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Role of Service Environment for Restaurants: The Youth Customers' Perspective

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Abstract

Restaurants are important in generating income for many Asian countries. Therefore, determinants for restaurant service quality need to be identified, especially for the important segments (i.e., youths). This paper examines the importance of service environment (servicescape and human service), food quality and price from the youth's perspective. The types of restaurant investigated were the fine dining, fast food, and food court restaurants. A total of 407 usable questionnaires were analysed. The key determinants on satisfaction and loyalty were human service and price. The impact of servicescape on customer satisfaction and loyalty was relatively smaller, except for fast food restaurants.

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Keywords: Service environment; youth; restaurant; youth customer; servicescape

1. Introduction

The restaurant industry is one of the key contributors for the service sector in many Asian countries. It is relatively competitive in nature with stiff competition within the industry due to an increasing number of new entrants offering differentiated food products and services. On the other hand, the customers are

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becoming more demanding (Stevens *et al.*, 1995) and their needs are rather diverse. Service has been recognized as one of the effective tools for gaining as well as sustaining the competitive advantage. Nevertheless, achieving superior service for the various types of customers is very challenging due to the nature of the restaurant industry which is characterised by high-contact and people-processing services.

Achieving high level of customer satisfaction for the probable customer loyalty is essential for improving competitiveness of restaurants irrespective of the types. In this respect, it is important to understand the role and relative importance of the numerous key factors which will most probably influence satisfaction and loyalty. This paper specifically investigates the factors, namely Servicescape, Human Service, Food Quality and Price in influencing the youth satisfaction and loyalty in fine dining, fast food and food court restaurants in Malaysia. These restaurants are chosen as they are having significant number of youth customers. The role of service environment is specifically targeted as the role of dining environment, atmosphere and/or tangibles are gaining attention of the service researchers in hospitality.

2. Literature review and theoretical framework

Service researchers prefer to measure as well as investigate the relationships among service quality, customer satisfaction and behavioural intentions (e.g. Dabholkar *et al.*, 2000; Qin and Prybutok, 2008; Zeithaml *et al.*, 1996). Generally, the customer-perceived service quality is found to be positively related to behavioral intentions and loyalty. There are also researchers (e.g. Dabholkar *et al.*, 2000; Brady and Robertson, 2001; Tam, 2004) who found that customer satisfaction mediates the effect of service quality on behavioral intentions.

On the other hand, Wong (2004) found that service quality positively would affect emotional satisfaction that in turn would have positive effect on both customer loyalty and relationship quality. Additional support for the links between service quality, customer satisfaction and loyalty has been provided by Tsoukatos and Rand (2006) who also differentiated between emotional loyalty and behavioural loyalty. Emotional loyalty was said to mediate the effect of satisfaction on behavioural loyalty. The importance of service quality on customer loyalty intentions was highlighted by Venetis and Ghauri (2004) who found that service quality affected customers' intentions to stay in a relationship with a service provider. Service quality also may affect loyalty through the mediating variables of trust and commitment (Caceres and Paparoidamis, 2007).

The servicescape or mainly the tangibles of the restaurants has also been found to affect customers' evaluations of service quality as well as post-purchase behavior (e.g. Kim and Moon, 2009). In fact, Bitner (1992) had presented a comprehensive model for understanding how the physical surroundings of a service organization may influence individual behaviors of customers. The dimensions include ambient conditions such as noise, music, scent, lighting and temperature, spatial layout which includes the arrangement of furniture and equipment, and signs, symbols and artifacts such as décor and signage. Bitner (1992) argued that the intangible nature of services may lead consumers to make cognitive assessments of service quality based on extrinsic cues found in the servicescape. This physical environment (Wall and Berry, 2007) may affect customers' physical comfort and movement. On the contrary, Voon *et al.* (2007) found that servicescape had relatively small impact on the satisfaction and loyalty of the restaurant customers. As such, this paper aims to know the role the more comprehensive service environment from the youth customer's perspective.

In addition, the role of food quality is also recognized as one of the key determinant for customer satisfaction and loyalty. Good quality of food and beverages can be instrumental in satisfying and retaining the youth customers who most probably enjoy eating delicious food. There are many Malaysian youth customers who prefer hot and spicy food available in fast food and food courts. Researchers have

found that the quality of menu items affects customers' intention to dine at the restaurant (e.g. Qu, 1997; Kivela *et al.*, 2000; Soriano, 2002; Zopiatis and Pribic, 2007).

Pricing or the perceived-value of the restaurants is another factor that has been studied in relation to customer satisfaction and patronage intentions. Monetary and time costs negatively affect perceived value while perceived service quality leads to higher levels of perceived value. Furthermore, post-purchase intentions were more strongly influenced by perceived value (Tam, 2004). Qin and Prybutok (2008) also investigated the role of price/value in determining customer satisfaction for fast-food restaurants but did not find it to be of significance. This is however believed to be due to the nature of fast-food restaurants in which price is relatively low and therefore not of central importance to consumers compared to other types of establishments such as fine-dining restaurants. Nevertheless, to the youth who are not economically strong may find that price is important to attract them to the restaurants.

Undoubtedly, many findings suggest that servicescape, human-related service, price and food quality have influences on customer satisfaction and loyalty. However, some studies have only considered human service quality, price and food quality without including the tangibles. On the other hand, scant attention on the youth market. This study therefore contributes to existing research by comparing the effects of all four factors on satisfaction and loyalty. The proposed relationships are shown in Fig. 1.

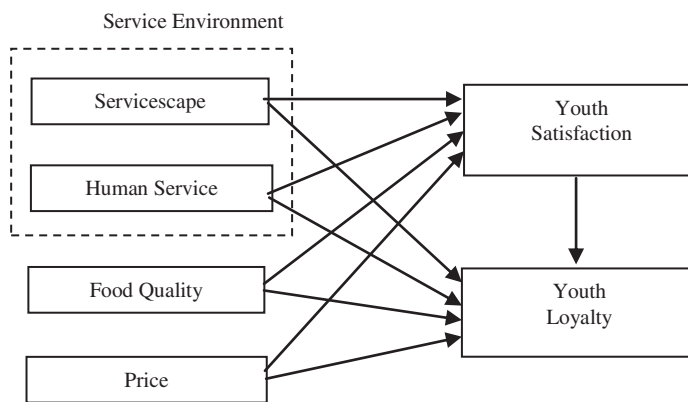


Fig. 1. Relationships among servicescape, human service, food quality, price, youth satisfaction and youth loyalty

3. Methodology

The focus of this study is mainly on the role of restaurant service environment (servicescape and human service) in the different types of restaurants, from the Malaysian youths' perspective. The youth customers who had recently dined at fine dining, fast food and food court restaurants in the previous three months were invited to answer the structured questionnaires. The fine dining restaurants were those modern restaurants with nice and comfortable settings found in hotels, fast food restaurants were the Western-style fast food outlets (e.g. KFC, McDonald's, Pizza Hut and Chicago 7) whereas food court restaurants were mainly the food establishments (consist of many food stalls) operated by the locals serving mainly the popular local food and drinks.

The samples were selected using quota sampling. The key controlled characteristics were gender, age, race and education. Youths were customers who aged from 15 to 25 years old. The total number of usable questionnaires was 407 (Fine Dining, 145; Fast Food, 147 and Food Court, 117). The characteristics of the respondents who participated in the survey are shown in Table 1.

Table 1. Respondent Profile

Demographic variables		Fine Dining (n=145) %	Fast Food (n=147) %	Food Court (n=117) %
Gender:	Male	42.1	42.2	35.9
	Female	57.9	57.8	64.1
Age:	15-20	39.3	13.4	17.1
	21-25	60.7	86.6	82.9
Race:	Malays	61.4	49.2	41.9
	Dayaks	20.7	21.4	30.8
	Chinese	12.0	12.3	12.8
	Others	5.9	17.1	14.6
Education:	Diploma or lower	66.9	32.6	47.9
	Degree	30.3	55.1	40.2
	Professional	4.0	12.1	12.0

The multi-item measures for human service, price and food quality were adapted from the scales of Qin and Prybutok (2008). During exploratory factor analysis using pilot testing data, one of the dimensions for human service (i.e., responsiveness) was excluded due to significant cross-loading with the other service dimensions. The servicescape items were adapted from Kim and Moon (2009) and Bitner (1992) while the scales of Cronin and Taylor (1992) and Boulding et al. (1993) were adapted for measuring customer satisfaction and loyalty respectively. The summarized items for the various measurement scales with their respective operational items are as follows:

- Environment includes things and people around us in life. As such, the *Service Environment* encompasses the servicescape (physical environment) and the human service aspects of the restaurants. The items for *Servicescape* include the attractiveness of the physical facilities, availability of parking space, cleanliness, temperature, music, colour scheme, smell/scent, labels/signage and design/layout). This concerns mainly the purposively created environment to serve the customers.
- *Human service* (Assurance: well-dressed and appear neat, wear sanitary gloves and hair net, friendly, polite, knowledgeable, can be trusted; Reliability: promised service as promised, helpful, made me feel confident, charged accurately, on-schedule service; Empathy: individual attention, convenient operating hours, complete packaged food, sauces/spices always available).
- *Food quality* (clean, healthy, fresh and has a variety)
- *Price* (competitive price, good value for money, willing to give special prices)
- *Youth satisfaction* (overall satisfaction, quality of service experience, meet expectation)
- *Youth loyalty* (repurchase intention and recommend to others)

These items were measured using the 7-point Likert scale (1=Strong Disagree, 7=Strong Agree) in the structured questionnaire. Reliability analysis (Cronbach's alpha coefficients for measures and internal consistency method for items using item-to-total correlations) and multiple regressions were done on the respective measures to understand the goodness of measures, relative importance and relationships.

4. Findings and discussions

The results of the reliability tests are shown in Table 2. All the six multi-item variables (Servicescape, Human Service, Price, Food Quality, Youth Satisfaction and Loyalty) are found to be reliable as their

Cronbach's alpha coefficients are close to or higher than the required level of 0.70 (Nunnally and Bernstein, 1994). The items are also showing acceptable levels of item-to-total correlation results.

Table 2. Reliability and descriptive statistics for variables

Variables (no. of items)	Fine Dining			Fast Food			Food Court		
	Alpha	Mean	S.D.	Alpha	Mean	S.D.	Alpha	Mean	S.D.
Servicescape (9)	0.83	4.68	0.91	0.87	4.87	0.95	0.86	5.06	0.84
Human Service (15)	0.93	4.54	1.06	0.87	4.77	0.77	0.90	5.04	0.80
Food Quality (4)	0.79	4.76	1.01	0.62	4.89	0.85	0.72	5.12	0.89
Price (3)	0.77	4.54	1.19	0.74	4.69	1.19	0.88	5.21	1.19
Customer Satisfaction (3)	0.81	4.70	1.12	0.78	4.95	1.07	0.88	4.89	1.26
Customer Loyalty (2)	0.87	4.78	1.30	0.73	5.01	1.24	0.62	5.05	1.19

The findings from the different types of restaurants indicate that the youth customers who participated in the survey were generally satisfied with the variables involved for the restaurants. However, they are particularly more satisfied with Food Quality and the Servicescape aspects of the restaurants as these factors received relatively higher mean scores for the restaurants. This indicates that the restaurants patronized by the respondents in this study performed better in terms of the quality of their food and environment. The relatively lower mean scores were Human Service and Price. This implies that the factor which least satisfies the restaurants' youth patrons is the human-related service provided by the different types of restaurants.

The relative importance of the four factors in influencing the youths' satisfaction and loyalty were also investigated. The findings in Table 3 show that, for Fine Dining, these four determinants explained 67% of the variance in customer satisfaction, Fast Food (58%) and Food Court (52%). For all the types of restaurants, Human Service is the most important factor (Rank 1) which exerted a positive and significant influence on their satisfaction.

Though the Human Service dimension of the service environment contributed much to the youth satisfaction, the Servicescape did not seem to impact their satisfaction conclusively. The results in Table 3 indicate that for Fine Dining and Food Court, Servicescape does not seem to have significant influence on the youth satisfaction. They should have their pre-determined expectations of these restaurants. They expect the former to have very good environment where as the latter most probably less in terms of conducive and nice environment. But, they could be exceptional cases where the youths may prefer the crowded and environment. However, for the Fast Food sample, Servicescape has significant effect on youth satisfaction and ranked second.

Price or the perceived value for money was generally found to be the most important factor in determining the youth loyalty, followed by Human Service. Servicescape and Food Quality were relatively less important and not significant (at 0.05 level) in influencing their loyalty. This finding is in contrast to prior research by Kim and Moon (2009). Most probably, there could be other necessary moderating factor(s) for these relationships. In fact, Harris and Ezech (2008) argued that certain variables related to service environment in fact had significant association with loyalty when moderating factors were included. This suggests that the relationship between service environment, satisfaction and loyalty may not be a direct one but is in fact more complex, possibly involving mediating and/or moderating factors. Emotional experience was found to be one of them (Kim and Moon, 2009). Hence, the findings in

this study can still be further researched in order to arrive at more conclusive findings. Further validations are necessary.

Table 3. Relative importance of the variables on youth satisfaction. *(Significant at 0.05 level)

Independent Variables	Satisfaction								
	Fine Dining			Fast Food			Food Court		
	B	Sig.	Rank	β	Sig.	Rank	B	Sig.	Rank
Servicescape	-0.033	0.703	4	0.243*	0.004	2	0.069	0.452	3
Human Service	0.487*	0.000	1	0.375*	0.000	1	0.598*	0.000	1
Food Quality	0.214*	0.003	3	0.061	0.386	4	0.032	0.700	4
Price	0.220*	0.009	2	0.190*	0.017	3	0.082	0.345	2
R ²	0.67			0.58			0.52		

Table 4. Relative importance of the variables on youth loyalty. *(Significant at 0.05 level)

Independent Variables	Loyalty								
	Fine Dining			Fast Food			Food Court		
	B	Sig.	Rank	β	Sig.	Rank	B	Sig.	Rank
Servicescape	0.158	0.090	3	-0.06	0.526	4	0.056	0.463	3
Human Service	0.280*	0.015	2	0.509*	0.000	1	0.398*	0.000	2
Food Quality	0.140	0.071	4	0.139	0.083	3	0.045	0.518	4
Price/Value	0.293*	0.001	1	0.150	0.096	2	0.435*	0.000	1
R ²	0.61			0.46			0.67		

Table 5. Relative importance of servicescape attributes. *(Significant at 0.05 level)

Attributes	Fast Food		
	β	Sig.	Rank
Appealing physical facilities	0.123	0.178	4
Parking space always available *	0.182*	0.018	3
Clean dining area	0.024	0.804	8
Appropriate temperature	0.036	0.660	7
Has a nice music	0.103	0.213	5
Has appropriate colour scheme	0.067	0.464	6
Has a nice smell (scent)	-0.078	0.420	9
Appropriate labels and signage *	0.267*	0.002	1
Has a good design and layout *	0.207*	0.018	2

The critical role of Human Service in determining the youth satisfaction and loyalty is generally clear and managers should emphasize the quality of human service at all times across different types of restaurants. Nevertheless, the role of Servicescape is still questionable. The important attributes of Servicescape should be explored. Since Servicescape ranked second in influencing satisfaction, the

relative importance of its attributed was explored and the results are shown in Table 4. The significant attributes (at 0.05 level) are namely: 'Appropriate labels and signage', 'Has a good design and layout' as well as 'Parking space always available.'

5. Conclusions and future research

This purpose of this study on fine dining, fast food and food court restaurants in Malaysia was to identify and understand the relative importance of four determinants of customer satisfaction and loyalty, namely, Servicescape, Human Service, Food Quality and Price. Overall, it was found that Service Environment (Servicescape and Human Service) played a critical role in determining the youth satisfaction and loyalty.

The results indicated that customers were generally satisfied with the restaurants and the key determinants on their satisfaction and loyalty were mainly Human Service and Price. The former was found to be the most important across all the three types of restaurants investigated. However, the impact of servicescape on customer satisfaction and loyalty was found to be relatively smaller, except for the fast food restaurants.

The managerial implication for restaurant managers and operators is that careful attention and proper resource allocation should be given to deliver high levels of Human Service in order to delight customers. The customer-contact service employees must be appropriately trained and monitored in terms of their skills knowledge, attitudes and relations (SKAR). The employees need to be specifically empathetic or caring, reliable, responsive and courteous. They must be motivated and emotionally stable at all times.

The findings suggest that merely emphasizing the physical environment of the restaurants will not necessarily improve the youth satisfaction and loyalty if the quality of service provided by the restaurant employees (Human Service) is lacking. The intended Service Environment includes Human Service and Servicescape. As such, a more comprehensive enhancement that is based on Service Environment will be more strategic for winning their hearts. Nevertheless, more detailed investigations with more representative samples across different cultural backgrounds will still be needed. Future studies can examine the youth customers of other cultural settings (ethnic, national and international) in order to validate the current findings. The role of potential moderating factors such as emotional experience should be considered. Understanding the nature of relationships among the variables will add more insights for managers. The relationships or consequences could non-linear or indirect. Structural equation modeling (SEM) for examining the structural relationships of the various variables involved will be useful for the managers to allocate resources strategically to serve the youths.

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