The Effect of Restaurant Service Quality On Customer Satisfaction: A Conceptual Paper

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Abstract
The objective of this study is to propose a conceptual study of the effect of restaurant service quality on customer satisfaction in the casual restaurant segment. Using the DINESERV research model, this study improves the existing service quality literature by considering different variables from the elements of service quality such as physical environment and employee service quality, so as to understand the needs and wants of customers in a dining experience. With regard to the practical perspectives, this study will benefit not only those managing casual restaurants in Malaysia but also other restaurant segments. Close scrutiny of the service quality dimensions will benefit the management, especially the marketers of casual restaurants who want to retain and attract new customers.

Keywords:
Customer satisfaction; food quality; physical environment; employee service quality.
1 Introduction

Restaurants play a critical role in any country's economic development and have become one of the largest emerging industries in the world (Baldwin, 2018). The global perspective of the restaurant industry shows that this industry is one of the fastest growing industries (Cravy, 2018). In Malaysia, the restaurant industry is one of the leading industries that contributes significantly to the country's economic growth (Hafiz, Iskandar & Nurhazirah, 2019). The Malaysian restaurant industry has undergone tremendous changes over the past ten years, with numerous types of restaurants being opened, including high-end restaurants, fast-food restaurants, themed restaurants, ethnic restaurants, and casual restaurants, which have the most growing numbers due to the influence of modern lifestyles, social demographics and social media influence (Hassan & Shamsudin, 2019). All this indicates that the fastest growing restaurant industry not only provides employment and job opportunities for millions of people, but is also an economic growth engine, which has a positive impact on other related industries, thereby further driving greater economic growth (Shahzadi et al., 2018).

In addition, the mushrooming of restaurants in Malaysia is also contributed to by the rising income and the widespread habit of eating out among working Malaysians (Ali & Noraziah, 2008; Othman et al., 2013). According to Mendez & Broek (2017), with the increase in population wealth, the practice of eating out has become more and more popular. In research conducted by Khazanah Research Institute, in the last three decades, the trend of dining out among Malaysians was proved to have nearly doubled (Post, 2015). Apart from that, the eating out spending trend is seen to be growing with shifts in modern lifestyles, nutritional preferences, urbanization, the development of the food service industry, and good economic results. In 2019, spending on eating out contributed 11.2% to total spending by Malaysians and was able to represent a rising trend throughout the years (Department of Statistics Malaysia, 2017).

Today’s restaurants are experiencing a crisis. Dissatisfied customers may cause damage to the reputation, such as loss of the brand image, trust, and motivation throughout the employees (Ekaterina, 2019). In addition, unsatisfied customers may have spread their experience stories through word-of-mouth, which could have caused significant harm to the restaurant business (Line, Hanks & Kim, 2016). Customer satisfaction is the primary goal in the restaurant industry. Customers who are satisfied are more likely to return, ensuring the company's financial sustainability. Also, if customers are satisfied, they are more likely to spend more money and promote the restaurant to their friends and acquaintances (Jung et al., 2015).

The ability to satisfy customers is vital for several reasons. Dissatisfied customers, for example, are more likely to complain to the company or seek retribution from it in order to alleviate disagreement and failed consumption experiences (Andaleeb & Conway, 2006). It might have significant consequences if service providers do not properly address such behaviour. Customers may resort to negative word-of-mouth as a means of retaliation in extreme situations of dissatisfaction. To say that customer satisfaction is important is an understatement. In 2021, it will be a necessity. According
to Chris (2018), 81% of marketers view customer satisfaction as the main area of competition in their industry. The statistics supporting the power of an unsatisfied customer are overwhelming (Szyndlar, 2021). 96% of unsatisfied customers do not complain. 91% will leave and never come back. Moreover, a dissatisfied customer shares their experience with between 9-15 people, and 13% of unsatisfied customers tell 20 or more people (Superfi, 2020). As a result, a disappointed customer can act as a traitor, scaring away other potential customers from a particular restaurant (Oliver, 1999; Andaleeb & Conway, 2006).

Consequently, in the competitive hospitality industry, customer satisfaction has turned into a key component of business strategy (Chun & Nyam, 2020). Several scholars in the travel, tourism, and food and beverage (F&B) industries have studied customer satisfaction (Uslu & Eren, 2020). Customer satisfaction has also become a crucial business issue for foodservice businesses just like other industries. Nowadays, in a highly competitive world, the path to a sustainable competitive advantage depends on providing a first-class service to satisfy customers (Mmutle & Shonhe, 2017). Besides, the proper combination of tangible (food and physical facilities) and intangible (employee-customer interaction) aspects should lead to customers' perception of restaurant service quality, thereby obtaining customer satisfaction and positive behavioral intentions in the restaurant industry (Hussein, 2018). Particularly in the restaurant industry, customers usually regard food, physical environment, and employee service as key components of the restaurant experience when evaluating the quality of restaurant service (Han & Ryu, 2009; Namkung & Jang, 2007). The proper combination of these important attributes should lead to customers' perceptions of restaurant service quality, thereby increasing customer satisfaction in the restaurant industry (Ryu, Lee & Kim, 2012).

However, despite how important foodservice quality is, the effects of three elements of restaurant service quality which are food, service and atmosphere, have been infrequently studied even though they are an important determinant of customer satisfaction. Therefore, this study attempts to bridge the gap by understanding and reviewing the effect of three dimensions of restaurant service quality (food quality, physical environment, and employee service quality) on customer satisfaction in casual restaurants. Specifically, this study will review (1) the effect of food quality on customer satisfaction, (2) the effect of the physical environment on customer satisfaction, and (3) the effect of employee service quality on customer satisfaction.

2 Literature Review

As an organizational goal especially in the highly competitive hospitality and tourism industries, satisfaction has been extensively studied as one of the most critical factors affecting customers’ future behaviour (Ryu & Jang, 2007). Various scholars have investigated the significance of customer satisfaction. Oliver (1999) defined customer satisfaction in terms of a customer’s fulfilment response. It’s a determination that a component of a product or service, or the product or service itself, offers a satisfying
level of consumption fulfilment. Hoyer & Macinnis (2000) stated that satisfaction has been associated with feelings of gratitude, pleasure, comfort, enjoyment, and happiness. According to Hansemak & Albinsson (2004), "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfilment of some need, goal or desire". In other words, it refers to a customer's overall satisfaction with a service or product. Keller (2007) defined satisfaction as "a person's feeling of pleasure against disappointment, which results from comparing a product’s perceived performance or outcome against his/her expectations." In addition, Ha and Jang (2010) suggested that the cognitive and emotional aspects of satisfaction can help restaurant owners design and provide appropriate services that meet customer needs and wants. Accordingly, this study defined customer satisfaction as "the degree to which the level of fulfilment is enjoyable or unenjoyable, as calculated by the consumer's fulfilment response."

A model of DINESERV, developed by Stevens, Knutson & Patton (1995), is used in order to fit into the context of this study to measure the quality of service in the restaurant. Tangible, reliability, responsiveness, assurance and empathy are five dimensions used in this model which includes items to measure atmospheric quality and service quality (Hansen, 2014). With reference to SERVQUAL (service quality) and LODGESERV (lodging service), DINESERV was developed. Stevens et al. (1995) highlighted that customers look for restaurants that can fulfill their expectations for quality and value of service. Since then, DINESERV tools have been needed for restaurant operators to understand customers' perceptions of the restaurant's service quality. DINESERV has also been employed by several researchers in the restaurant industry (Bougoure & Neu, 2010; Uslu & Eren, 2020). Hence, this study uses DINESERV and focuses on the elements of food, service, and atmosphere.

2.1 The Effect of Food Quality on Customer Satisfaction

According to Jin et al. (2012) and Namkung and Jang (2007), food quality is the most important determinant that influences customer satisfaction in the foodservice industry. The importance of food quality in the dining experience has been emphasized, and many previous studies assessed food quality based on several indicators (Raajpoot, 2002). For example, food tastiness, menu diversity, and nutrition are all important aspects of food quality (Kivela, 1999). Raajpoot (2002) suggests using presentation of food, food portion, menu design and menu variety to measure food quality in the food service industry. Apart from these aspects, the freshness, smell, appearance and food portion have also been recognized as significant inklings of food quality (Ryu et al., 2012). In another study, Ma et al. (2014) stated that food quality can also be seen from several aspects, namely: food safety, nutrition contributing to health, presentation and ease of processing. More recent, Richardson (2019) mentioned that food quality is a level that is consistent with the quality of the menu to be achieved and builds a product standard to control food quality and how to achieve goals. In certain ways, these attributes signify factors that influence customer behaviors because the patronage of
the restaurant is driven by satisfaction with the food (Erkmen & Hancer, 2019). Consequently, this study describes food quality as three items, which are taste, presentation, and variety.

Food quality is the most critical factor among all the attributes of restaurant experience in understanding consumers' choice and satisfaction with the restaurants (Ha & Jang, 2010; Namkung & Jang, 2007; Sulek & Hensley, 2004). Mattila (2001) also stated that food quality is a crucial factor in keeping customers in casual-dining restaurants. Earlier, in mid-to upscale restaurants, Namkung and Jang (2007) investigated the relationship of food quality to satisfaction and behavioral intentions and found that there was a significant effect of overall food quality on satisfaction and behavioral intentions. Ha and Jang (2010) determined the effect of food quality on consumer satisfaction and loyalty and discovered that there was a positive correlation between food quality and satisfaction. Min and Min (2011) then examined service quality and customer satisfaction in fast-food restaurant franchises in the USA. The findings revealed that the taste of food positively affects customer satisfaction. Similarly, Tan (2014) employs modified DINESERV in Chinese fast-food restaurants to study the customer’s perception of service quality and its relationship with customer satisfaction. The study indicates that customer satisfaction is positively influenced by food quality.

Al-Tit (2015) purposely studies the relationships between service quality, food quality, customer satisfaction and customer retention. The results identified that food quality had a significant effect on customer satisfaction in limited-service restaurants. In the context of fine dining restaurants, Azureen (2016) explored the correlations between food quality and customer satisfaction and found that overall food quality attributes had a significant effect on customer satisfaction. Bader (2017) measured restaurant quality using 11 dimensions and found that food quality positively influenced customer satisfaction. Abdullah et al. (2018) conducted research to analyze the factors influencing customer satisfaction. Food quality and service quality have been identified to have a significant relationship with satisfaction. More recently, Konuk (2019) stated that food quality had a significant positive effect on customer satisfaction in an organic food restaurant setting. In the restaurant industry, Nyan et al. (2020) examined the mediating role of restaurant image in the relationship between service quality, food quality and customer satisfaction. The result indicates that food quality had a positive and significant influence on customer satisfaction. Based on the aforementioned, the proposition is as follow:

H1: Food quality has a significant effect on customer satisfaction.

2.2 The Effect of Physical Environment on Customer Satisfaction

Apart from the influence of food quality and service quality, literature also supports the influence of the physical environment on customer satisfaction in a service setting (Martin & Carmen, 2013; Han & Ryu, 2009). Atmosphere, also known as the physical environment, is particularly important in the restaurant segment because a positive first
impression is an important contributor to the consumer service experience (Wall & Berry, 2007). Heung and Gu (2012) stated the physical setting of a restaurant serves as an intentional layout of the space to inspire the customer to have a specific emotional impact and ultimately increase his/her willingness to purchase products or services. According to Bitner (1992), the physical environment can be referred to as the physical surroundings, not the natural or social environment. In order to explore the influence of physical surroundings on customers, Bitner (1992) also used the term "servicescape" to define "the built environment," or more precisely, "the man-made, physical surroundings as opposed to the natural or social environment." Therefore, this study defines "physical environment" as the man-made physical situation or circumstances that can be measured by restaurant operators as divergent from the natural environment.

Numerous previous theoretical and empirical studies demonstrated that the physical environment influenced customer satisfaction with the dining environment (Oh & Cho, 2008; Wu & Liang, 2009). Han & Ryu (2009) emphasized the importance of creating an appropriate restaurant physical environment in order to improve customer satisfaction. In a quick-casual restaurant, Han & Ryu (2009) conducted a study to investigate the associations between food, service, and physical environment as the determinants of quality dimensions; price as a moderator; and satisfaction and behavioral intention. The result showed that the physical environment significantly influences customer satisfaction. Canny (2014) found that the physical environment positively influences customer satisfaction by surveying 213 customers of two casual dining restaurants. Saufiyudin et al. (2015) measured the elements of the physical environment (spatial layout, interior design, color, and music) on customer satisfaction in Arabic restaurants. The findings indicate that all elements positively affect customer satisfaction. Hanaysha (2016) identified that the physical environment had a significant impact on customer satisfaction in a fast-food restaurant setting. Research by Han & Hyun (2017) found that there was a positive and significant influence of the physical environment on satisfaction in a luxury hotel restaurant.

Current research by Nguyen, Nguyen & Do (2019) investigates the determinants of customer satisfaction adopted from the SERVQUAL model for fast-food restaurants in Vietnam. The results indicate that all physical environmental determinants had a significant effect on customer satisfaction. Using the DINESCAPE model, a study by Cetinsoz (2019) clarified that the physical environment positively affects customer satisfaction in the context of upscale restaurants. In more recent work, in a fast-food restaurant setting, Zhong & Moon (2020) examined the determinants that influence customer satisfaction. The quality of the physical environment on customer satisfaction turned out to be significant. From the above discussions, it is proposed:

H2: Physical environment has a significant effect on customer satisfaction.
2.3 The Effect of Employee Service Quality on Customer Satisfaction

Service quality is typically conceptualized as the service behavior of employees in the process of interaction between employees and customers (Hwang & Ok, 2013). Ha & Jang (2010) described the employee service quality of the restaurant as the level of social communication services provided by employees when interacting with customers. Interaction is important because the tangible nature of service encourages customers to assess the interaction quality as a tangible indication of their experience (Namkung & Jang, 2007). Wu & Mohi (2015) also suggest that employee service quality is an important part of the service quality in fast-food restaurants. Therefore, since the restaurant is measured according to the customer’s perception of the employee’s service quality, the restaurant must ensure that the employee establishes and provides service quality (Liu, Lee & Hung, 2017; Ryu et al., 2012). In addition to atmosphere and food quality, service quality is also one of the key factors that affect customers' assessments of restaurant experiences (Wall & Berry, 2007). Hence, in this study, employee service quality is described as restaurant employees’ attitudes and their interpersonal interactions with customers.

Employees play a more important role in providing quality services, especially in high-end restaurants with high customer contact, high communication between customers and employees, human-oriented services, and a high level of product customization (Erkmen & Hancer, 2019). Business must create a standard for its employees in order to ensure the quality of services offered (Meesala & Paul, 2018). In a past study, in Korean restaurants, Ha & Jang (2010) explored the relationships between service quality and food quality on customer satisfaction and loyalty, with the moderating effect of atmospherics. The results indicate that service has a significant effect on customer satisfaction and loyalty. Petzer & Mackay (2014) conducted a study among 250 diners at sit-down restaurants and identified that customer perceptions of service quality had a positive effect on satisfaction. Meanwhile, Kattara (2015) investigates the effect of employees’ behaviors and customers’ perceptions of service quality on overall satisfaction. The elements of employee service quality were taken into account, and the study revealed that all employees’ behavior positively affects overall satisfaction. Cristo & Saerang (2017) examined the factors of price, service quality, and physical environment to measure customer satisfaction. They found that service quality affected customer satisfaction significantly. Liu et al. (2017) evaluated five service quality factors by Parasuraman (1988): reliability, responsiveness, assurance, empathic, and tangible to measure customer satisfaction. The findings indicate that service quality positively influenced customer satisfaction.

In fine dining restaurants, Tuncer (2020) examined the combined effect of service quality attributes, which are food quality, employee service quality, timeliness, aesthetics, facility comfort, and cleanliness, to measure customer satisfaction. The study found that all dimensions, including employee service quality, positively influence customer satisfaction. Using the DINESERV scale, Chun & Nyam (2020) found that service quality positively affects customer satisfaction. Similarly, a study by Singh, Slack & Sharma (2021) identified that service quality dimensions (food quality and employee
service quality) had a significant effect on customer satisfaction. Thus, this study proposes:

H3: Employee service quality has a significant effect on customer satisfaction.

3 Conceptual Framework

Based on the literature findings, Figure 1 presents a conceptual framework of the relationship among food quality, physical environment, employee service quality and customer satisfaction.

![Figure 1: Proposed conceptual framework](image)

4 Conclusion

This study highlights the effect of restaurant service quality namely food quality, physical environment and employee service quality on customer satisfaction. Precisely, it has a more comprehensive understanding of how it affects customer satisfaction through DINESERV’s service quality elements. When people dine in any restaurant, they all want good food and good service along with a favorable restaurant environment. Practically, restaurants can support customers by providing appropriate and high-quality services, and customer satisfaction can be fairly guaranteed. In addition to providing adequate comfort and high-quality facilities on the premises, every restaurant has the responsibility to provide every customer with a good quality of service. Hence, this study will help restaurant businesses understand the customers’ needs and wants better, as it focuses on a survey of customer satisfaction and reviews of the service that they have received during their dining experience. For further research, this study can be replicated to look at other factors of restaurant service quality such as cleanliness, price and facility. Thus, it is imperative that restaurateurs focus on food, service and the physical environment when operating a restaurant.
5 References


