CUSTOMER BEHAVIORAL INTENTION: INFLUENCE OF SERVICE DELIVERY FAILURES AND PERCEIVED VALUES IN MALAY RESTAURANTS

Zulhan Othman*, Salleh Mohd Radzi and Mohd Hafiz Mohd Hanafiah
Faculty of Hotel and Tourism Management, Universiti Teknologi MARA Puncak Alam MALAYSIA

Corresponding email: zulhan@salam.uitm.edu.my

ABSTRACT

Undeniable that to be successful, restaurant industry must have the ability to deliver satisfying experiences to customers. Most successful restaurants compete on the basis of their ability to delivery superior and unexceptional service. Nevertheless, even in the luxurious restaurant with the best customer-oriented strategic plans, immaculate service delivery cannot be assured. Service delivery failures, in fact, can make restaurants out of business by neglecting the cause of failure. Apart from that, it is contended that customers who had a bad experience will still revisit and remain loyal to the restaurants that have positive perceived values. Thus, this study empirically investigates the influence of service delivery failures, perceived values and customer behavioral intention in Malay restaurants. It is structured according to a quantitative investigation among restaurant customers who had visited and experienced service delivery failures when dining at pre-identified Malay restaurants in Klang Valley..

Keywords: *Service failure; perceived values; behavioral intention*

INTRODUCTION

As with other industries, the growth of the restaurant industry in Malaysia has been overwhelming in the past decade with different types of restaurants burgeoning everywhere and ranging from fine dining, specialty, fast food, casual, theme, ethnic restaurants and even a combination of more than one category. (Othman, Zahari, Hashim & Ibrahim 2009). Ethnic based restaurant particularly Malay, although seen as one of the fastest growing types of restaurants in Malaysia, some of the Malay restaurants were found to be struggling in providing consistent service delivery, despite selling various types of foods to their customers. Malay restaurants were criticized for providing poor service delivery, such as lack of service quality, poor service encounters and poor employee interaction with customers. In other words, Malay restaurants, are still having problems with overall service delivery failures including waiting times for food to be delivered to the customers (Othman & Zahari 2008).

Knowing failures will occur even in the finest restaurant, it is imperative therefore for restaurant to make provisions for the recovery of these unfavorable instances and the provisions that a restaurant makes are known as service recovery. More formally, service recovery includes all actions taken by a service provider try to resolve the problem a customer has with their organization (Gronroos, 1990). An organization's ability to recover from failure is an integral part of the overall service delivery system with significant implications on customer satisfaction (Church & Newman, 2000). Duffy (1998) stated that service recovery provides opportunities to reduce costs, enhance the customer experience, and increase customer loyalty. As the numbers of Malay restaurants burgeoning throughout the country, it is indispensable to retain and create loyalty atmosphere among the customers in order to survive the intense competition among the restaurant operators.

LITERATURE REVIEW

Service Delivery Failure

When service failures occurred, appropriate and effec-tive application of service recovery can help restaurants to retain customers and minimize the costs associated with customer defection and negative word of mouth. However, in spite of repeated service delivery failures occuring in most Malay restaurants, service recovery applied to rectify the situation is not effectively executed or even implemented at all. (Othman & Zahari 2008) Despite not implementing service recovery strategies to counter the problems, some of Malay restaurants if not all are still gaining in popularity among the customers (Matilla, 2004). Along with the preceding notion, although it has not been widely empirically tested, scholars have argued that, in spite of providing fewer recovery processes in response to service delivery failures, customers' intentions to re-patronize restaurants may also be influenced by the elements of perceived values (Matilla, 2004; Oh, Kim & Shin, 2004; Choi & Matilla, 2008; Chen & Hu, 2010).

Chen and Hu (2010) postulate that the role of per-ceived values which relate to experience or special val-ues like price, location, food, ambience and a few others, may ease the effect of service delivery failures on customers' intention of re-patronizing restaurants. In other words, despite experiencing the service failure customers may still patronize a particular restaurant due to specific values which are valuable to them. Although the notion proposed by Chen and Hu (2010) refers to different restaurant settings, do the customers of the Malay restaurants have the same attitudes?

Perceived Values and Behavioural Intention

Customers' perceived values can be view from two per-spectives which are functional and symbolic dimensions (Chen & Hu, 2010). Functional value can be described as a thorough evaluation of value incorporating quality, the customary value for money and convenience characteristics. This type of value represents the customer's perception of quality in terms of goods and services received from the coffee outlet, the price paid for those goods and service, and the time saved in receiving them. Symbolic value on the other hand can be thought of as the overall representations of experiential value perceived from the social, affective, aesthetic, and reputation aspects. This value represents the customers' impression on others, perception of delight or pleasure, enjoyment of the visual appeal, and reputation of the outlet, involved with the consumption experience. In this sense, it is conjectured that customers who have had a bad experience may still revisit and remain loyal to the restaurant that has positive perceived values. Positive perceived values may also influence customers to repeat their purchase behaviour without having been treated with service recovery.

To date, there are an increasing number of studies looking at restaurant service failure in various settings (Boshoff & Leong, 1998; Levesque & McDougall, 2000; McCollough, 2000; Swanson & Kelley, 2001; Kivela & Chu, 2001; Matilla, 2001; Mueller, Palmer, Mack & McMullan, 2003; Wirtz & Mattila, 2004; Wildes, 2005; Sparks and Fredline, 2007); however, there is still limited evidence, particularly of the role of perceived value in relation to service failure. Therefore, the degree of significance of these attributes is yet to be ascertained and in fact warrants holistic empirical investigation. In addition to the aforementioned argument, behav-ioural intention without doubt is imperative for a restaurant industry because the repurchase intentions of discontented consumers are significantly lower than the intentions of satisfied consumers (Syzmanski & Henard, 2001). The literature demonstrates the importance of retaining customers and its impact on profitability. In line with this, many have argued that the costs of retaining existing or loyal restaurant customers are much lower than attracting new ones (Anderson & Mittal, 2000).

Relationship Between Service Delivery Failure, Perceived Values and Behavioural Intention

Apart from service recovery, the role of perceived values which relate to experience or special values like price, location, food, ambience and few others contribute to ease the effect of service delivery failures toward customers' intention of re-patronizing

restaurants (Chen and Hu, 2010). In this sense, Chen and Hu (2010) postulate that despite experiencing the service failure customers are still patronizing a particular restaurant due to specific values which valuable to them.Studies have shown that a perceived value mediates the relationship between service delivery failure and customer satisfaction as well as behavioral intention (Cronin & Taylor, 1994; Dabholkar, Sheperd, & Thorpe, 2000; Akbar, Mat Som, Wadood, & Alzaidiyeen, 2010). Akbar et al. (2010) found that perceived value and customer satisfaction mediates the relationship among failure service quality and customer loyalty. In other words, failure of service quality influences behavioural intentions via perceived value. Although the nature of the relationship is open to debate, the literature provides strong arguments for their existence. Hence, the hypothesis; perceived value mediates the relationship between service delivery failure and customer satisfaction is proposed.

Sample and Population

This study employed quantitave research design with structured questionaires as the research instrument. Since the nature of this research taps the experience of service delivery failures occurring in Malay restaurants, the population for this study consisted of Malay restau-rant customers located in the area of Klang Valley, Ma-laysia. It was decided to choose operators with more than 10 years of experience in restaurant businesses. The restaurants were then identified and classified based on ten municipal councils in the Klang Valley namely Kuala Lumpur City Hall, Shah Alam City Council, Petaling Jaya City Council, Subang Jaya City Council, Klang Municipal Council, Selayang, Ampang Jaya, Kajang, Putrajaya and Sepang Municipal Council. Questionnaires were distributed among restaurant customers who had visited and experienced service delivery failures when dining at pre-identified Malay restaurants. Questionnaires were distributed after customers had finished their meals at the participating Malay medium restaurants. The reasons for surveying the restaurant customers after finishing their meals were not only to tap their antecedents, but that they also might have encountered the service failure at that particular moment.

This study used purposive sampling technique where the respondents participated in the study had an experience of service delivery failure in any of the participating Malay restaurants. Only customers that had experiences with service delivery failures while dining at Malay restaurants will be included in this study. This approach was selected to ensure that the result would be based upon actual experiences. In order to ensure customers experience such failures, few simple questions were asked, (1) have you dined in Malay restaurants before? and (2) have you experience service delivery failure before?" If he or she said "Yes", a set of questions was then pro-ceeded with. The questionnaire consists of three sec-tions, divided into section A, section B, Section C and Section D. The data collection was done in four months and managed to get 481 respondents. Table 1 explains the research instrumentation used in this study.

Table 1. Measures of the Study Variables

Study variables	No of items	Sources of scale	Type of Scale
Service Delivery Failure	25	Bitner, Booms, & Tetreaul (1990); Hoffman, Kelley & Rotalsky (1995).	Seven-point Likert type scale from (1) "Strongly Disagree" to (7) "Strongly Agree"
Perceived Values	15	Wu & Liang (2009).	Seven-point Likert type scale from (1) "Strongly Disagree" to (7) "Strongly Agree"
Behavioural Intention	11	Ok (2004); Koutroumanis (2005).	Seven-point Likert type scale from (1) "Strongly Disagree" to (7) "Strongly Agree"

RESULT AND FINDINGS

The results for reliability coefficients show high reliability standard above .75. Table 2 exhibits the respondent demographic profile that involved 481 respondents. Magnitudes of the mean scores ranging from 5.39 to 5.73 indicate that the majority of the restaurant customers in this study agree with most of the items related to service failure. Mean score for implicit or explicit customer request ranges from 5.42 to 5.72 signifies that customers slightly agreed with some items and agreed on others pertaining to this dimension. The spectrum of the mean score for unprompted and unsolicited employee actions only fluctuates within a range of 5.00 to 5.31 which points out that all of the Malay medium restaurant customers slightly agreed on the items concerning this dimension. Looking at the result, it can be seen that the customers believe that the incidences depicted in the items may actually be occurring in Malay restaurant settings. For perceived values, the mean scores are in the range of 5.59 to 5.96. It is an indication that a higher percentage of customers agreed with all the items pertaining to perceived value. As for the behavioral intention, it shows that the mean scores of the items range from 5.63 to 5.96 which signify the unanimous agreement among the majority of the customers regarding the the items.

Table 2. Frequencies of the Respondents' Demographic Profile

Characteristics	Frequency	Percentage
Gender	n	%
Male	166	34.5
Female	315	65.5
Ethnicity		
Malay	425	88.4
Chinese	36	7.5
Indian	17	3.5
Others	3	0.6

Age		
18 years and below	10	2.1
19 - 24 years	177	36.8
25 – 35 years	209	43.5
36 – 45 years	38	7.9
46 – 55 years	30	6.2
56 years and above	17	3.5
Education		
Secondary	17	3.5
Diploma	197	41.0
Bachelor's degree	252	52.4
Master's degree or higher	14	2.9
Others	1	0.2
Occupation		
Student	202	42.0
Self-employed	53	11.0
Government servant	100	20.8
Private sector	112	23.3
Others	14	2.9
Gross Monthly Income		
Below RM 1000	197	41.0
RM 1001 – RM 3000	152	31.6
RM 3001 – RM 5000	99	20.6
RM 5001 – RM 7000	15	3.1
RM 7001 and above	18	3.7

The results of the hypothesis showed a significant rela-tionship between the service failures and customer satisfaction as mediated by perceived value. (β: 0.276, t-value: 4.006). Thus, essentially hypothesis is supported. This finding is similar to past studies which found that there is a relationship between service delivery failures and behavioral intention with perceived value as the mediator variable (Cronin & Taylor, 1994; Dabholkar, Sheperd & Thorpe, 2000; Akbar et al., 2010). This proposition suggested that the strength of the relationship between service delivery failures and behavioral intention would be increased or decreased by the presence of perceived value. Table 3 summarized the result of the study hypotheses.

Table 3. Summarized results for Hypotheses

Hypotheses Tested		Standardized Estimates, p-value, Critical ratio	Results
Step 1	Service delivery failure → Behavioral Intention	0.263*** 3.841	Significant
Step 2	Perceived value → Behavioral Intention	0.251*** 2.900	Significant
Step 3	Perceived value → Service delivery failure	0.253*** 2.910	Significant

Step 4	Service delivery failure + Perceived value → Behavioral Intention	0.276*** 4.006	Significant
H$_6$	Perceived value mediates the relationship between service delivery failure and behavioral Intention	Since (4) is increased and significant, full mediation is confirmed (Hair et al., 2006)	Supported

*Note: ***Significant at p<0.001(95% C.I.)*

IMPLICATION AND CONCLUSION

As every restaurant is set up to win customers, it is very important that the customer be treated like a king and every service experience should be flawless and free from error. Therefore the vital roles of addressing ser-vice delivery failure in the restaurant industry are un-doubtedly important in order to retain loyal customers. Findings from this study indicate that service failure and behavioral intention are linked together. This means that whenever a customer encounters service failure, he or she would most likely be affected by the incident. Nevertheless, despite the flaw it is amazing that some customers keep patronizing the same restaurant after experiencing service delivery failure. Thus, this study recognizes the intriguing complexity and intricacy of perceived values using the Malay restaurant customers as the study sample. In a sense, a simple set of values such as ample parking space could alter the customer's perception of service delivery failure.

The current study posits that perceived value behaves like a buffer which reduces the impact of customers' service delivery failure experiences. Elements such as tasty food, exquisite food, cheaper price, convenient location, soothing environment, and appealing furnishing are posited to be the elements perceived to be valuable by restaurant customers. Without the involvement of perceived value, the result from the study showed a direct link between service delivery failure and customer's behavioural intention. Through the introduction of perceived value, some of the elements responsible for explaining the positive behavioural intention in the event of service delivery failure in a restaurant are now clarified.

In a nutshell, again recommendations and information flowing from this study will facilitate restaurant opera-tors in enhancing the way they address service delivery failure should the necessity arise and subsequently im-plement a better and more structured recovery effort in creating loyal customers. In fact, a better understanding of the restaurant customers' needs and wants would also provide restaurant operators with valuable information so they can be more sensitive and effective in operation management techniques and improve customer satisfaction and repeat patronage. Finally, managing customers' needs is becoming an important and critical area as the world economy progressively turns to a service orientation.

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