



The Antecedents in Forming Loyalty in the Fast-Food Industry

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Abstract. The fast-food industry is one of the fastest-growing industrial sectors. However, as the market grows, more and more competitors are entering this industry. With the increasing number of choices, it is difficult for companies to maintain consumer loyalty. Therefore, this study investigates the factors that affect satisfaction and loyalty. Data were collected using a self-administered survey of 216 respondents. Data analysis in this study used SEM. The results of this study are three supported hypotheses and two unsupported hypotheses.

Keywords: Food Quality · Price · Location · Service Quality · Satisfaction · Loyalty

1 Introduction

Consumer perception of an item or service is an essential part that marketers consider because it can influence consumer attitudes and actions. In service industries such as fast-food restaurants, loyalty is the main goal that must be achieved because loyalty can directly affect the sustainability and profitability of the company [1]. Loyal consumers can increase the opportunity to buy repeatedly and even voluntarily do WOM [2]. Maintaining loyalty in fast-food restaurants is not easy because this industry has many competitors and is usually very competitive in price. Especially if the economic conditions are bad, the players in this industry try to decrease prices so that buyers do not switch to other places. From the consumer's point of view, different price offers significantly affect the consumer's intention to buy a product [3]. However, if the consumer is satisfied, the consumer's tendency to switch will be less. Therefore, satisfaction and loyalty must be appropriately maintained.

The way to maintain satisfaction is to understand the factors that influence satisfaction. One of the factors that companies must pay attention to is service quality. Service is an integral aspect of this industry. Customers who come to a restaurant expect to get good service. Service quality will affect customer satisfaction which can simultaneously affect consumer loyalty [4].

According to [5], consumers coming to a restaurant receive services and a set of benefits, such as offers about food and drinks and the restaurant's atmosphere. Consumers are concerned about the quality of the food and beverages offered in making

food purchase decisions because they are very concerned about what they will eat [6]. In addition, the built atmosphere and location are also determinants of consumer decisions to buy products [7]. Identification of the components that can satisfy these customers is essential to study so that they can return to the restaurant and the company to gain loyalty. Therefore, the discussion on this matter is still fascinating to discuss. This study is a replication study of [8] and aims to determine the factors that influence consumer loyalty through the mediation of consumer satisfaction.

Some of the contributions of this research are as follows. First, it will discuss the problem of customer loyalty in the fast-food restaurant business. This insight will help managers and researchers to be able to understand the problems related to customer satisfaction in the fast-food restaurant business. This insight will undoubtedly guide customer satisfaction and its potential significant influence on customer loyalty. Without a clear understanding of the factors of satisfaction and the role of satisfaction with customer loyalty, we cannot expect a broad application of consumer behavior assessment in practice or research. Finally, it will remind practitioners to stay focused on the service industry's ultimate goal (customer loyalty).

1.1 The Effect of Food Quality on Satisfaction

Customer satisfaction is often an indicator of company performance because it determines consumer loyalty and repeat purchases. However, customer satisfaction is often based on the consumer's experience while interacting with the company [1]. This means that consumers' various aspects strongly influence customer satisfaction. [2] argues that food quality is one of the determinants of consumer satisfaction and service quality. Several studies showed that people care about the quality of the products they eat [3]. Food quality is not just an assessment of the taste of food but also the presentation and use of fresh ingredients [4, 5]. Previous research has shown that food quality can increase the opportunity to purchase products repeatedly and can simultaneously affect consumer satisfaction [6–7]. In the context of a restaurant, food quality and service quality are complementary aspects, which means that good service without good quality food will not lead to customer satisfaction. Meanwhile, combining these two aspects will increase customer satisfaction [4, 8]. Therefore, the formulation of the hypothesis is as follows:

H1. Food quality has a positive impact on customer satisfaction in a fast-food restaurant.

1.2 The Effect of Price on Satisfaction

From the consumer side, price is the exchange of several values paid for goods/services received [9]. This means that the price is closely related to the sacrifice for consuming several goods or services. Pricing is crucial because it will shape consumer perceptions [10]. Price sensitivity is highly dependent on customer satisfaction/dissatisfaction responses [11]. Customers are not only affected by the price set, but they also compare comparative and subjective judgments [2]. If the value perceived by the customer is equal to or higher than the value of the money spent and vice versa, the consumer will feel satisfied [9, 12, 13]. The effect of price on high or low satisfaction is also influenced by several factors such as discount prices, special offers, etc. This is because supply factors

such as discounts, special offers, etc., will affect the perception of the exchange of the value of goods or services with the value of money paid. Most people are very vulnerable to the price set [14]. An increase or decrease in the price applied can cause an instant reaction to the number of requests for specific products or services. In the context of a restaurant, the customer's instant reaction to the demand for goods or services can be seen when there is a discount/special offer. Offering the right price can affect consumer satisfaction [15]. Therefore, the hypothesis is formulated as follows:

H2. Price has a positive effect on customer satisfaction in a fast-food restaurant.

1.3 The Effect of Location on Customer Satisfaction

Customer satisfaction is a common topic often discussed in various marketing literature [2, 16–18]. This understanding is based on the belief that customers must be satisfied so that the company gets sustainability and profitability [18] because customer satisfaction is often a benchmark for whether a marketing activity is successful. If the customer is satisfied, then the possibility of the customer repurchasing will be even more significant and vice versa. Customer satisfaction is also positively related to an increase in company profitability. So, customer satisfaction is often the main focus of businesses. Customer satisfaction, especially in a restaurant, is also influenced by the environment and location. A comfortable environment (layout, design, and lighting) is often one of the determining factors in consumer selection of a restaurant [19–21]. If the environment is comfortable for consumers, the time spent by consumers will be more. This will positively affect the assessment of consumer satisfaction and repeat purchases [3, 5]. Location and environment are essential factors determining consumer selection, so both must be designed to increase positive impressions and satisfaction. Therefore, the hypothesis is formulated as follows:

H3. Favourable customer perception of restaurant location affects satisfaction.

1.4 The Effect of Service Quality on Satisfaction

The consumer's decision to choose a product usually depends on the perception of the product/service offered and whether the product service can meet their needs. Service satisfaction refers to the results of consumers' consistent assessment of the perceived service [22]. According to [23], service quality is an essential factor because current customers already have sufficient knowledge about the level of service. Companies must be able to give extra attention to the services offered to get extra satisfaction that encourages customer loyalty. Consumers will only feel satisfied when they receive quality services, and this customer satisfaction will ultimately impact loyalty and repeat purchases [24, 25]. Satisfied consumers will be less responsive to competitors' offers. [24, 26, 27] also found that service quality is a precursor to customer satisfaction, especially in service-based industries. According to [28], service quality and customer satisfaction have been recognized as having an essential role in the progress and resilience of today's market. Therefore, the hypothesis is formulated as follows:

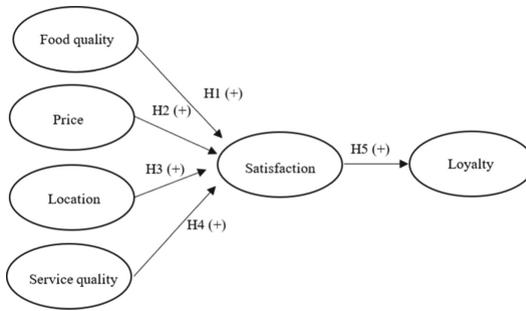


Fig. 1. Research Model

H4. Service quality has a positive impact on customer satisfaction in a fast-food restaurant.

1.5 The Effect of Satisfaction on Loyalty

Consumer satisfaction is closely related to consumer responses to what the company promises with the reality of the performance provided [29]. Specifically, customer satisfaction is a combination of the results of cognitive and affective experiences to obtain customer satisfaction. When customer satisfaction is achieved, then customers will want to buy more, make repeat purchases, and convey word of mouth [1, 12]. In the context of a restaurant, loyal customers have a strong emotional bond that will make them remember the restaurant and can even make customers become the restaurant's brand advocates [30]. In line with these studies, several studies stated that there is a positive relationship between customer satisfaction and loyalty [1, 23, 29]. Therefore, the hypothesis is formulated as follows:

H5. Customer satisfaction has a positive impact on loyalty (Fig. 1).

2 Research Methods

This study used a self-administered survey. The sampling was selected using the judgmental sampling method by setting several criteria, including 1. Have bought and eaten at fast-food restaurants, 2. Have purchased more than 1x. The data collection results show that of 216 respondents, 51.6% were males and 48.4% were females. Most respondents have eaten at McD (71.9%); KFC (20.9%); Burger King (4.2%); and A&W (3.7%). The measurements in this study were adopted from several studies [4, 17, 31–35]. This study was analyzed using SEM.

3 Results and Conclusion

This study looks at the standard value of loading on the CFA model to measure the validity. The standard loading for each item in this study has met the standard of 0.5, so

it can be said that each measurement item in this study is valid. In addition, in this study, the AVE value is 0.5. The reliability value is seen from the CR value.

Table 1 shows that the CR value is 0.7, which means that the measurement items in this study are reliable. Furthermore, the GOF values in this study are as follows: $2/df = 2.197$, $RMSEA = 0.075$, $NFI = 0.97$, and $CFI = 0.98$). All GOF values in this study have met the requirements. Furthermore, the GOF in hypothesis testing is as follows: $2/df = 2.197$, $RMSEA = 0.075$, $NFI = 0.97$, and $CFI = 0.98$). While the hypothesis testing using t-value can be seen in Fig. 2.

The t-value ≥ 1.96 . In this study, there are two unsupported hypotheses, namely H1 and H3 (Table 2).

Table 1. AVE and CR

Construct	Item	Loading	AVE	CR
Food quality	FQ2	0.78	0.53	0.82
	FQ3	0.71		
	FQ4	0.61		
	FQ5	0.74		
Price	P1	0.76	0.50	0.80
	P2	0.67		
	P3	0.74		
	P4	0.66		
Location	L1	0.83	0.61	0.86
	L2	0.77		
	L3	0.84		
	L4	0.67		
Service quality	SQ1	0.84	0.58	0.84
	SQ2	0.86		
	SQ3	0.73		
	SQ4	0.59		
Satisfaction	SAT1	0.84	0.67	0.89
	SAT2	0.81		
	SAT3	0.91		
	SAT4	0.70		
Loyalty	LOY1	0.90	0.75	0.92
	LOY2	0.92		
	LOY3	0.76		
	LOY4	0.88		

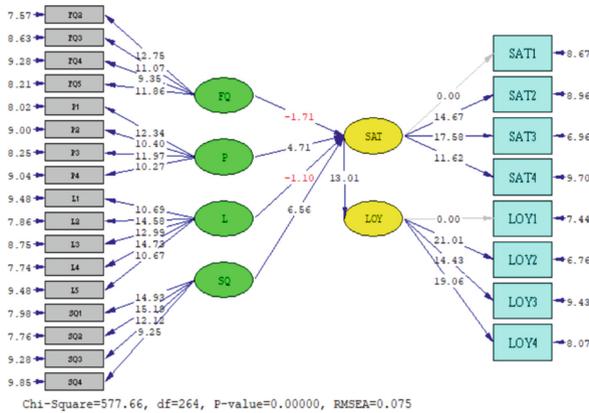


Fig. 2. Hypothesis Testing

Table 2. Hypothesis Testing Results

Hypothesis	Effect	Estimate	T-value	Results
FQ to SAT	positive	-0.18	-1.71	Not supported (H1)
P to SAT	positive	0.47	4.71	Supported (H2)
L to SAT	positive	-0.12	-1.10	Not supported (H3)
SQ to SAT	positive	0.80	6.46	Supported (H4)
SAT to LOY	positive	0.82	13.01	Supported (H5)

The study results indicate that food quality and location do not significantly correlate with satisfaction, so hypotheses 1 and 3 are not supported. Meanwhile, price and service quality have a relationship with satisfaction, so H2 and H4 are supported. Loyalty satisfaction also has a positive and significant relationship, so hypothesis 5 is supported.

There are two interesting results in this study: food quality and location do not affect satisfaction. Food quality has no impact on satisfaction because this must be seen from the cause. Food quality, in general, does affect satisfaction, but this is not always the case. This is because the object in this study was fast-food restaurants, where fast food is widely known as junk food. In addition, fast food also has a reasonably high cholesterol content which can affect the health of the body [36]. So it can be said that the quality of the food contained in fast food is poor, even though fast-food restaurants have a relatively good standard operating procedure to maintain the food quality.

In addition, location does not affect satisfaction. Although the location of fast-food restaurants is always attractive and strategic, this does not always impact satisfaction. The increasing trend of online purchases that make it easier and provide convenience to consumers makes the location and ambiance of a comfortable restaurant less pronounced. The implications of this research are to form loyalty; one must pay attention to price

and service quality because this dramatically affects satisfaction. Meanwhile, for a fast-food restaurant, food quality must be maintained, and some strategies need to be carried out increase perceptions of food quality so that they are perceived better by adding food ingredients that are perceived as healthy, for example, adding organic elements or replacing healthier food processing methods with the use of organic ingredients. Technology, for example, with the air fryer. In addition, although the location in this study does not affect satisfaction, it does not mean it is not essential. An excellent and easy-to-reach location is critical, but with this online buying trend, companies have the opportunity to optimize sales. For example, a certain number of online purchases will get vouchers for dine-in, which will make consumers feel satisfied.

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