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Factors Influencing Fast Food Restaurant Generation Y Customers' Retention in Selangor Malaysia

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Abstract

The purpose of thesis is to investigate customers' retention Generation Y towards fast food restaurants in Selangor, Malaysia. In this thesis, data was collected quantitatively where convenience sampling method was specially obtained through questionnaires on 512 participants who dine in fast food restaurants, Selangor, Malaysia. Multiple Regression and Pearson Correlation was applied to analyze three factors, which are food quality, service quality and restaurant environment that may influence the positive customers' experience. The results identify that the customers have passion to revisiting fast food restaurants due to the food quality, service quality and restaurant environment offered by them. This study offers the fast food restaurants to increase the understanding on customer retention among their actual and potential customers. All result of this thesis was used Statistical Package for the Social Sciences 22.

KEYWORDS:

Customer retention, Food Quality, Service Quality, Restaurant Environment, Fast Food Restaurant, Malaysia.

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The journey was made wonderful and smooth by all these great people.

DECLARATION BY CANDIDATE

I hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

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Table of Contents

Abstract 2
ACKNOWLEDGEMENT 3
DECLARATION BY CANDIDATE 4
Chapter One: Introduction 10
1.0 Overview 10
1.1Background/ Rationale of Study 10
1.1.1 Fast Food 10
1.1.2 Fast Food Industry in Malaysia 12
1.1.3 Generation Y in Malaysia 15
1.2 Problem Statement 16
1.3 Research Objectives 20
1.3.1 General Objective 20
1.3.2 Specific Objectives 20
1.4 Research Questions 23
1.5 Significance of the Study 23
1.6 Scope of Study 23
1.6.1 The Geographical Focus of the Study 23
1.6.2 The Research Methodology 24
1.7 Limitations of Study 25
1.7.1 Sample Size Limitation 25
1.7.2 Geographic Limitation 25
1.7.3 Analysis Technique Limitation 25
1.7.4 Unit of Analysis Limitation 25
1.8 Operational Definitions 26
1.9 Organization of Chapters 27
Chapter 2: Literature Review 28
2.0 Introduction 28
2.1Literature Review 28
2.1.1 Food Quality 28
2.1.1.1 Food Freshness 31
2.1.1.2 Food Presentation 32
2.1.2 Service Quality 32

2.1.2.1 Service Reliability 34
2.1.2.2 Service Responsiveness 34
2.1.3 Restaurant Environment 35
2.1.3.1 Cleanliness 38
2.1.3.2 Ambient Scent 38
2.1.4 Customer Satisfaction 39
2.1.5 Customer retention 42
2.1.6 Generation Y 44
2.1.7 The Characteristics of Generation Y 45
2.2 Commentary of Corresponding Theoretical Models 47
2.3 Proposed Conceptual Framework 49
2.4 Hypotheses Development 50
2.4.1 The Relation among Food Quality as well as Customer Retention 50
2.4.2 The Relation among Service Quality as well as Customer Satisfaction 51
2.4.3 The Relation among Restaurant Environment as well as Customer Retention 53
2.5 Conclusion 54
Chapter Three: Research Methodology 55
3.1 Overview 55
3.2 Research Design 55
3.3 Unit of Analysis 56
3.4 Sampling Plan 56
3.5 Data Collection 56
3.6 Measurement Instruments 57
3.6.1 Factor Analysis and Reliability Tests 59
3.6.2 Pilot Testing 60
3.7 Questionnaire Design 61
3.8 Data collection and Analysis method 64
3.9 Ethical Limitation 67
3.10 Chapter Summary 67
Chapter Four: Research Findings 69
4.0 Introduction 69
4.1 Response Rate 69
4.2 Description Analysis 70
4.2.1 Descriptive Statistics 73
4.3 Preliminary Data Analysis 74

4.3.1 Reliability Test 75
4.3.2 Factor Analysis 76
4.3.3 Correlations Analysis 79
4.3.4 Multiple Regression Analysis 80
4.4 Hypotheses Testing 82
4.5 Findings and Discussion 83
4.5.1 Food Quality 84
4.5.2 Service Quality 85
4.5.3 Restaurant Environment 87
4.5.4 Findings Summary 88
4.5.5 Chapter Summary 88
Chapter Five: Conclusion and Recommendation 89
5.0 Chapter Overview 89
5.1 Overview of findings 89
5.2 Contribution 90
5.3 Recommendation 91
5.4 Limitation 92
5.5 Future Research 93
5.6 Personal Reflection 93
References 95
APPENCIES 113

000296

List of Tables

Table 1.1: Fast Food Market Segments and Circumscription

Table 1.2: Fast Food Restaurant in Malaysia by Total Outlets

Table 1.3: Personal and Lifestyle Characteristics by Generation

Table 1.4: Operational Definitions

Table 2.1: Outline of Food Quality Measurements and Antithesis from the Past Researches

Table 2.2: Parts of the Physical Environment

Table 3.0: Guideline of MSA

Table 4.1: Summary of research response rate

Table 4.2: Demographic profile of participants

Table 4.3: Descriptive Statistics on Variables

Table 4.4 Summary of the dependent variable and independent variables

Table 4.5: Summary outcome of reliability test

Table 4.6: KMO and Bartlett's Analysis for Food Quality

Table 4.7: KMO and Bartlett's Analysis for Service Quality

Table 4.8: KMO and Bartlett's Analysis for Restaurant Environment

Table 4.9: Total Variance Explained for Food Quality

Table 5.0: Total Variance Explained for Service Quality

Table 5.1: Total Variance Explained for Restaurant Environment

Table 5.2: Total Variance Explained for Customer Retention

Table 5.3: Correlations between Independent Variables with Dependent Variable

Table 5.4: Model Summary

Table 5.5: ANOVA

Table 5.6: Coefficients

Table 5.7: Summary of Research Objectives, Hypotheses and Results

List of Figures

Figure 2.1: Influence of Institutional DINESERV on Customer Retention

Figure 2.2: Factors Influencing Fast Food Restaurant Generation Y Customers' Retention in Selangor, Malaysia

ABBREVIATIONS

A	Agree
MBA	Master of Business Administration
Mgt	Management
D	Disagree
N	Neutral
SA	Strongly Agree
SD	Strongly Disagree
Sig	Significant
SPSS	St

Chapter One: Introduction

1.0 Overview

This topic wills current the overview of the whole research project. The objective of this research is to comprehend the fast food restaurants Generation Y customers' retention. Research background, problem statement, research objectives, research questions, hypotheses of the study, significant of the study, chapter layout and conclusion are the eight components of the studies. Research background, problem statements and objectives will be first component for this study to give a fundamental comprehending of the overall study. Next, the research questions provide arguments and inquiries which required inspecting for even more investigation. The proposed conceptual framework will be developed by hypotheses. The importance and contribution of the study will be explained by significance of the study. Finally, chapter layout of the thesis will be defined as well as finished with conclusion.

1.1 Background/ Rationale of Study

1.1.1 Fast Food

Nowadays is the period of fast food chains. Fast food restaurants are everywhere as well as prospective to be extending and evolving over the years. Kim, Hertzman and Hwang (2010) state that the reasons of the fast food restaurants are comparatively inexpensive costs and quick and convenient service; "home away from home" are the fast food restaurants have become for breakfast, lunch and dinner. Moreover, the number of people chooses fast food would result the hectic lifestyle in the modern world as their regular dining choice.

Habib, Dardark and Zakaria (2011) mentioned that fast foods are readily available, reasonably priced, quickly prepared as vary to home cooked food.

"Oxford Dictionary" determined fast food as food that can be prepared quickly and easily and is sold in restaurants as well as snack bars as a quick meal or to be taken out. In other words, before being served it is the food that provides little preparation. Apart from Data Monitor (2005) concerned that determined fast food as food and drinks for directly consumption possibly on the premises or for consumption elsewhere. This is similar to Ali, Aw and Chuah (2012), the conception of fast food is to offer customers easy and convenient as well as instantaneous meals, served and consumed without spending much time in waiting the food.

In addition, Abdul Rahman and Syed Omar (2009) confirmed that fast food restaurant as equipments where food is served to customers from a self-service counter or a drive through window, where the food may be prepared in promote or cooked to order. Simultaneously, this is accepted by Goyal and Singh (2007), fast food restaurants' characteristics can be classify into six primary groups that would affect the retention to revisit fast food restaurant. It concludes the price and location, service speed, ambiance and hygiene, food taste and quality, and variety of food offered by the restaurant. Furthermore, fast food market circumscription can be separated into four particular food service segments as shown in Table 1.1.

Table 1.1: Fast Food Market Segments and Circumscription

No.	Fast food market segments	Circumscription
1	Quick Service Restaurants (QSR)	A place where major performance is to offer full meals however where table service is not provided.
2	Takeaways	Setting that offer freshly prepared food for directly consumption as well as

		where representatively 80% or more of revenues come from customers who take the food without the premises to spend.
3	Mobile and street vendors	Maybe individual mobile stalls or vans that provide a limited scope of freshly prepared food and beverages.
4	Leisure places	Places serving food and drinks for directly consumption on premises in the process of leisure restaurants that the leisure manipulators possess as well as manipulator itself.

Source: Data Monitor (2007)

1.1.2 Fast Food Industry in Malaysia

Traditionally, Malaysians choose their possess meal as compared to fast food. Most of them cook and eat at home rather than dine at restaurant. No more than French and Story (2011) stated that currently there are several alters in customer trends, that raising the popularity of eating outside, and consequently fast food restaurant is evolving further rapidly.

In beginning, Habib et al., (2011) provided that the reason of cultural mismatch for fast food faced challenges in getting acceptance by Malaysian customers. Thereby, comprehending culture in Malaysia for marketers put efforts to solve this issue. Marketer excluding pork from their fast food menu as an instance. Currently, Habib et al., (2011) agreed that fast food industry is

being suited to Malaysian food requirement as well as it is generally by public and getting famous in the process of the country.

Pingali (2006) informed that fast food is obtaining commitment in Malaysia because there is clear raising deviation for Malaysian to utilize western styles of food consumption includes burgers and fried chicken particularly students and office workers. Chris and Hazrina (2011) moved that the demand of fast food is rising due to numerous factors. For example, this may concludes the changing lifestyle, changing in consumer tastes and preferences and the growing of middle class population.

According to UC Davis (2011), the study illustrates that fast food dining becomes more general as make a profit rising from low to middle incomes. Fast food restaurants are even famous within the second as well as middle income population (Morland, Wing, Diez and Poole, 2012). Habib et al., (2011) averred that the increase of disposable income affect customers to spend fast food.

Therefore, the reason of taste and preferences of customers change because of the affects includes growing cultural and ethnic diversity, exposure when travel overseas and cooking programs. Richardson and Aguir (2013) stipulated that these factors have extended the customer's taste and preferences that make customers undertake in fast food market.

Moreover, with current's busy lifestyle, most of them will spend fast food within working hour as it is measured as time saving products. Mark (2009) stated that it is also the thesis provided that customers currently provide quick and convenient meals. The reason is because customers do not want to spend much time in preparing meals or waiting for meals when dining in restaurants. Thence, customers depend heavily on fast food.

Evidently, Habib et al., (2011) provided that the fast food industry in Malaysia have dominated by American franchises. It refer Appendix 1.1 stated that concludes Burger King, A&W, Domino's Pizza, Subway, MarryBrown, Pizza Hut, McDonald's, Kentucky Fried Chicken (KFC) and others fast food industry. These fast food brands have gain popularity among Malaysian. Thence, if compared to American franchises the local fast food gain small market share. Based on Fast Food Consumption Trend in Malaysia (2016) research, the study shows MarryBrown is the first local fast food brand which operated in 1981 whereas the most successful local fast food brand is "Ayamas".

Table 1.2: Fast Food Restaurant in Malaysia by Total Outlets

No.	Restaurant brands	Number of outlets (year 2010)	Number of outlets (year 2016)
1	KFC	494	609
2	McDonald's	196	400
3	Pizza Hut	208	366
4	MarryBrown	100	134
5	Subway	47	120
6	Domino's Pizza	46	67
7	A&W	43	63
8	Burger King	22	50

Adapted from: Lee (2016)

Table 1.2 illustrates that the number of fast food outlets in Malaysia rising by 653 outlets from year 2010 to year 2016. Within all of the brands, KFC have the most outlets in Malaysia and thus KFC is leading the fast food industry in Malaysia. As a result, the demand of fast food is rising and the fast food restaurants seem to be evolving and becoming further competitive over years. Fast food restaurants have become choice for dining in Malaysia concludes families, working people, friends to hang out or even revision places for students.

1.1.3 Generation Y in Malaysia

Generation Y is a group of people born at once after Generation X and it is defined to the dot.com generation, eco boomers and millionaires. However, there are various discrepancies and debates on the age range of Generation Y. Some researchers have approved Generation Y to be those born 1980 and 1996 (Rugimbana, 2006). According to Department of Statistics Malaysia (2016) affirmed that Generation Y accounts in Malaysia for 12.68 million out of 31.7 million which is 40% of Malaysia's population. Generation Y makes up the largest segment of Malaysia's population compared with other generations.

Table 1.3 Personal and Lifestyle Characteristics by Generation

	Generation X (1965-1979)	**Generation Y (1980-1999)**
Core Value	Skepticism Fun Informality	Realism Confident Extreme fun Social
Communication Media	Cell phones Call me only at work	Internet Picture phones E-mail
Dealing with Money	Cautions Conservative Save, save, save	Earn to spend
Education	A way to get there	An incredible expense
Family	Latch-key kids	Merged families

Source: Fairleigh Dickinson University Magazine, 2005

"As a generation with high buying power" are viewed by Generation Y as they have annual incomes totalling USD211 billion and spend USD39 billion per year. In year 2015 Generation Y will account for approximately USD2.45 trillion in annual spending. Generation Y is the key market segment because of eating habits and lifestyle in fast food industry. Moreover, Generation Y is always