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Investigating the Critical Factors Effecting Customers Loyalty: An Empirical Assessment

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ABSTRACT

Globally, the fast-food restaurant industry is a complex and ever-expanding business sector. Many people in Pakistan visit fast food restaurants on a regular basis. Establishing a relationship with the client and providing outstanding services are vital in the restaurant industry. This research intends to examine the factors influencing customer loyalty in fast food restaurants in Pakistan. This research used a descriptive quantitative survey approach. The sample population for this research comprised of fast-food restaurant customers. This research examined consumers of global fast-food chains (such as McDonald's and KFC), as well as local and regional fast-food chains (such as Fry Chicks and Pizza Online, etc.). The researcher collected data from 190 customers chosen in line with the item-to-rate theory. The questionnaire for this research consists of seven parts and 19 questions. The data revealed that food quality, service quality, price, and location, as well as the physical environment, had a significant direct effect on consumer satisfaction. In addition, the research revealed that customer satisfaction significantly affects customer loyalty. This study is limited to fast food customers residing in Lahore.

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Introduction

In recent years, the fast-food industry has expanded due to the fact that people have become increasingly occupied with their daily routines, and as a result, they need simple-to-cook prepared foods that are also convenient to take away. This massive demand for quick food raises the pressure on businesses to deliver superior service, resulting in increased customer loyalty (Shahzadi, 2018). The fast-food industry has a direct relationship between the vendor and the consumer. As a result, the fast-food industry suffers difficulties with consumer retention. A dissatisfied consumer might quickly go to a different fast-food

establishment if he deems the services to be subpar (Nguyen, 2018).

Fast-food restaurateurs must have a thorough grasp of what inspires customers to consume fast food and how they engage with customers to establish customer loyalty. Fast-food restaurants are cognizant of fast food's significance in the worldwide foodservice industry. Customer retention is of the utmost importance. However, it has not been feasible to identify the influences on these variables (Namin, 2017). Differences in cultural, political, legal, and economic aspects impact customer behaviour. Further context-specific research is required due to the unique nature of customer loyalty and its predecessors (Carranza, Diaz, and Martin-; Consuegra, 2018). In addition, context-specific research must be conducted due to the difficulty of generalising empirical findings from industrialized nations to underdeveloped nations.

The majority of previous research has been carried out in the United States (Unaryo, Indryat, 2019), the United Kingdom (Nguyen, 2018), and Europe (Carranza, 2018). Understanding the factors that drive customer loyalty at fast-food restaurants in developing countries has gotten less attention than it deserves (Sharma et al., 2020b). A significant amount of variation in consumer behaviour may be attributed to international variances in regards to economics, politics, law, and culture. It is also important to conduct research that is customized to the specifics of the target country because customer loyalty and the factors that influence it are highly context dependent and it can be difficult to extrapolate empirical findings from countries that developed during the industrial revolution to developing countries.

This study offers valuable insights from both a theoretical and managerial standpoint. The research model will be supported by the theory of reasoned action (TRA). By expanding knowledge via the intervening function of customer happiness and indicating the influence on human behaviour by evaluating customer loyalty patterns, In addition, the present study will be conducted in a developing nation to bring fresh insights into evaluating consumer behaviour utilizing local and international fast-food chains in the setting of a developing nation. This gives crucial characteristics that operate as predictors of customer happiness and increase customer loyalty; this will be an additional theoretical contribution to the current research on fast-food consumers. The present study will give various tips for enhancing consumer loyalty in fast-food restaurants operating in emerging nations. Key factors including food quality, brand image, and brand trust are highlighted as contributors to customer satisfaction and brand loyalty. The results show that the physical environment has a negative effect on customer satisfaction in fast food restaurants; thus, firms and marketers need to establish acceptable branding to counteract this trend. This will boost both the credibility and loyalty of the brand.

Customers are continuously looking for "a bundle of advantages" to meet their diverse demands in terms of capabilities. Numerous fast-food establishments provide product packages that contain both food and drinks. While clients are interested in many factors, such as food, beverages, and services, they will examine all factors when selecting a restaurant (Sharma, Singh, and Sharma, 2020). Therefore, it is essential to identify the customer-satisfying elements so that they will return to the restaurant for another meal. Several

contributions from this research will boost the value of fast-food restaurant loyalty concerns. The paper will begin with a review of customer loyalty difficulties in fast-food restaurants. Both managers and academics will find this information helpful in better understanding the challenges that come with ensuring customer happiness in the fast-food restaurant sector. It will describe what "customer satisfaction" is and how it may have an effect on "customer loyalty."

2. Literature Review

In the literature, several theories and models have been established to explain customers' behavioral intents (BI), including the theory of reasoned action, the theory of planned behaviour, and the technological acceptance model. This study focused on the TPB, which has been extensively utilized in previous studies on consumer intentions towards food purchasing (Mirkarimi, 2016). The TPB model has proven positive correlations between intention and its three antecedents (perceived behavioral control, subjective norms, and attitude toward the activity). The greater an individual's attitude and subjective standards of conduct, the greater his or her goal should be. The TPB assists in elucidating customer switching behaviour. Switching behaviour was more likely if both intents to switch and perceived control over switching were strong. Customers were less likely to switch, however, when perceived switching control was poor, such as when switching costs were high.

Recent research reveals that food quality is the most important part of restaurant service. Customers judge the appearance of a restaurant based on the quality of its food. Consequently, consumers' evaluations of quality and service are the key factors in their restaurant choice, dining experience, and level of satisfaction. Customers judge the quality of food based on a range of criteria, such as taste, nutritional value, and processing (Zhong, Yongping & Moon, Hee Cheol, 2020). Price has been seen as a crucial component in understanding customer behaviour. It refers to "what the customer paid for the goods or service." It is a powerful and compelling tactic used to convince clients to purchase a certain brand. Similarly, researchers saw pricing as an indicator of the product's value for the customer. Customers typically judge the worth of a product or service based on its price (Javed, 2021).

The physical environment is a setting that has been carefully planned out to boost consumer propensity to buy and nurture positive customer perception. Customer behaviour is significantly impacted by the physical environment. Customer connection with the physical environment and services may have a favorable influence on customer behavior, and a company's performance is contingent on its environment. The physical atmosphere might affect the customer's perception of the eating experience. The physical atmosphere of a restaurant favourably improves consumer happiness and the eating experience. In the service business, quality, atmosphere, and value are positively related to a customer's inclination to repurchase and favourable word of mouth (çetinsöz, 2019).

Literature demonstrates the connection between customer happiness and customer loyalty (Nguyen, 2018). Numerous studies have demonstrated the correlation between customer satisfaction and customer loyalty. Particularly in the services industry, customer satisfaction plays

a crucial role in retaining customers. Fast-food restaurants facilitate their customers' poor methods of brand retention and satisfaction. For the sake of this study, customer happiness serves as a precursor to customer loyalty, when a satisfied customer develops a commitment to a fast-food restaurant because of its high quality (Shahzadi, 2018).

Service providers work hard to meet the needs of their clients by improving the benefits they provide. In general, delighted consumers become loyal customers, as evidenced by their repeated purchases and powerful word-of-mouth recommendations. This may be evident when a customer is pleased with their experience. According to the findings of a number of studies that have been conducted on the topic of the connection between satisfied customers and loyal customers, contentment is a crucial factor in determining loyalty. A satisfied consumer will continue to be loyal to the company for a longer period of time, will spend more money, and will spread positive word of mouth to others (Ozdemir Guzel, 2020). It has been shown over and again, using a variety of research approaches, that there is a positive link between satisfied customers and their customer loyalty. In spite of the fact that the fast-food restaurant sector in Pakistan is cutthroat and notoriously complicated in terms of its service nature, it is still interesting to explore the link between satisfied customers and brand loyalty. As a result, it is vital to investigate the myriad of factors that have an influence on the consumer loyalty of Pakistani fast-food patrons (Mahmood, Atif & Rana, Muhammad & Kanwal, Sara, 2018).

Hypothesis of the Study

H1. Quality of food has a positive impact on customer loyalty of a fast-food restaurant
H2. Price has positive influences on customer loyalty of fast-food restaurant
H3: Physical environment significantly influences the customer loyalty.
H4. Quality of service has a positive impact on customer loyalty of a fast-food restaurant
H5. Customer Satisfaction has a positive impact on customer loyalty of a fast-food restaurant

3.0 Methodology of the study

This study employed a quantitative research methodology since it was consistent with the research concept and guiding philosophy. The quantitative research methodology depends heavily on logical reasoning. Positivism is one of the philosophical approaches being considered in relation to this research endeavor. Zalaghi and Khazaei (2016), the positivist approach involves the development of quantitative hypotheses and the testing of such hypotheses using survey methodologies and probabilistic metrics. Due to the fact that the researcher went from a broad to a narrow focus, the deductive method was used in this investigation. On the basis of the statistical findings, the researcher decides whether to accept or reject the null and alternative hypotheses. The customers of fast-food restaurants in Lahore provided the respondents for the survey. Participants in this research were those who often eat at quick-service restaurants. Researchers have come up with the following definition for "fast food": "a general phrase for a restricted menu of foods that lend themselves to assembly-line procedures; suppliers often specialize in commodities such as burgers, pizzas, and chicken." In this research, customers of international fast-food chains (such as McDonald's and KFC), as well as customers of local fast-food chains and

regional fast-food chains, were surveyed (such as Fry Chicks and Pizza Online, etc.). This study's survey questionnaire consists of seven sections and 19 items. Part 1 includes eleven demographic questions. Part 2 includes questioner related to FQ with six items derived from (Jang, Soocheong & Namkung, Young, 2009), price (4 items) (Xia, Lan & Monroe, 2004), service quality (4 items) (Jang, Soocheong & Namkung, Young, 2009), and PEQ has four items derived from (Jang, Soocheong & Namkung, Young, 2009), as well as customer satisfaction (3 items) (Kim, Taehee, 2008) and customer loyalty as cited in (Sohrabi, Shahla & Rahimi, Pouria, 2021). Data analysis consists of techniques and strategies for showing and logically organizing data in order to pose and answer questions. The researcher used descriptive, reliability and factor analysis to check the reliability of the data. Further researcher also used regression analysis by using SPSS software to test the hypothesis of the study.

4.0 Results

4.1 Demographic Analysis

Table 1: Frequency Analysis

Variables	Category	Frequency	Percentage
Gender	Male	135	78.0
	Female	38	22.0
Qualification	Bachelors	57	32.9
	Masters	51	29.5
Age	Others/Above masters	65	37.6
	25 years and below	48	27.7
	26-40	105	60.7
	40-above	20	11.6
Annual income	5lakhs to 10lakhs	124	71.7
	10lakhs to 15lakhs	22	12.7
	Above 15lakhs	27	15.6

According to the table, the majority of respondents are men with degrees higher than a master's degree. The findings also revealed that the majority of respondents were between the ages of 26 and 40. The results indicated that most of the respondent's annual income was between 5 lakh and 10 lakhs.

4.2 Reliability Analysis

Table 4.2: Reliability Analysis of the Tool

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Food Quality	18.2794	10.297	.337	.828
Service quality	18.3052	9.638	.540	.785
Price	18.5056	8.818	.678	.753
Physical Environment	18.2782	8.937	.580	.776
Customer satisfaction	18.3341	9.129	.651	.761
Customer loyalty	18.2435	8.783	.646	.760

The table indicated that all the items Cronbach's Alpha values are more than .70 which is a threshold according to multiple researchers. Thus, the researcher concluded that all items are reliable for further study.

4.3 Factor Analysis

Table 4.3 KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.729
Bartlett's Test of Sphericity	Approx. Chi-Square	427.668
	Df	15
	Sig.	.000

Table 4.3 indicated the factor analysis of the scale. The findings demonstrated that the KMO value is .729 which is higher than .50. Thus, the findings concluded that overall, the scale is reliable enough to conduct further analysis.

Regression Analysis (Model 4)

4.4 Model Summary

R	R-sq	MSE	F	df1	df2	p
.7797	.6079	.3036	51.7902	5.0000	167.0000	.0000

The R-square explains the prediction ability of the model. The preceding table shows that the R square value is.6079. It indicates that 61 percent of outcome variables can be explained by all independent variables.

Table 4.5 Coefficient

	Coeff	**se**	**t**	**p**	**LLCI**	**ULCI**
Constant	.2782	.2676	1.0396	.3000	-.2501	.8064
Food Qua	.1224	.0608	2.0140	.0456	.0024	.2424
Satisfaction	.6489	.0681	9.5347	.0000	.5145	.7832
Service	.1565	.0723	-2.1653	.0318	.2991	.0138
Price	.2053	.0745	2.7546	.0065	.0581	.3524
Location	.1356	.0610	2.2240	.0275	.0152	.2560

Outcome: Customer loyalty

Table 4.5 illustrates that all the predicted independent variables have a significant and positive effect on customer loyalty. Furthermore, according to the table, food quality has a significant and positive effect on customer loyalty (B=.1224 and P value 0.0456). Furthermore, the results show that customer satisfaction has a significant and positive effect on consumer loyalty (B=.6489 and P value = 0.000). Moreover, the findings indicated that service, price, and physical location of restaurants attract fast-food customers positively and thus enhance their loyalty.

5.0 Discussion and Conclusion

According to the results of this study, the quality of food, the level of service offered by the staff, and the fairness of pricing have a significant positive effect on the level of customer loyalty in fast-food restaurants. Consequently, consumers' expectations are realized at fast-food restaurants owing to the quality of the food, the service offered by the staff, and the fairness of the pricing, resulting in pleased customers. However, contrary to the results of previous research, the environment of fast-food restaurants has no substantial influence on the degree of consumer happiness (Carranza, 2018). As a consequence of the above discussion, it is feasible to conclude that the researchers reject the null hypothesis by asserting that the quality of food offered in fast food restaurants has a positive effect on customer satisfaction. In a quick-service restaurant, the level of customer satisfaction is directly proportional to the quality of service provided. The pricing structure of a fast-food restaurant may have a favourable effect on customer satisfaction. Both the restaurant's location and the restaurant itself influence the consumer satisfaction of fast-food enterprises positively (Ozdemir Guzel, 2020).

According to this study's results, which are consistent with those of previous research, customer pleasure improves customer loyalty. This conclusion implies that in order to build customer loyalty, fast-food companies must guarantee that all aspects of their consumers' interactions with them are positive. In addition, this result shows that in order for consumers to

remain loyal to a fast-food restaurant, the company must achieve customer satisfaction by achieving the criteria established by the customers, by being dependable and trustworthy, and by meeting their expectations. According to the first explanation, researchers invalidate the null hypothesis by asserting that a high degree of customer satisfaction has a significant, positive influence on a customer's level of loyalty.

This study's results shed light on the interconnected impacts of antecedents involved in the creation of client loyalty for fast-food enterprises. Findings indicated that fast-food restaurant owners and marketers must build proper branding to compensate for the lack of effect that the physical environment and quality of services have on consumer satisfaction. This may also result in greater client loyalty. It is feasible that the results of this study will be used in following studies using random sampling procedures, allowing statistical inferences to be drawn about the whole group. Second, the researchers that performed this study made no distinctions between local, regional, and international fast-food outlets. Therefore, future study might attempt to replicate these results utilizing a wider variety of fast-food restaurants.

Authors Contribution

Farhad Hussain: Conceived the presented idea and developed the theory literature search, study design, data collection

Muhammad Ayyub Arshad: Literature search, Methodology, proofreading and editing

Adan Sajjad: Drafting and data analysis

Conflict of Interests/Disclosures

The authors declared no potential conflicts of interest w.r.t this article's research, authorship, and/or publication.

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