Elements that Contribute to Customer Satisfaction in Indian Restaurants - (An Exploratory Study of Two Indian Restaurants in the Manawatu Region, New Zealand)

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Abstract

New Zealand is becoming more diverse, culturally and ethnically. This diversity is very well reflected in the availability of cuisines in restaurants nationwide. There are growing trends followed by people such as trying out new and exotic foods, interest in vegetarian meals as well as adapting vegan and gluten-free food etc. In particular, Asian foods are becoming more popular with cuisines from China, India and Thailand. With the recent increase of settlers from South Asian countries, ethnic restaurants have bloomed simultaneously and added to the growth of the restaurant industry. Subsequently, competition has become more intense. The aim of the research is to investigate the primary elements of food quality, service quality and price affecting customer satisfaction by using the case studies of two Indian restaurants in the Manawatu region.

Keywords: Customer Satisfaction, Indian Restaurants, Food Quality, Service Quality

INTRODUCTION

The boom in ethnic restaurants fueled up New Zealanders to try new and ethnic cusines such as Indian, Chinese, Vietnamese. Slowly, acceptance of these restaurants by Kiwis as well as by other settlers emerged competition in the market developing the need of maintaining customer satisfaction to survive in the market. Education and travel contributed to need of customer satifaction as people were not ready to sacrifice or compremise on the quality of food, service or price fairness. Every restaurant tries to satisfy the demand of customers by offering them a variety of range of products and services. Customer satisfaction plays the most important role in any organization's success. The customer is the agent who buys the product and determines the success for the product (Sabir, Irfan, Akhtar, Pervez and Rehman 2014). Good experience for the customer is important to retain the customer, resulting in repetitive business and customer loyalty.

OBJECTIVE OF THE STUDY

The objective of this exploratory study is to find out the essential elements of customer satisfaction in two Indian restaurants of the Manawatu region of New Zealand.

RESEARCH QUESTIONS

Oriented to the research objective the following research questions are to be addressed by this study:

1. What is the impact of service quality, food quality and price on customer satisfaction in Indian restaurants of the Manawatu region?

2. Are the primary elements of customer satisfaction in Indian restaurants in the Manawatu region, the same as those identified in the literature i.e. service quality, food quality and price.

SIGNIFICANCE OF THE RESEARCH

The restaurant industry is extremely competitive and requires restaurant operators to have deep knowledge and understanding about the needs, wants and perceptions of the customers. Due to fierce competitive pressures and increase in customers' expectations, there is a necessity for better understanding to develop and maintain customer satisfaction. This exploratory study will enable Indian

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restaurant operators to understand and focus on customer needs and perceptions to enhance customer satisfaction. (Josiam, B. & Moterio, P., 2004).

LITERATURE REVIEW

In particular, tourism has influenced the hospitality industry on a large scale. By far the greatest part of this industry is Food and Beverage/Restaurant Industry and over the past 25 years New Zealand has seen a progress in cafes, restaurants and motels as the tourist numbers have increased.

Ministry of Business, Innovation and Employment (MBIE) classifies that tourists spend 25 percent of their money on food and beverage (The International Tourism Market Is Changing, 2014). As explained by Hospitality Report 2014 produced by Restaurant Association of New Zealand; there has been powerful upward movement in café and restaurants sales nationwide by more than 6 percent to 7.6 billion NZD. Survey also state, cafes and restaurants as the strongest performer with an annual increase in revenue of 345.4 million NZD, nearly 10 percent compared to 2013 performance. In addition survey forecasted sales to surge for 2015 and to reach up to 7.9 billion NZD, with nearly 4.1 percent due to the number of newly established restaurants and cafes with the boom of 521 (14,470 to 14,991) (Cafe and Restaurant Sales Surge in 2014, 2014).

NEED FOR ETHNIC (INDIAN) ENTERPRISES

Early Indian settlers found it really difficult to gain employment in New Zealand. They had to face a lot of market disadvantages. Mostly, they were denied entry for employment, their qualifications were not recognized as well as their work experience wasn't given due consideration and their limited knowledge about English. An old scholar suggests that when the mobility to employment is blocked entrepreneurship can act as an escape. For Indians, however this wasn't a choice but a need to create sustainable living conditions in New Zealand. Being pressed against the wall, success was the only option available to them. By venturing into their own enterprises, they no longer had to contest for jobs nor answer to any bosses. The early nature of enterprise for Indians included art work, beauty and hair parlour, cafes and restaurant and retail stores (Edwina, 2007).

And as the years passed by the Kiwis got accustom to the Indian palate and now wanted to consume Indian food even outside the good mates' house. Some of Indian immigrants found this to be good business opportunity and thus it laid the formation of Indian restaurants and takeaways in New Zealand. At first the restaurants served and catered what could be known as an authentic Indian cuisine. But, it was a hit with some and miss with many, hence arose the need to develop and expand/change the Indian palate in way that would please Kiwis as well as the resident Indians. Till date, we can still find restaurants and cafes that serve both the authentic as well as the altered Indian palate to satisfy each and every one. The changes in customer demands of tastes, eating-out habits and multi-cultural patterns of ethnic groups through a magnificient blends of foods caused the boom in restaurant industry. This development gave customers variety with the unlimited choice of restaurants ranging from upscale to medium ethnic, cafés and coffee shops.

NEED FOR CUSTOMER SATISFACTION

The restaurant industry is vast and competitive. Every restaurant is selling product of a similar nature i.e. food and beverage, but what matters is the way of service is delivered to achieve customer satisfaction. According to Hoffman and Bateson (2006, pp. 76-77 as cited in Erids, C. & Toit, M. 2014), one of the significant keys to success is providing excellent service. Developing compelling service experiences, far better than what the rivals offer and creating monopoly in the market, ultimately helps to achieve customer loyalty and customer retention (Erdis, C. & Toit, M. 2014).

Customer satisfaction is defined in variety of ways by different researchers. This research will use defination of Egan (2001, p. 96 as cited in Erids, C. & Toit, M. 2014) which refers to customer satisfaction as a "psychological process of evaluating perceived performance outcomes based on predetermined expectations." Sabir, Irfan, Akhtar, Pervez and Rehman (2014) adds, customer as the actual stakeholder; who buys the product, uses it and gives the best judgement about the product or service. Satisfaction has been defined as an "evaluation of the perceived discrepancy between the prior expectations and the actual performance of the product" (Tse and Wilton, 1988). Satisfaction can be understood as the – fulfilment of the inner desire which individual has.

Furthermore, third definition by Malik, Ghafoor and Iqbal (2012) defines customer satisfaction as, the feeling which is determined by the product or the service meeting the set parameters of expectations or demands by the customer. Johan talks about (as cited in Sabir et.al, 2014) human being a complex set of thoughts, ideas, expectations and hence cannot be predicted, making it challenging for the entrepreneurs to come up with new ideas to satisfy them. In addition Sabir et.al (2014) discuss customer satisfaction as the fundamental theory and the crucial tool for marketing as it plays a pivotal role in meeting the needs and demands of the customers (Sabir et.al, 2014).

According to Mcrolly, Andrea, Barnett and Shirley (2000) customer retention is at the heart of relationship marketing. They believe that, if restaurants fail to achieve long-term relationship with the clients, it will have to be contented with discrete one of transactions. In addition, they also stated that, although customer retention may seem to be dominated by loyalty and discount programmes, which is not the case. Similarly, research done by Vavra and Pruden (1998, as cited in Mcrolly et al., 2000) suggest that, customer retention is driven by high quality customer service, well-managed and strategically delivered formal and informal communications.

PRIMARY ELEMENTS OF CUSTOMER SATISFACTION

For customer satisfaction to be treated as strategic variable, full service restaurants should focus on three elements – service quality, food quality and price (Andaleeb, S. & Conway, C., 2006). Vijayadurai (2008) describes hospitality as an experiential industry, which provides tangible and intangible services. These services are inter-related and restaurant is the part of the hospitality industry. Tangible services include food products served in the restaurants and the quality of the product matters in satisfying the expectations of the customers.

Sabir et.al (2014) describes the reliability of the product of as the determinant to earn the trust of the customers and satisfaction. They also believe it as the part of Customer Relationship Management (CRM). If customers are happy with the reliability or the quality of the product they not only become loyal customer and become brand ambassador of the restaurant.

SERVICE QUALITY

Vijayadurai (2008) describes service as a sum of intangible features, which count of the how well the service is delivered and what impact does it have on the guest. Service has dimensions of accuracy, responsiveness and quickness which contributes to the high-quality service that will, in turn, lead to satisfied customers. In addition, the study also mentions the impact of service quality on the behavioural intentions of the guest. For example, good service leads to satisfaction and repeat customers, while bad service by a wait staff leads to dissatisfaction of the guest and results bad word-of-mouth. According to Han and Ryu (2009), a proper combination of food and physical facilities (tangible) and employee-customer interaction (intangible) should end in customer's perception of high- service quality restaurant and positive intention.

The instrument tool to measure service quality (SERVQUAL) was originally developed by Parasuman, Zeithmal and Berry (1988) to assess customers' expectations and perceptions in service industries. The SERVQUAL instruments consist of five dimensions of service quality. Those five dimensions are tangibles, reliability, responsiveness, assurance and empathy (Andaleeb, S. & Conway, C. 2006) According to Sabir et.al (2014) customers expect servers to understand their needs and be polite and responsive. Responsiveness according to SERVQUAL literature, is understood as the willingness of the staff to be helpful and deliver prompt service to the purchaser (Josiam B., Foster, C., Malave, R. & Baldwin,W., 2014).

FOOD QUALITY

Food is often seen as the single most important aspect of the dining experience. Food quality in restaurant relates to various dimensions such as the taste of the food, presentation of the food, portion size of the food and most importantly, how appreciable it is. Satya (2011) states, it necessary to maintain the quality of the product for the organization to stay in the competition. He also identified the nature of dissatisfied customers who switch to other brands and pay more money to gain the better quality. Hence, it is essential to maintain the quality in order to

avoid the negative effect on the financial performance and the image of the restaurant.

The attributes commonly used to evaluate food quality in restaurants are presentation, freshness, taste and temperature. These can also be combined as the tangible indications of the food quality (Delwich, 2004, as cited in Josiam, B., Foster, C., Malave, R. & Baldwin, W., 2014).

PRICE

Price has a relative effect on customer satisfaction and plays a significant role in product selection. Sabir et.al (2014) defines "price as the reward or the value given in return of fulfilled need of the customer by the company." They further explain, our mind has set of calculations before buying the products, hence it is essential for the restaurant owners to understand it and set the price in accordance. Second definition given by Zeithaml (1988, as cited in Han and Ryu, 2009) defines price as "what is given up or sacrificed to obtain a product." To elaborate Jacob and Olson (1977) divided price into objective price and perceived price. While objective price is the actual price of the product, perceived price is the price encoded or perceived by the customers (Jacboy, J. & Olson, J.C., 1977). According to Bolton and Lemon, (1999 as cited in Han and Ryu, 2010), guest consider price is the determining factor in evaluating their experience with the product or service and contributes in shaping customers attitude towards a provider. For example, if the price of the menu is high, guests expect premium-quality service and if the price is minimal, guest might doubt about the quality of the restaurant. Thus, it is necessary to keep the prices reasonable to match the perceived value by the customers.

SECONDARY ELEMENTS OF CUSTOMER SATISFACTION

It is believed that the main body of research identifies above three elements of product quality, service quality and price contribute to satisfying the primary needs for customers, but the secondary elements enhance overall customer satisfaction.

PHYSICAL ENVIRONMENT

According to research by Mehrabian and Russell's (1974, as cited in Han and Ryu, 2010), there is a strong connection between human behaviour and the environment around him. They further explain the two-way of approach and avoidance, which is the outcome/reaction of the relationship between human beings and their surroundings. Approach behaviour sees the positive response from the guest- (e.g. revisit the place, comforFig. and relax behaviour). While, Avoidance has negative responses of being unhappy with the place and food, being fussy about the place.

Bittner (1992, as cited in Upadhyaya, Hakeem & Chavan, 2013) observed three dimensions of ambience, special layout and artifacts. Décor and artifacts contribute to the attractiveness of the physical environment. While layout of the restaurants includes arrangements of the objects, furniture in appropriate manner to avoid any kind of hurdle in the delivery of the service. The third dimension of ambience (Upadhyaya et. al, 2013). These attributes of the environment add to customer's experience and make customer's respond to more than just the quality of food and service while shaping their attitude towards the provider (Han, H. & Ryu, K., 2009).

DISCOUNT OFFERS

With the competitive nature of businesses now the new trend is to use discount offers as a marketing tool to attract the customers. Discount offers are used as an attractive toy to expand business and to penetrate the existing market. Everyone wants to save on a penny or two, but without compromising on the quality. Most of the times a discount factor can act as an X- factor to attract more customers.

BRANDING

Brand name plays role from the marketing perspective of the business. Most of the ethnic restaurants are stand-alone and are operated by a family. Quick service restaurants in New Zealand belong to big names like McDonald's, KFC, and Burger King, which are recognized by everyone. This means that the stand-alone restaurants have to struggle and maintain presence in the market to survive. But both restaurants used in this research have been in operation for more than a year creating a niche brand image for themselves.

HYGIENE

Hygiene and cleanliness are utmost important in any organization. Safe working conditions, proper hygiene in cooking and maintenance of the restaurant matters a

lot and is given prime importance in country like New Zealand. Health and Safety Committee of City Council holds thorough inspection for every eatery in the country and certifies the quality maintained, by grading A, B or C. Impressively, both the restaurant hold 'A' grade certification, which give their patrons knowledge about the hygiene maintained and holds their trust in the restaurant.

RESEARCH METHODOLOGY

Based on previous research studies, quantitative method was adopted for this research. It is believed that, quantitative research is about asking people for their opinions in a structured way, which produces hard facts and statistics for further reference. This exploratory research is about 'Customer Satisfaction' which is significant, in every field and business and is an interesting topic for the researchers. Most of the organizations use the instrument tool of questionnaire to get customer feedback about the product. According to Fink, survey is a system which allows to collect significant amount of data from a sizeable population and the collected information can be described, compared or explained (Gray, 2014).

The main purpose of using this method is to obtain and understand the customer's perspective, as 'customer satisfaction survey' gives customers a chance to point out any quibbles they might have, which gives the idea about the areas which require improvement. In this chapter, the design, ethical considerations, data collection and analysis of questionnaires will be separately explained in each section.

RESEARCH DESIGN

Quantitative approach through questionnaires has been applied to finds the views and perceptions of the customers of the two family-owned Indian restaurants in the Manawatu region - 4 Flames restaurant is located on Kimbolton Road in Fielding and Indian summer is located on summer hill Drive in Palmerston North. Both restaurants serve a similar type of cuisine and have a similar price range of $10-20 per person per meal. The questionnaire for this research was developed based on the designs from literature and online survey used for hotels and restaurants, as well as focused a bit on the trends identified by Restaurant Association of New Zealand. Using questionnaires has various advantages such as-

- Economical due to low cost in terms of both time and money.
- Avoidance of biasness.
- Less time pressure on the respondents.
- Respondents' anonymity can be assured.
- Data analysis of closed questions is simple and, questions can be coded quickly.
- The inflow of data is quick and from many people.

DATA ANALYSIS METHOD

Quantitative method using semi-structured questionnaire was used to obtain data for this research. Questionnaire included open as well as close-ended questions. For the purpose of data analysis two methods were used in conjunction. They are: 1. Thematic Analysis, 2. Descriptive statistics.

Validity

Small sample size might affect the validity of the study. However, the respondents of this research are the diners of the restaurants. Researcher trust them and feel that they are able to provide genuine and useful judgement for restaurant service (food, service and price). The comments or suggestions would bring the ideas of improvements for the restaurant operators and manager.

Research Findings

Findings are presented in Fig.s and discussed in sub-sections relevant to the context of literature. The data from the close-ended questions in the survey are analysed using descriptive statistics, while data in the form of the comments, from the open-ended questions in the survey are analysed by using thematic analysis. It is to be noted here that some respondents did not complete the questionnaire fully.

QUANTITATIVE ANALYSIS OF DATA

Fig. 1: Restaurants in the Survey

Two Indian restaurants in the Manawatu region were used in this research as the site for data collection. Questionnaires were distributed to the customers of both

restaurants with the approval from the Human Ethics Committee and the operators of the restaurants. Both restaurants, serve a similar menu of Indian dishes with a similar price range ($10- 20 per person). Similarity in food and price advances competition and demands both the restaurants to keep improving in order to survive in the competitive market.
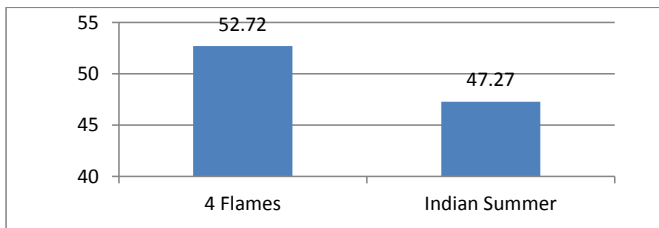

Fig. 1: Restaurants in the Survey

Diagram 1 denotes the numbers of respondents from both restaurants. Since these are almost equal, it will allow the researcher to combine them as one and draw better conclusions about the service quality of restaurants in the Manawatu region.

Demographic Characteristics of Restaurant Patrons

These demographics are consistent with the demographic profile of the population of Palmerston North and Fielding area in terms of age and gender.
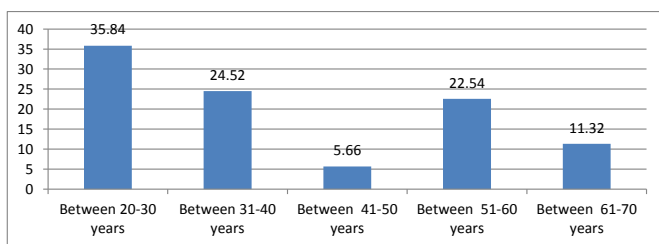

Fig. 2: Age of Respondents

Fig. 2 shows the age of respondents and the largest group of diners were in between 20-30 years (35.84%), followed by those between 31 and 40 years. More than a fifth of the diners who responded to the question were aged between 51 and 60 years.
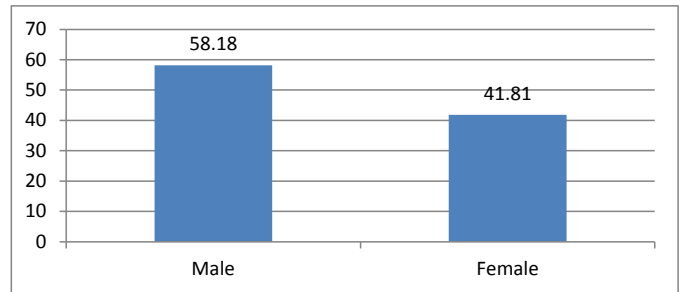

Fig. 3: Gender of Respondents

Fig. 3 notes the rate of response by male and female respondents. Of 55 respondents, 58 percent were male and 41 percent were female.
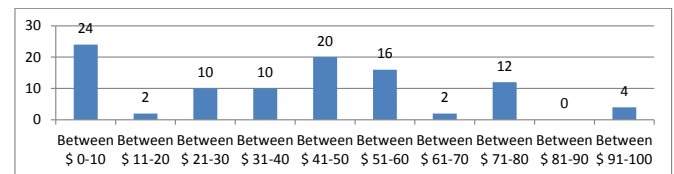

Fig. 4: Average Money in NZD Spent on Takeaways / Dining-in

Fig. 4 shows the average money spent by the customers on takeaways/dining. Cost-efficiency is prime consideration for every organization in business. Price is one of the three elements focused on in this research. Everyone wants to save their dollar; as stated by Restaurant Association of New Zealand is true and is challenging restaurants to give their best service with affordable price. Over 66 percent of respondents spent below $50 or less, whereas only 4 percent of patrons spent between $91-100.
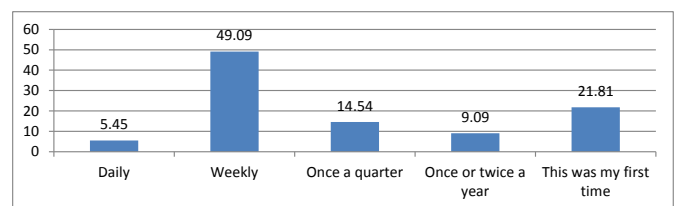

Fig. 5: How Often Do You Dine with Us?

In Fig. 5 the rates which respondents frequent the restaurants are shown. Some conclusions may also be

drawn from these results regarding how much customers enjoy to dine-in or takeaway food from the restaurants. Nearly half (49.09 percent) of the respondents visit on weekly basis, compared to a fifth who were first-timers. This data also shows almost 14.54 percent patrons visit the restaurants every three months.
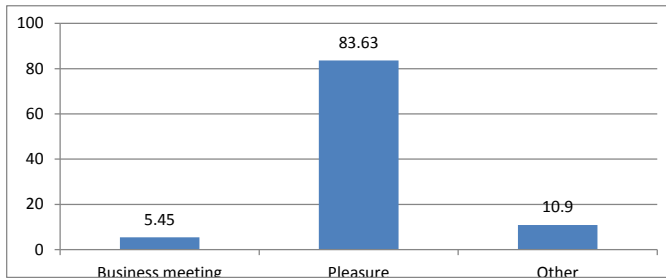

Fig. 6: **When You Dine with Us; Is It Generally For?**

Fig. 6 summarises the reasons why diners have visited the restaurants. Human being is a social animal and needs any form of recreation to refresh ourselves from the busy schedule. 83 percent of customers dined-out for pleasure, in order to spend time with their family or friends, whereas 5 percent of patrons used the occasion for business purposes.

Respondents answered questions related to factors associated with the three main elements of customer satisfaction -food quality, service quality, and price. These factors were ranked on 5- point Likert Scale from Strongly Disagree (1) to Strongly Agree (5). Mean scores for individual variables were consistent above 4.00 for all categories.

On the whole, it appears that customers perceived that food, service and the overall experience were of good quality in both restaurants, and that both restaurants provided good value for money. All factors relating to food, service and price generated mean scores ranging from 4.3 to 4.85 (Agree to strongly agree). The highest scores were for "Food quality", "Serving time of food courses served" and "Promptness in service". This suggests that the patrons were currently satisfied with food and service, and price.

The high overall scores show a promise of repeat and referral patronage and also positive word of mouth, which will, as a result, eventually increase the business for both

the restaurants. Fig. 7 summarises the high scores for recommendation and re-visit intentions, with the rate of 94 percent respectively.
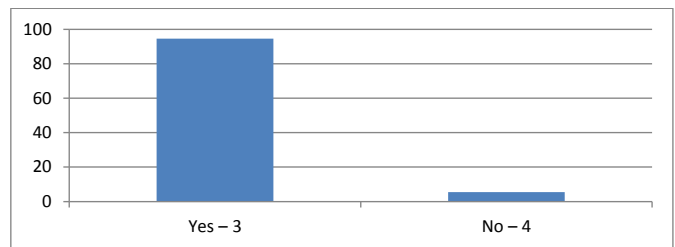

Fig. 7: **Would You Recommend Our Restaurant to a friend?**

DISCUSSION

The objective of this exploratory study was to investigate whether the influence of the three elements viz. food quality, service quality and price, towards customer satisfaction, as stated in conventional literature by Sabir et al (2014), the same at two Indian restaurants located in the Manawatu region of New Zealand. As explained in literature review- food quality, service quality and price are the primary elements; whereas physical environment, hygiene and branding are grouped as secondary elements that affect customer satisfaction. One has to note that, if handled correctly these elements main have a positive effect on customer satisfaction, but ignoring/ overlooking these elements might prove costly to the restaurants in terms of lost business. Overall, the results show that, service quality came second only to be out shone by food quality.

Managerial Implications

The findings of the research have implications in Indian eating establishments in smaller districts throughout New Zealand. Firstly, they need to keep in mind that price is not a key element when diners choose to dine at Indian restaurant, hence managers need to change the perceptions about offering price. Generally, restaurants tend to offer relatively low prices as compared to the market by serving less portions owing to the competition in the market. Secondly, in relation to findings the quality of service provided by both restaurants was up to mark, but the

managers should provide necessary training to the staff in terms to achieve perfection in service task and deliver the best service to patrons. Thirdly, customers' assessment of the food quality was shown to greatly influence their satisfaction in the Indian restaurants studied. Therefore, restaurateurs must provide customers with exceptional food quality and authenticity (Josiam B., Sadiq, S., & Monterio, P., 2007).

CONCLUSION

This study explored the elements of customer satisfaction in Indian restaurants in the Manawatu region. Both restaurants serve a diverse clientele who is, interested more in food quality, service quality and physical environment when they dine out at the Indian restaurants. The research concludes that the perceived notion of price as being one of the three key factors that contributes to customer satisfaction, is not the case. Patrons of the restaurants have positively marked food and service well ahead of price. This goes to show that the educated diners understand the importance of quality and have expectations to get high quality of service. As a new manager, one should also consider, that physical environment plays a much bigger role towards customer satisfaction and hence should never be overlooked. Therefore, it becomes critical for the management to understand and provide excellent service to achieve overall customer satisfaction to survive in competition.

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