 2003). Rust, Zahorik and Keiningham (1995) argues that repurchase intentions and actual repurchase patterns are not necessarily the same.

Butcher (2005) agreed that repurchase intention is regarded as a sound service outcome that is measurable. While Soderlund and Ohman (2003) consider repurchase intentions as intentions-as-expectations, Hellier *et al.* (2003, p. 1764) defined repurchase intention as ‘the individual’s judgement about buying again a designated service from the same company, taking into account his or her current situation and likely circumstances’.

The Distinction between Service Quality and Customer Satisfaction

A review of the emerging literature suggests that there appears to be relative consensus among marketing researchers that service quality and customer satisfaction are separate constructs which is unique and share a close relationship (Cronin and Taylor, 1992; Oliver, 1993). Most researchers in the services field have maintained that these constructs are distinct (Bitner, 1990; Carman, 1990; Boulding *et al.*, 1993; Spreng and Mackoy, 1996). Table 1 identifies a number of key elements that distinguish customer satisfaction from service quality.

Table 1. The Distinction between Customer Satisfaction and Service Quality

Customer Satisfaction	Service Quality
Customer satisfaction can result from any dimension, whether or not it is quality related.	The dimensions underlying quality judgements are rather specific.
Customer satisfaction judgements can be formed by a large number of non-quality issues, such as needs, equity, perceptions of fairness.	Expectations for quality are based on ideals or perceptions of excellence.
Customer satisfaction is believed to have more conceptual antecedents.	Service quality has less conceptual antecedents.
Satisfaction judgements do require experience with the service or provider.	Quality perceptions do not require experience with the service or provider.

Source: Adapted from various sources (Taylor, 1993; Oliver, 1993; Rust and Oliver, 1994; Spreng and Mackoy, 1996; Choi *et al.*, 2004; Grace and O’Cass, 2005)

CONCEPTUAL FRAMEWORK

The present paper developed a conceptual framework (see Figure 1), which aims to examine the predictive ability as well as the nature and strength of relationship between service quality, customer satisfaction and re-patronage intentions. All constructs were conceptualised to fit better into the current study setting. Based on the original view of Parasuraman, Zeithaml and Berry (1985), service quality was conceptualised as a function for the differences between expectation and performance along with restaurant attributes such as food quality, service transaction, environment, convenience issues, and its overall images. Next, customer satisfaction has been conceptualized in this study as the patrons’

cumulative post-purchase affective evaluation based on the most recent services consumption experience at the restaurant. Lastly, the repatronage intention construct has been conceptualized as a customer's likelihood of revisiting the restaurant during the coming month by adopting the definition of Hellier *et al.* (2003).

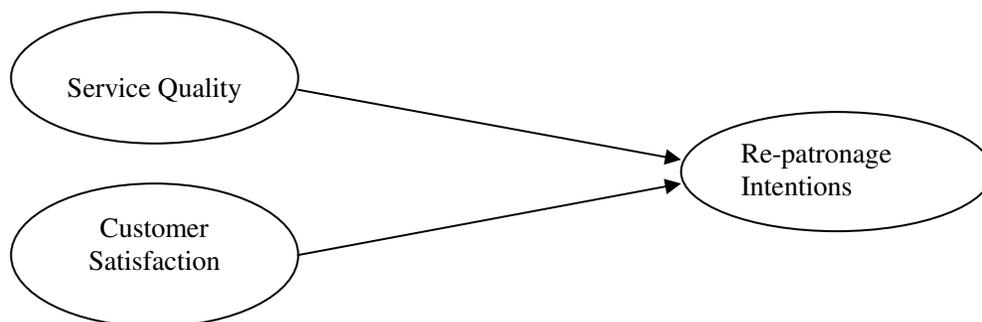


Figure 1. The Conceptual Framework of the Study

Source: Cronin, J. J., Brady, M. K., and Hult, G. (2000). Assessing the Effects of Quality, Value, and Customer Satisfaction on Consumer Behavioral Intentions in Service Environments. *Journal of Retailing*, 76(2), 193-218.

The Direct Effect of Service Quality on Repatronage Intentions

Substantial empirical and theoretical evidence in the literature suggests that there is a direct link between service quality and behavioural intentions (Bitner, 1990; Bolton and Drew, 1991a). Among the various behavioural intentions, considerable emphasis has been placed on the impact of service quality in determining repeat purchase and customer loyalty (Jones and Farquhar, 2003). As pointed out by Bolton (1998), service quality influences a customer's subsequent behaviour, intentions and preferences. When a customer chooses a provider that provides service quality that meets or exceeds his or her expectations, he or she is more likely to choose the same provider again. Besides, Cronin and Taylor (1994) also found that service quality has a significant effect on repurchase intentions. Other studies which support that repurchase intentions are positively influenced by service quality include Zeithaml, Berry and Parasuraman (1996), Cronin and Taylor (1992, 1994), Cronin, Brady and Hult (2000), and Choi *et al.* (2004). Hence, it was hypothesized that:

H1: Service quality is positively related to re-patronage intentions.

The Direct Effect of Customer Satisfaction on Repatronage Intentions

A wide variety of studies has been done to support the link between customer satisfaction and behavioural intentions (Fornell, 1992; Rust and Zahorik, 1993; Taylor and Baker, 1994; Patterson and Spreng, 1997). Bearden and Teel (1983, p. 21) argue that 'customer

satisfaction is important to the marketer because it is generally assumed to be a significant determinant of repeat sales, positive word of mouth, and customer loyalty'. Similarly, Anderson and Sullivan (1993) have also argued that the more satisfied the customers are, the greater is their retention. This view is also supported by Ranaweera and Prabhu (2003) study that the effects of customer satisfaction on customer retention are found to be significant and positive. Specifically, the levels of customer satisfaction will influence the level of repurchase intentions and this is supported by past research in a wide variety of studies (Rust and Zahorik, 1993; Taylor and Baker, 1994; Patterson and Spreng, 1997; Bolton, 1998; Hellier *et al.*, 2003). On the basis of the above, it was then hypothesized that:

H2: Customer satisfaction is positively related to re-patronage intentions.

The Relative Importance of Service Quality and Customer Satisfaction for the Prediction of Customer Repatronage Intentions

Both service quality and customer satisfaction have been widely recognised as antecedents of repurchase intentions. However, it is believed that restaurant owners would like to know which of these variables exerts the strongest influence on re-patronage intentions. A recent study reveals that customer satisfaction is a better predictor of intentions to repurchase than service quality (Ravald and Gronroos, 1996). Evidence is provided by Cronin and Taylor (1992) who found a much stronger relationship between customer satisfaction and repurchase intentions than the relationship between service quality and repurchase intentions. Academically, from a practitioner's point of view, customer satisfaction is deemed to be more influential on repurchase intentions (Dabholkar, 1995). Parasuraman, Zeithaml and Berry (1994) also revealed in their analyses that customer satisfaction is likely to achieve a greater level of statistical significance when both service quality and customer satisfaction have a significant effect on repurchase intentions.

H3: Customer satisfaction will be a stronger predictor of customer's repatronage intention than service quality.

METHOD

Participants

There are three major categories of restaurants in Malaysia (1) family restaurant, (2) fast food outlets and (3) fine dining. Malaysia is, perhaps, not particularly known for its fine dining scene and research has been conducted on fast food restaurant. Hence, this paper focused only on the family restaurant as there is a lack of studies carried out in this context in Malaysia. The sampling unit in this study was FUSION, a Chinese cuisine family restaurant situated in Klang Valley, Malaysia, which serves HALAL food. A sample size of 420 was targeted and the subjects are patrons who visited the FUSION restaurant at least

three times in the past 6 months and involve an exchange of money for services rendered. A filtering question was used to screen qualified respondents who met the requirement.

Design and Procedure

This study design is cross-sectional in nature and was conducted using self-administered questionnaires with the consent from the restaurant owner beforehand. Pilot testing was conducted using a small convenience sample of 35 respondents, including the restaurant owner who checked for any ambiguities and confusion in the first draft of the questionnaires. Data was collected from the patrons who visited FUSION restaurant from June 2006 to October 2006. The respondents were informed that their participation was on a voluntary basis and all information provided would be kept private and confidential. Questionnaires were distributed only to those who qualified and agreed to participate in the study. The researcher then briefly explained the nature and requirement of the survey before the respondent filled up the questionnaire.

Measures

The multiple-items used to measure service quality were taken from Parasuraman, Zeithaml and Berry (1985) and Kivela, Reece and Inbakaran (1999b). A total of 14 items was used and includes the additional item (i.e. operating hours convenience) based on the suggestions of restaurant owners during the pilot testing. Single-item approach was used for the satisfaction and repatronage intention construct. Typically, assessment of reliability in terms of internal consistency cannot be computed for single-item measurement (Soderlund and Ohman, 2003). Rossiter (2002) has strongly argued that intentions should not be captured with multiple-item scales, as they invite the possibility of a confounded measurement. Though Churchill (1979) argued that single items are unreliable, Rossiter (2002) opposed this by demonstrating that the main issue is the validity problem rather than reliability problem. This is further supported by Westbrook and Oliver (1981) who indicated that single item rating scales were common among researchers in testing customer satisfaction. All the three main constructs were measured, using a five-point Likert scale. Selected demographic data was also collected at the end of the questionnaire.

RESULTS

The Statistical Package for the Social Sciences, Windows Version 13.0 (SPSS 13.0) was used to analyse the data collected.

Descriptive Findings

A total of 420 questionnaires was distributed, of which 377 were returned completed and met the screening requirements, representing a net response rate of 89.8% out of which 25

was excluded from further analysis due to missing data. Among the 377 respondents, 60% were females and 82.7% were aged between 20 to 49. As expected, a majority of them were Chinese customers and about half of the respondents (56%) were middle-income earners receiving a monthly income from RM2,000 to RM4,999.

Customer Expectations. Based on the mean analysis, it was found that the highest expectations were related to the convenience and service factors. This may be due to the busy lifestyle in urban areas. On the other hand, the restaurant's image scored the lowest in terms of customer expectation. However, this does not suggest that restaurateurs can ignore the importance of image but at least fulfil the minimum expectation of customers.

Perceived Performance. The respondents' general perception towards the service quality offered by the restaurant was between a mean score of 3.24 (Atmosphere factors) and 3.90 (Convenience factors). Further analysis by comparing the perceived performance and expectation level revealed that the perceived performance on all dimensions fell short of their expectations, except for the convenience factor. This indicates that the service quality offered did not meet their customers' expectations on most aspects.

The Direct Effects of Service Quality and Satisfaction on Repatronage Intention

Table 2 provides a matrix of the correlation coefficient for the main measures.

Table 2. Intercorrelations between Main Measures

Variables		Repatronage Intention	Service Quality	Customer Satisfaction
Repatronage Intention	Pearson Correlation	1	.537**	.822**
	Sig. (2-tailed)	.	.000	.000
	N	377	377	377
Service Quality	Pearson Correlation	.537**	1	.486**
	Sig. (2-tailed)	.000	.	.000
	N	377	377	377
Customer Satisfaction	Pearson Correlation	.822**	.486**	1
	Sig. (2-tailed)	.000	.000	.
	N	377	377	377

Note: ** Correlation is significant at the 0.01 level (2-tailed).

The results for direct effect of service quality on repatronage intention revealed an r-value of 0.537 and the correlation is significant at $p < .01$. Based on this result, H1 was supported. Therefore, service quality has a positive relationship to repatronage intention. The strength of this relationship is considered moderate at 0.29 as measured by r-square value. As for the effect of customer satisfaction on repatronage intentions, it was found the satisfaction also has a positive influence on repatronage intention ($r = 0.822$, $p < .01$). Therefore, H2 was also supported and the strength of the relationship between satisfaction and repatronage intention

was relatively higher ($r^2 = .68$). It was also found that service quality is positively correlated with satisfaction ($r = .486$, $p < .01$). While the overall findings of the present study were similar to those in the services management literature, the results were somewhat different from Cronin and Taylor's (1992) findings that service quality was not able to influence repurchase intention directly. The results of this paper also differs from Hellier *et al.*'s (2003) study which found that customer satisfaction did not influence repurchase intentions directly. These differences could be due to different context and research methodology applied.

Predicting Repatronage Intention

A Multiple Linear Regression (MLR) analysis was conducted to investigate the influence of service quality and satisfaction on repatronage intention. The test of MLR assumption found expected patterns for non-violation of the assumptions and this result supports the use of MLR as an appropriate statistical analysis for this study. Tables 3 and 4 provide the results of the MLR analysis. Based on the results in Table 3, it seems that all three models have worked well in explaining the variation in repatronage intention (Model 1: $F = 153.402$; $df = 375$; $p = .0001$; Model 2: $F = 509.763$; $df = 374$; $p = .0001$; Model 3: $F = 30.831$; $df = 374$; $p = .0001$). Overall, Model 2 was better fitted compared to Models 1 and 3 as indicated by F-value. The proportion of explained variance as measured by R-square for Model 2 was among the highest ($R^2 = 0.70$) compared to Models 1 ($R^2 = 0.29$) and 3 ($R^2 = 0.675$). In other words, 70% of the variation in repatronage intention is explained by service quality and satisfaction in Model 2. As indicated by the unstandardized coefficients (Table 4), both service quality ($t = 5.553$, $p = .0001$, $b = 0.313$) and satisfaction ($t = 22.578$, $p = .0001$, $b = 0.974$) were found to exert a significant positive influence on repatronage intention. Lastly, the beta values for Model 2 given in Table 4 seems to indicate customer satisfaction ($\beta = 0.733$) as a more important predictor of repatronage intention than service quality ($\beta = 0.18$). This supported H3 that customer satisfaction was a stronger predictor of customer's repatronage intention than service quality. Hence, the result supports Allen, Machleit and Schultz Kleine's (1992) argument that emotions act as a better predictor of behaviour than cognition does. Parasuraman, Zeithaml and Berry (1994) also mentioned that customer satisfaction is frequently more statistically significant, and tends to achieve a greater level of statistical significance compared to service quality. However, the result differs from Choi *et al.*'s (2004) study in health-care context, in which they found that service quality emerged as a more important determinant of behavioural intentions. However, a review by Dabholkar (1995) suggests that the relationship is situation-specific and therefore depends on the context of the service encountered.

Table 3. Model Summary of Multiple Regression

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R ² Change	F Change	df1	df2	Sig. F Change	
1	.539(a)	.290	.288	.977	.290	153.402	1	375	.000	
2	.836(b)	.700	.698	.636	.409	509.763	1	374	.000	
3	.822(c)	.675	.674	.661	-.025	30.831	1	374	.000	1.725

Notes:

- a Predictors: (Constant), Service Quality
 b Predictors: (Constant), Service Quality, Customer Satisfaction
 c Predictors: (Constant), Customer Satisfaction
 d Dependent Variable: Re-patronage Intentions

Table 4. Coefficients Analysis

Model	Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.282	.051		64.783	.000
	Service Quality	.935	.075	.539	12.386	.000
2	(Constant)	-.071	.152		-.468	.640
	Service Quality	.313	.056	.180	5.553	.000
	Customer Satisfaction	.974	.043	.733	22.578	.000
3	(Constant)	-.493	.137		-3.596	.000
	Customer Satisfaction	1.091	.039	.822	27.902	.000

Note: Dependent Variable: Re-patronage Intentions

DISCUSSION AND CONCLUSION

In summary, all the hypotheses were strongly supported and the proposed framework of the present study was able to demonstrate strong explanatory power. Notably, this study provides evidence for the direct effect of service quality and satisfaction on repatronage intention as suggested by the literature and satisfaction emerged as a stronger predictor of repatronage intentions in the restaurant settings. A number of marketing implications can be drawn from this study. The descriptive result reveals that patrons' perception towards service quality level provided was consistently lower than their expectation. This implies that more effort is needed to improve the service quality level of the restaurant. The frontline staff may well be trained to be more responsive and sensitive to customer needs, thus providing services that are more efficient and effective. In addition, the restaurant atmosphere can also be improved by ensuring cleanliness and favourable ambience with appropriate music and lighting. Customer satisfaction is also very crucial for marketing

planning since satisfaction does influence customers' intention to repatronage the restaurant in future. Hence, marketers should look into the factors that would affect customer satisfaction level. In addition, as customer expectations are changing over time, practitioners are advised to measure their customer expectation and satisfaction regularly and handle complaints timely and effectively.

The present study has a number of limitations. Firstly, the nature of sampling unit under study cannot be generalized to a larger population as only one restaurant was examined and the use of single-item measurement for satisfaction construct has low reliability (Churchill, 1979). Secondly, the causal relationship between service quality and satisfaction was not addressed in the present study. Thirdly, the use of cross-sectional data in a single industry also limits some of the conclusions obtained.

In view of the limitations, future study should use different sampling units which are more generalizable and conduct the study nationwide. The proposed model can also be extended to other service industries or other types of restaurants. In terms of measurement issues, future research may use multiple items to strengthen the reliability of satisfaction construct. Also, the structural relationships among the three constructs should be examined. Additional constructs may also be added into this model, based on the literature, and be tested empirically.

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