

## Improve Customer Retention through Service Quality Attributes in the Restaurant Industry of Pakistan

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### **Abstract:**

Customer retention performs a vital part in the progress of a restaurant industry. It is more difficult to acquire a new customer than to retain an old one. The loyal customers are always beneficial for the restaurant business that increases profitability and decrease loss or risks. Research suggests that most of profits is gaining through mere 5% increase in repeat customers. Customer retention does not only increase profitability, but it also enhances marketing of restaurant through positive word of mouth. There are so many factors that pursue a customer to return but this study is only focused on the service-related factors.

The purpose of this paper was to examine the impact of service quality attributes in order to maximize or improve the customer retention in the restaurants of Pakistan. Ten service quality attributes are selected to examined. A close ended questionnaire was designed and distributed to the various restaurants of Pakistan. The key dimensions of service quality attributes and customer retention were identified through literature. The data collected (100 valid questionnaires) were analyzed using SPSS. The data is analyzed through pie, bar charts and One-

way ANOVA. The findings showed that customers are revisit the restaurant in the Pakistan is due to appreciable dinning environment with basic facilities. However, the major barrier that create hindrance in the customer retention or customer loyalty is the waiting time. Most of restaurants took too much time to deliver the order that demotivate customers to come again.

**Keywords:** Customer Retention, Service Quality, Attributes and Resultants.

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## 1. INTRODUCTION

Dinning is a routinely act and it is basic need of everyone. That is the reason the restaurant industry is highly competitive industry. Food quality is the main priority of the customer the customer cannot compromise on it. Restaurant management is an exhaustive business, in which Customers are serious and less compromising.

Restaurants have recently witnessed a fast growth in Pakistan. Though this growth considers being relatively recent, it is widely observed by everyone (Sulman& Ayyub, 2019). Customer revisit the restaurant if he/she fully satisfied (Jogaratnam, 2017). Customer retention is evidently a key idea for an organization's endurance and long-lasting survival ship that carries colossal advantages to the organization such as profit maximization, marketing, and operational cost reduction (Han et al, 2020).

Service quality contribute a main role in the satisfaction of customers. Research shows that best service quality attributes not only fulfill customer expectations but also impact on their intentional behavior (Al-Tit, 2015).

## 2. OBJECTIVES OF THE STUDY

The main objectives of this study are:

1. To Identify most Inspirational service quality attribute that motivate customer to return
2. To extract service quality attributes that meets customer expectations.
3. To explore least important Improving service quality attributes where improvement needed to maximize the customer retention

## 3. LITERAURE REVIEW

### 3.1 Customer Retention

In the present serious competitive environment, as customers presented to different options to holding existing clients is like never fundamental for each organization. Consequently, experts in different divisions are anxious to develop powerful and novel procedures to redesign their organizational policies in respect of customer retention and long-term sustaining (Han et al, 2020). Customer retention has maturity stage and it is most dynamic sector in the restaurant management. Research shows that restaurant consultant takes efforts (Han et al, 2020).

The trend to dine in in is to be relatively new. Before that the nation was more focused on the consuming soft drinks and Turkish sweets mostly at homes. The early cause of emergence of restaurants in Pakistan was for roaming purposes, where citizens and foreigners of the kingdom

select a place to dine in enjoy take rest. Now a day's restaurant business in Pakistan rapidly grows

where it creates many chances and opportunities for the Pakistani entrepreneurs. The number of restaurants is increasing in Pakistan. According to a statically report there are more than fifty thousand restaurants in Pakistan. Most of them are in the Karachi and Lahore (Sulman& Ayyub, 2019).

### **3.2 Service Quality**

Service is the main factor in the restaurant that is noncompromising in the restaurant. Service industry is more focused in the perspective of dine in and take initiatives to improve the service quality. The location, food quality, the occurrence of other customers, the employ behavior, environment, as well as other social signs, are examples of the distinct characteristics that shape customer perceptions of the restaurant experience (Yrjölä et al, 2019).

There are various key factors in the service quality depends upon the kind of service and the cultural background. In a study twenty-seven variables grouped into six are identified in the context of service quality. These twenty-seven variables are considered as the initial phase of the development of a measuring tool of service quality in restaurants. From twenty-seven variables one is the physical environment, including the exterior and interior design and ambient conditions (Lupo and Bellomo, 2019).

### **3.3 Service quality attributes**

Growth in restaurant and bundle of attributes that customer use for choosing a restaurant have strong competition among restaurant settings. Offering excellence services and continuing customers retention are key elements pursuing to the success of the restaurant business (Markovic et al, 2011).

Customer retention is basic features in business and marketing strategies. Customer constantly noticed special attention and privacy offered by the restaurant. If the customers are fully satisfied from thought of restaurant management particularly from the performance of the waiters that comforts the customer make them loyal (Warraich et al, 2013).

Customers and heaving in mind the importance of service attributes are important criterions for gaining competitive advantages in restaurant marketplace. service quality means meeting or exceeding customer's expectations. When examining service quality, different dimensions (e.g. service aspects) should be considered.

Various studies show that quality of food, location, interior design, dining privacy and service are main elements of customer retention in restaurants. In 2009 Wu and Liang specified that service is depends on four elements: atmosphere, employs behavior, waiting time and specific attention towards customer (Markovic et al, 2011). Warraich with his colleagues in 2013 divides the service quality into tangible and intangible components that are most important to customers. Components such as external atmosphere, consistency, aroma, paint, and music in restaurant attract customers and motivate them to revisit again.

Andaleeb and Conway (2006) noticed four elements that enhance customer retention in restaurants. They are cleanliness, loyalty, interior design and menu. Marković et al. (2010) revealed 7 seven factors for customer expectations and service quality (hygiene and dressing of waiters, quality, specific devotion, fulfilment and loyalty, health and safety. Waiting time, reliability and interior design).

One of the components for customer retention was item's higher volume rate that relates to the recurrent acquisition and quality like. Service quality has a greater indirect impact than the straight impact. Another element of the customer retention that really brings customers back is the employ behavior. The positive and polite attitude of staff throughout dine in is powerfully related with customer retention (Warraich et al, 2013).



Fig.1 Service Quality Attributes impacts Customer Retention

Fig.1 Shows that from above literature ten service quality attributes are extracted that are examined in the restaurants in respect of customer retention. These extracted factors are: Staff Behavior, Cleanliness, Privacy, Loyalty and Satisfaction, Interior Design and Decoration, Specific Attention, Quick Service, Comfortable Dinning area, Dependable Service and Waiting Time

#### 4. METHODOLOGY

A survey was conducted to collect primary data using a questionnaire, which was designed through literature review. The questionnaire has been prepared based on five parts: Part1 included information on the demographic profile of participants, age and gender is asked in the demographics; Part 2 brief question about the loyalty of the customer. Part 3 Identify the most

Inspirational service quality attribute that motivate customer to return using five-Likert scale (Definitely=5, Probably=4, Possibly=3, Probably Not=2, Not=1). Part 4 extract service quality attributes that meets customer expectations using two Likert scale(1=yes/2=No). Part 5 explore least important Improving service quality attributes where improvement needed to maximize the customer retention Using five Likert scale ((Definitely, Probably, Possibly, Probably Not, Not). The data is collected from the restaurants. 20 restaurants are randomly selected, questionnaires are filled five from the customers. From twenty restaurants 100 responses are filled five from each.

The data is analysis through mean values, pie charts bar charts and one way ANOVA in SPSS.

## 5. ANALYSIS

The analysis of this study is depending upon five Parts.

### 5.1 Gender

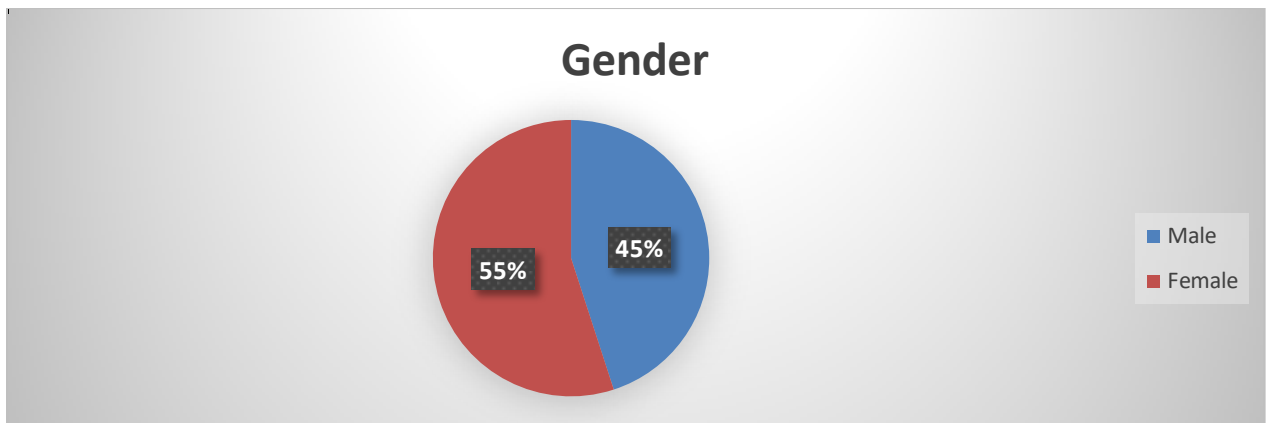


Fig.2 Pie Chart of Gender

Fig.2 Shows the demographic of the respondents, age was asking in this chart. According to above pie chart 55% of the respondents are female and 45% are male respondents.

### 5.2 Age

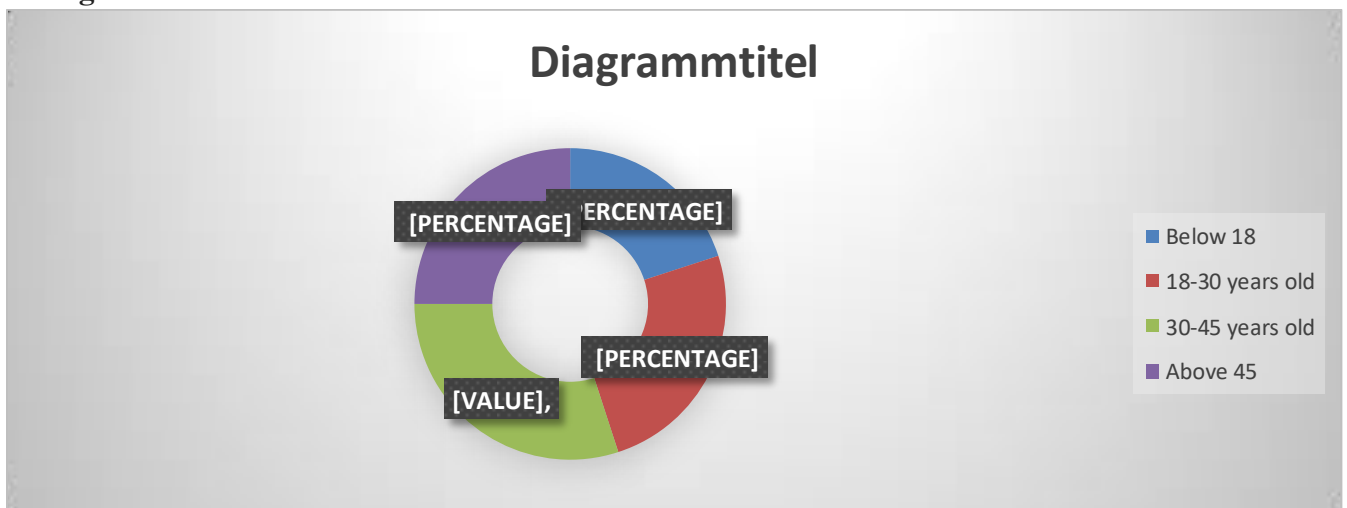


Fig.3 Pie Chart of Age

Fig.3 Shows the age of the respondents. 20% of the respondents are below 18. 25% of respondents are 18-30 years age and 25% of respondents are above 45 years old. 30% of the respondents are in the age of 30 to 45.

### 5.3 Loyalty

Loyalty is the robust behavior of the customer to choose the same restaurant during the dining intentions (Aldaihani, 2018).

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Fig.4 Loyalty of Respondents

During the survey of this data customer respond about loyalty through two Likert scale that either they are loyal to the concerned restaurant or not. Pie chart shows that 51% respondents are loyal to the concern restaurant however 49% are disloyal.

### 5.4 Inspirational Service Quality Attributes



Fig.5 Inspirational Service Quality Attributes

Fig.5 Shows the mean value of the service quality attributes in respect to explore the most inspirational attribute. It shows that four service-related attributes are selected under 4-5 Likert scale that shows these four attributes are most inspirational service quality attributes. These four attributes are: comfortable dining area, staff behavior, quick service and privacy. No attribute is scored as 1 or not an inspirational factor however interior design and decoration has low mean value that shows it is least inspirational.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Privacy	Between Groups	8.890	1	8.890	6.229	.014
	Within Groups	139.860	98	1.427		
	Total	148.750	99			
Loyalty	Between Groups	8.230	1	8.230	6.283	.014
	Within Groups	128.360	98	1.310		
	Total	136.590	99			
Interior design	Between Groups	1.943	1	1.943	1.282	.260
	Within Groups	148.567	98	1.516		
	Total	150.510	99			
Specific attention	Between Groups	2.676	1	2.676	2.097	.151
	Within Groups	125.034	98	1.276		
	Total	127.710	99			
Cleanliness	Between Groups	.029	1	.029	.030	.024
	Within Groups	95.011	98	.970		
	Total	95.040	99			
Quick service	Between Groups	.023	1	.023	.018	.019
	Within Groups	130.567	98	1.332		
	Total	130.590	99			
SPACE	Between Groups	.274	1	.274	.287	.593
	Within Groups	93.726	98	.956		
	Total	94.000	99			
Dining area	Between Groups	2.836	1	2.836	2.995	.002
	Within Groups	92.804	98	.947		
	Total	95.640	99			
Dependable service	Between Groups	2.151	1	2.151	1.722	.193
	Within Groups	122.409	98	1.249		
	Total	124.560	99			
Waiting Time	Between Groups	3.258	1	3.258	6.492	.112
	Within Groups	49.182	98	.502		
	Total	52.440	99			

Table.1 One Way ANOVA Summary Table

The one-way ANOVA is also known as an analysis of variance. This statically technique is sued to determine the significant difference between the variables. The significant difference is considered as significant if the value is below 0.05 In this study there are one dependent variable and ten independent variables. Dependent variable is the customer retention and independent variables are ten service quality attributes discussed above.

This table shows that out of ten variables there are four variables that have statistically significant difference. (less than 0.05) on customer retention. Loyalty, cleanliness, quick service and dining area are those service quality related attributes that have a significant difference on customer loyalty. In other words, they are four major attributes that returns customers towards the restaurants of Pakistan

### 5.5 Customer Expectation Service Quality Attribute



Fig.6 Customer Expectation Service Quality Attribute

In the fourth part of survey customers respond on their expectations level through yes/no. The results show that cleanliness, loyalty and quick service are those attributes that meets customer expectations. However, waiting time, privacy and dependable service are those attributes that not fully satisfy the customer.

### 5.6 Improving Service Quality Attributes



Fig.7 Improving Service Quality Attributes

The last question was asked about bring improvement in the service quality attributes. The results show that waiting time, dependable service and interior design and decoration are those attributes which needs to be improved in the restaurants. However, customers are happier with dining area and quick service.



## 6. CONCLUSION

Customer retention can be improved and maximize through fulfill the customer needs and expectations. There are so many factors that enhance customer retention. In restaurant industry the customer retention can be improved through various factors like food, services location, advertisement, Word of Mouth, loyalty and many more. This study is particularly focused on the service quality attributes that improve the customer retention.

Analysis of this study extract many results, discussed below:

- The main reasons that motivate customers to revisit the restaurant in Pakistan are comfortable dining. The restaurants have proper seating arrangement, comfortable seats, proper lighting, soft music and attractively wall colors and paintings that motivate customers to revisit the restaurants.
- The second most motivating attribute is the behavior of staff/employees. Most of employees in the restaurants are well dressed, well-mannered and qualified. Waiters have good knowledge of menu and possess strong communication skills.
- Third customers are also conscious about privacy in restaurant. Mostly customers dine in due to feeling relax and enjoy with family and friends. Customers are avoiding disturbance or uncomfortable environment.
- In today's busy life customers are also prefer to quick service rather than slow services. The staffs and employees in various organization prefer to dine in during their lunch breaks. The quick service is most inspirational attributes in these conditions.
- Waiting time, dependable service and privacy are those attributes that fully not satisfying the customers in the restaurants of Pakistan.

## 7. SUGGESTIONS

- Different training programs should be organized for the restaurant staff and management.
- Provide the proper knowledge about the basic principles of Health and Safety to the employees of restaurants.
- This Study suggests that during the survey the half of respondents are not loyal with the restaurant and the rate of revisit intentions was very low. The restaurants should revise and redesign their policies to improve customer retention.
- To make the customer loyal restaurant should arrange attractive programs, deals and offers through providing gifts and catalogues.
- Restaurant managers should try to create an extremely loyal customer and provide proper attention to the customer.

ervice quality can be

assessed by comparing the expectations of customers against their perceptions of the actual service experience. That

is, service quality is an outcome of the difference between service expectations and customer perceptions of actual

service performance (Naik, Gantasala, &Prabhakar, 2010; Yeşilada&Direktör, 2010). I

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