

Service Quality of Selected Restaurant in Indore city: An Empirical Study

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Abstract

The way a business provides its services in relation to the expectations of its clients is referred to as its service quality. Customers initiate service purchases in response to specific needs. People have standards and expectations for how an organization's service delivery meets their demands, whether they are aware of them or not. An organization with high service quality offers services that match or exceed its customers' expectations. Over the past years, the significance of providing high-quality services has grown, particularly in the restaurant sector, where it is impossible to standardize raw materials and cooked meals. Restaurants work hard to enhance the dining experience for their customers by monitoring and enhancing the quality of their services in order to build their brand and boost sales. This study investigates the factors that affect the service quality delivered by restaurants in Indore City and its effect on customers' satisfaction and loyalty. We collected responses from 152 customers of the restaurants in Indore, and the data was collected from the respondents by means of a Google Form. From the results, it was found that four major factors are responsible for better service quality, and these four factors had a significant effect on customers' satisfaction and customers' loyalty.

Key Words: Service Quality, Customer Satisfaction, Customer Loyalty, Restaurant.

1. Introduction

The food service business is entering a golden age as the restaurant environment in India expands at a never-before-seen rate. Restaurants will continue to adjust to the shifting tastes and expectations of their customers. The industry is expected to reach USD 125.06 billion by 2029, growing at a remarkable Compound Annual Growth Rate (CAGR) of 10.03% throughout the projection period. In 2024, it is expected to rise to an impressive USD 77.54 billion. The National Restaurant Association of India projects that between 2021 and 2025, the sector will expand at a compound annual growth rate (CAGR) of 10%. (Poonia, 2023).

Restaurants are popular places for celebrations, socialising, and dining, and they also play an important role in the hospitality and tourism sectors. A restaurant is a business establishment that

prepare and serves food and drinks to customer in exchange for payment. Restaurants vary widely with regard to price, service style, atmosphere and cuisine. They can be anything from fast-food joints and cafés that provide casual dining to elegant fine dining places that provide gourmet food and top-notch service (Angelova & Zekiri, 2011). Without a thorough grasp of client requirements, no organisation can survive in the cutthroat market of today for very long. As customers become more particular and have more alternatives to choose from, their standards for the quality of services delivered by restaurants are growing. Customer satisfaction is influenced by several factors, including demographics and service quality. As a result, it has become an important performance metric for restaurants (Adriatico, Reha, Razalan, Allen, & Pagbilao, 2022).

The restaurant industry in the global economy is rapidly expanding. As a result, in order to achieve a competitive advantage in the restaurant business and deliver the greatest quality and service possible, the sector should strive to establish service quality as a standard for all customers (Murad & Ali, 2015). Restaurants are seen as an important aspect of the hospitality industry since they address the most basic requirements of their customers, notably in terms of food and drink. In addition to dining at the restaurant, customers may enjoy the ambiance and services. For example, inadequate service from restaurant employees will have a negative impact and reduce consumers' chance of returning to the same establishment.

2. Literature Review

Due to the differences between a product and a service, businesses in the hospitality industry face different challenges than those in the manufacturing sector. Service quality has emerged as a crucial component in the pursuit of a long-term competitive advantage. In the restaurant industry, customer satisfaction has been found to be a crucial component (Ali, et al., 2021). Fulfilling requests from customers is the biggest challenge today. In the restaurant business, customers often have preconceived notions about the quality of the services they will receive, in addition to actively participating in the actual eating process. Consumers in the restaurant business today are more demanding, intelligent, and time-constrained.

Service Quality

Service Quality is an association of two different words, service and quality. “A service is a time-perishable, intangible experience performed for a customer acting in the role of co-producer” (Fitzsimmons & Fitzsimmons, 2008) and quality has come to be recognized as a strategic tool for attaining operational efficiency and better business performance. Service quality means the ability of a service provider to satisfy customers in an efficient manner, through which a restaurant can improve its business performance.

Parasuraman defines service quality as “the differences between customer expectations and perceptions of service”. They argued that measuring service quality as the difference between perceived and expected service was a valid way and could make management to identify gaps to what they offer as services (Parasuraman, Valarie, Zethaml, & Berry, 1988).

In the service sector quality is very important element for the success of business. Service quality has positive link with profits, increased market share, customer satisfaction (Ramya, Kowsalya, & Dharanipriya, 2019). Many authors in their previous studies pointed out that quality concept in service is different from the concept prevalent in the goods sector, the reasons for such a treatment are inherent features of services like intangibility, inseparability from the provider, heterogeneity etc.

It is challenging to rate the quality of restaurant service, since evaluations are based on both the service delivery method and service outcome. Prior studies have indicated that the primary elements of total restaurant service quality include food quality, physical atmosphere, and service (Ryu & Han, 2010). The most significant aspect of the dining experience is the quality of the cuisine, among these factors (Sulek & Hensley, 2004). Although there is no consensus on the individual attributes that constitute food quality, the researchers focus on presentation, healthy options, taste, freshness and temperature (Namkung & Jang, 2008). Similarly, (Wu & Liang, 2009) stated that service encounter in restaurant settings consists of three main elements: environmental elements (e.g. design, music, lighting), employees (e.g. professional skills, reliability) and customers (e.g. interaction with other customers).

Customer Satisfaction

Customer satisfaction may be positively impacted by the characteristics that customers value most when assessing the quality of a service: tangible, assurance, responsiveness, empathy, and consistency (Zainuddin, Idris, Siddiqe, Abdullah, & Faat, 2023). Customer satisfaction is the level of positive and genuine contentment of a customer towards a product or service. A company's ability to meet or surpass its customers' expectations is measured by customer satisfaction level. Organisations' reputation and profitability are significantly shaped by their level of customer satisfaction (Chakrabarty, 2023). Consumer perceptions of their total interactions with the service provider, encompassing aspects like product and service quality, cost, ease of use, and customer assistance, are also reflected in customer satisfaction. High customer satisfaction levels are a sign that a company has effectively satisfied the demands and preferences of its clients and kept its word, Customer satisfaction results in repeat business, positive word-of-mouth recommendations, and ultimately a customer becomes loyal customer. For organisations, customer happiness is a critical indicator since it has a direct impact on their long-term performance, profitability, and reputation. Behavioural motivations are assumed to lead customer satisfaction. The positive impacts of customer satisfaction on a variety of behavioural intention indicators, retention, readiness to refer to others which means loyalty towards service provider have been convincingly demonstrated by (Bolton, 1998), (Homburg, et al., 2005) & (Anderson, E.W, Sullivan, & M.W, 1993).

3. Objective

To identify the important factors of service quality in Restaurant of Indore city.

4. Rationale of The Study

The essential component needed for a successful business is high-quality service. In today customer-driven industry, where competition is getting fiercer every day, it's critical to comprehend client expectations and concerns and immediately address their demands. However, many commercial organizations place too much emphasis on product quality and fail to see the value of providing excellent customer service. A firm may be made or broken by its customers. Consequently, it is crucial for businesses to provide their clients with high-quality service and maintain their satisfaction. Customer satisfaction, or happier customers, has always been the most important item for any business. This research aims to enhance the level of service quality of restaurants in Indore city by knowing the factors which the customer considers during the service evaluation of restaurants. This research aims to enhance food service in local restaurant in Indore city to increase customer satisfaction.

5. Methodology

The study was an empirical study based on survey research. The sample size was 152 which consists local customer of Indore city of selected restaurants, the restaurants are- Apna Sweets Indore, Madhura Sweets Indore and JMB Indore. Convenience sampling was used for sample selection. Face to face interview and structured questionnaire was used for the primary data. A total of 152 responses were collected through an online survey from Indore city. For the analysis of collected data statistical tool Factor Analysis was used.

6. Result & Discussion

Table 1 Demographic Profile of The Sample

Age	Number	Percentage
Age group up to 20	38	25%
Age group 21-30	74	49%
Age group 31-40	15	10%
Age group 41-50	17	11%
Age group above 50	8	5%
Gender	Number	Percentage
Male	84	55%
Female	68	45%
Occupation	Number	Percentage
Salaried	36	24%
Self Employed	18	12%
Student	87	57%
Other	11	7%

Kaiser-Meyer-Olkin and Bartlett's Test

Table 2 Kaiser-Meyer-Olkin and Bartlett's Test Result

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.800
Approx. Chi-Square	1823.
Bartlett's Test of Sphericity	690
Df	496
Sig.	.000

Table 2 shows the result of the Kaiser-Meyer-Olkin (KMO) test. KMO test is a measure of how suited the collected data is for Factor Analysis. The test measures sampling adequacy for each variable in the model and for the complete model. The statistic is a measure of the proportion of variance among variables that might be common variance. The lower the proportion, the more suited data is to Factor Analysis. KMO returns values between 0 and 1. A rule of thumb for interpreting the statistic: KMO values between 0.8 and 1 indicate the sample is adequate, here we get KMO value 0.800 so our data is adequate.

Factor Analysis

In this empirical study factor analysis was used to identify the major factors that affect the service quality of the restaurant. Prior to factor analysis, construct validity analysis was done to determine the relationship among the variables and to check whether the sample was suitable for factor analysis. Kaiser-Meyer-Olkin value was measured as 0.800. Based on this value, it can be concluded that the sample has a good fit for factor analysis. Bartlett's test of Sphericity (chi square: 1823 sig: 0.000) has proven the existence of a general relationship between the variables and total variance is 64.17 among the variables. After factor analysis we get nine factors and out of nine factors five of these factors were deleted, and four factors were created. These factors are:

Table 3 Factor & Corresponding Load

Factor	Load
F1 Interactional & Outcome Quality	9.34
F2 Facility	2.42
F3 Physical Environment	1.92
F4 Hedonic Attitude Toward A Restaurant Brand	0.931

Factor 1: Interactional & Outcome Quality

The primary factor that has been identified is "Interactional & Outcome Quality". The Factor load of the component is 9.34. It includes fifteen statements. (Sheth, 1976), defined interaction quality

in terms of two dimensions the style and the content of the communication. He suggested that the style “the format, ritual or mannerism which the buyer and the seller adopt in their interaction” determines the continuity of the interaction process and shapes the outcomes of the buyer-seller interaction. (Schneider, 1980) conducted an empirical study on customer perception of service provider performance. He found that customer evaluation of service provider performance is based on three dimensions; provider’s courtesy, competence and attitude. The Nordic Model of service quality also highlighted the importance of the interaction in the overall quality of service. It conceptualised service quality as consisting of two dimensions; functional (process/interaction) and technical (outcomes) dimensions (Grönroos, 1984). The functional dimension refers to customer perceptions of the interactions that take place during service delivery, while the technical dimension is what customers receive in the service encounter (the outcomes). As such, functional quality focuses on “how” the service is provided, and considers issues such as the behaviour of customer-contact staff and the speed of service.

Factor 2: Facility

The secondary factor that has been identified is “Facility”. The Factor load of the component is 2.42. It consists of five statements. Restaurants must maintain a clean and hygienic environment for the health and safety of employees and customers. Every aspect of the facility must be properly cleaned to ensure safe food preparation and handling. Restaurant managers must carefully inspect kitchen areas, eating and dining areas and restrooms, washroom to make sure the restaurant meets health and sanitation requirements set forth by the local government. Facility always plays vital role in making customer happy with the service. Many time facilities which are an additional service serves by the service provider, if it is not up to the mark it definitely affects the core service and the expectations of the customer is not fulfilled and due to this customer dissatisfy with the service and switch to another service provider.

Factor 3: Physical Environment

The third factor that has been identified is “Physical environment”. The Factor load of the component is 1.92. It consists three statements. Physical surroundings help to create an image and to influence customer behaviour is particularly important in the restaurant industry (Hui, Dube, & Chebat, 1997); (Rajpoot, 2002); (Ryu & Jang, 2007). Service is generally produced and consumed simultaneously, the consumer is “in the factory,” often experiencing the total service within the property’s physical facility (Bitner, 1992). Although the food and the service should be of acceptable quality, pleasing physical surroundings (e.g., lighting, décor, layout, and employee appearance) may determine to a large extent the degree of overall satisfaction and subsequent behaviour in the restaurant industry.

Factor 4: Hedonic Attitude Toward A Restaurant Brand

The Fourth factor that has been identified is “Hedonic Attitude Toward A Restaurant Brand”. The Factor load of the component is 0.92. It consists of two statements. Hedonic is associated with fun, excitement, and uniqueness. The hedonic aspect is more associated with emotion, so a

physical environment that induces human emotion has a positive impact on hedonic attitude toward a restaurant's brand. (Ryu & Jang, 2007) also revealed that the physical environment, including facility aesthetics and ambience, has a positive influence on human emotion.

7. Suggestions

- Number of respondents according to their ages is not balanced. We have only 5 respondents who are from above 50 age group, it is necessary to balance response of the respondents on the basis of demography to find out accurate result.
- Research must have been done for specific restaurant that give the result for a particular restaurant, which is very helpful in improving the service quality.
- Perceived and Expected service quality can be measured in further study, which is helpful in finding the difference between expected and perceived service quality.

8. Conclusion

The research question was to identify the important factors of service quality in Restaurant of Indore city. This research study made with the customer of three prominent restaurants of Indore city has concluded that the visit of the customer to the restaurant is affected by exterior and interior of the restaurant. Interior and Exterior of the restaurant comes under the physical environment quality. Interactional & Outcome Quality which includes the service encounter and service delivery process is the main factor which plays very important role in satisfying customer's expectations or need. If customer's need is fulfilled according to his/her wish then a customer becomes the satisfied customer and after some time a satisfied customer turns to a loyal customer. On the basis of study, we can say that the Interactional & Outcome Quality has greater importance than the other factor which are included in service quality.

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