

# The analysis of logistics at McDonald's Restaurant Denpasar Bali

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**ABSTRACT:** This study aims to analyze the difference and effect of McDonald's' delivery order logistics service on customer satisfaction and loyalty based on individualist and collectivist perception. Customer satisfaction and loyalty is a fundamental element for a company to face competition in order to ensure the company is sustainable. This research uses the measurement of four logistic service quality dimensions. Those dimensions are reliability, caring responsiveness and assurance. The method used was difference test and simple regression linear processed with SPSS software. Data collected directly from 200 respondents who used McDonald's delivery service from Germany, Australia, United States, France, and Indonesia. The results of this study indicated that there are differences and influence of McDonald's delivery order service on customer satisfaction and loyalty, both for individualist and collectivist customers. Therefore, McDonald's should improve the quality of its services operationally and relationally.

**Keywords:** logistics service quality, customer satisfaction, loyalty, individualist, collectivist

## 1 INTRODUCTION

In parallel with the rapid development of today's business industry and the increasing customer needs, all business wanting to succeed and survive in the midst of increasingly fierce market competition. All business attempts to survive and sustain as well as generate profits as much as possible. Market development that evolves from time to time, especially in this globalization era is now demanding a business to improve service in various fields.

According to Jayaran & Tam (2010), logistics service quality is part of the marketing of products that the company offers to deliver the right amount of products, at the right place, the right time and at the right price with the right information. Development of national logistic system according to the Presidential Regulation no. 26, 2012, logistics is defined as part of the supply chain that handles the flow of goods, information and money through procurement, warehousing, transportation, distribution and delivery order services.

Delivery of the product (delivery) is the core activity of logistics to move the goods or shipment

from one point of origin to the destination point. In relation to e-commerce organizational transactions and physical distribution, it is essential to distinguish between customer-related activities such as order receipt, sales, marketing and the shipping processing of the ordered products (Mentzer, T.M & William, L.R 2001). One way for company to develop logistics service quality is by delivery order system. Delivery order service is one strategy that can be implemented to meet customer needs and increase sales turnover. It is quite effective to make the company closer to the customers and make it easier for customers to meet their needs, while, customer complaints can be overcome due to good relationship and mutual trust (Lovelock & Wirtz 2005).

Changes in people's lifestyle resulted in the habit of society that prefers anything instant, one of them is by having delivery order in the purchase. Some countries studied the delivery logistics service quality such as Spain (Gill-Saura, Ruiz-Molina, & Servera-Frances 2008, Gill-Saura, Servera-Frances, Berenguer-Contrí & Fuentes-Blasco 2008, Gill-Saura et al. 2010), United States (Mentzer, Flint & Kent 1999, Mentzer, Flint & Hult 2001) and China (Feng

et al. 2007). According to Hofstede (2001), cultural dimensions are to help explaining the value of some cultures and how they affect the work environment, organization and group behavior. According to Geert Hofstede, there are five different cultural dimensions: power distance, individualism, masculinity, and uncertainty avoidance, long-term orientation Hofstede (1991), Obligasi et al. (1987). Individualist relates to being himself and close family (Hofstede 2001). Meanwhile, collectivistic culture is a greater orientation to act as a member of the group and expect others in the group to help and support each other.

Changes in people's lifestyle and today's business development also encouraged people to use technology more. A food and beverage culinary business is an example of today's business that uses delivery order system to accomodate people's lifestyle. Culinary business is considered to be the current trend because it can also be developed and managed further by the owners with promising profitable revenue (<http://industri.bisnis.com>). Besides profitable, this business accommodates the society demand on foods so that culinary business is growing. Based on the 5 "Top Ten Global Franchises" figure, McDonald's is in the top three along with Subway, McDonald's and KFC. McDonald's is one of the largest fast food chain restaurants in the world with 3000 outlets spread across 121 countries worldwide ([www.mcdonalds.com](http://www.mcdonalds.com)) and 128 outlets. The research scope is the difference and the influence of the McDonald's delivery order logistics service quality to satisfaction and loyalty based on individualist and collectivist perception. The research purpose is to know the difference and the influence of the McDonald's delivery order logistics service quality to satisfaction and loyalty based on individualist and collectivist customers.

## 2 RESEARCH METHODS

This study used causal comparative study because it compared two or more groups of a particular variable. This study aims to analyze the difference and effect of McDonald's delivery order logistics service on customer satisfaction and loyalty based on individualist and collectivist perception measured from 2 perspectives namely reliability (operational LSQ), caring responsiveness, assurance (relational LSQ) to satisfaction and loyalty.

Data source used in this research was primary data. Primary data sources used were data sources obtained from the distribution of questionnaires directly to respondents to know and obtain information about respondents' perceptions on the McDonald's logistics service quality. The distribution of ques-

tionnaires was conducted in Surabaya and Bali, but particularly for McDonald's delivery order was not only in Bali or Surabaya but also in the country of origin of each respondent.

The measurement scale in this study used interval scale where the same distance between one another represents relative and homogeneous values. Likert scale is a scale that shows how strong the level of agreement or disagreement towards a statement (McDaniel & Gates 2013).

The research variable formation used Confirmatory Factor Analysis to test the suitability of the model and for data processing used T-difference test (Independent Sample Test), Kruskal-Wallis test and simple linear regression.

## 3 RESULTS AND DISCUSSIONS

Prior to testing the difference in perceptions about the logistics service quality, authors first tested confirmatory factor analysis to determine the dimensions of the appropriate logistics service quality. Whereas, from the 11 existing indicators on logistics service quality, 2 new factors were named as operational LSQ consisting of 8 question items and relational LSQ consisting of 3 question items.

The analysis of questionnaire items have result that the Pearson product-moment correlation resulted in correlation coefficient value between items and grand total is greater than 0.50 and significance value less than 0.05. Thus, the confirmation validity has been fulfilled. Meanwhile, the values of cronbach alpha are 0.931 and 0.984 which greater than the provision of 0.60, which signifies that reliability has also been met. It then tested the difference to indicate that individualist customers tend to demand for operational services on McDonald's delivery orders. Meanwhile, collectivist customers have a better average with a score of 5.080 on the perception of relational logistics service quality with a score of 5.477. These results suggest that collectivist customers tend to demand for services that are caring, assurance and responsiveness of McDonald's delivery order service.

The analysis of variance testing on the operational and relational logistics service quality which resulted in the significance value of F test indicates a significant difference of operational and relational logistics service quality dimension based on sample group. The average individualist customer has a better perception of 5.216 than the collectivist customer with 4.596 in the operational logistics service quality dimension.

Regression testing was conducted to test the research hypothesis. This test was conducted to analyze the influence of McDonald's delivery order lo-

logistics service on customer satisfaction based on individualist and collectivist perception.

The adjusted R Square value resulted from SPSS was in range between 0.503 until 0.544 which indicates that the perceived diversity of individualist group' satisfaction perception can be explained by the operational and relational LSQ perceptions of 50.3% until 54.4%, while the rest is influenced by dimensions other than operational and relational LSQ. From the results we know that between the two variables that have the greatest influence on satisfaction or loyalty from the individualist is the relational LSQ dimension.

Hypothesis testing for values used to determine the difference and influence between independent variables with dependent variable can be described as follows:

- a.  $H_0: \beta = 0$ , there is no significant difference of logistics service quality on individualist and collectivist  
 $H_1: \beta \neq 0$ , there is a significant difference of logistics service quality on individualist and collectivist
- b.  $H_0: \beta = 0$ , the regression coefficient is not a significant estimator or the quality of service does not have a significant effect on McDonald's customer satisfaction and loyalty based on individualistic and collectivistic cultures.  
 $H_1: \beta \neq 0$ , the regression coefficient is a significant estimator or the quality of service has a significant effect on McDonald's customer satisfaction and loyalty based on individualistic and collectivistic cultures

Testing criteria:  $H_0$  is rejected or  $H_1$ , accepted if the significance of the research result  $\leq 0.05$ .

Based on the processing result, it is known that the significance of the research result is  $<0.05$  i.e. 0.000,  $H_0$  is rejected or  $H_1$  accepted at 5% significance level. So it can be concluded that there is a significant difference between individualistic and collectivistic cultures. The regression coefficient is a significant estimator of McDonald's customer satisfaction and loyalty.

#### 4 CONCLUSION

The results of the logistics service quality on delivery order resulted in a significant result on the difference between individualist and collectivist. Hence, individualist customers have better perceptions than collectivist customers on the operational dimension of logistics service quality. These results indicate that individualist customers demand more for operational services on delivery orders. Collectivist customers are better than individualist customers

on relational dimensions of caring, assurance, and responsiveness.

Based on the research result of individualist and collectivist customer regression coefficient on logistics service quality dimension to customer satisfaction, it is known that the individualistic culture has the greatest effect on relational dimension while collectivistic culture has an effect more on operational dimension. For the results of regression analysis of individualist and collectivist on logistics service quality dimension to loyalty, it is known that the individualistic culture has the greatest effect on relational while the collectivistic culture has the greatest effect on operational.

Based on the research results, it can be seen that the responses of respondents have the lowest score, thereby, McDonald's should make improvements starting from adding more vehicles and adding employees who serves delivery officers. Considering some problems that frequently occur and the ability of employees to handle the problems, McDonald's should provide training to employees concerning the importance of service quality in order to make them realizing that the excellent delivery service will affect customer satisfaction and make them come back to McDonald's.

The research conducted was to discuss about McDonald's delivery order service. For further research, it is recommended to do research on the logistics service quality on delivery order on other fast food companies.

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Table 1  
Analysis of Variance (ANOVA)

Sum Of Square	Mean		F	Sig
	Indivi- dualist	Collec- tivist		
Operational LSQ				
Between Groups	19.220	5.216	4.596	17.078
Within Groups	222.835			0.000
Relational LSQ				
Between Groups	7.867	5.080	5.477	4.515
Within Groups	344.972			0.035

Source: Data processed by SPSS, 2017

Table 2  
Regression Analysis with Satisfaction as Dependent Variable  
(Individualist Sample)

Dimension	Unstandardized Coefficient	Std Error	Standard Coefficient	t	Sig
Operational LSQ	0.398	0.125	0.289	3.181	0.002
Relational LSQ	0.466	0.085	0.499	5.500	0.000
<i>Adjusted R Square</i> = 0.503      F = 51.186      Sig F = 0.000					

Source: Data processed by SPSS, 2017

Table 3  
Regression Analysis with Loyalty as dependent variable  
(Individualist sample)

Dimension	Unstandardized Coefficient	Std Error	Standard Coefficient	t	Sig
Operational LSQ	0.401	0.155	0.227	2.593	0.011
Relational LSQ	0.686	0.105	0.575	6.563	0.000
<i>Adjusted R Square</i> = 0.537      F = 58.448      Sig F = 0.000					

Source: Data processed by SPSS, 2017

Table 4  
Regression Analysis with Satisfaction as dependent variable  
(Collectivist sample)

Dimension	Unstandardized Coefficient	Std Error	Standard Coefficient	t	Sig
Operational LSQ	0.658	0.131	0.472	5.016	0.000
Relational LSQ	0.401	0.121	0.313	3.324	0.001
<i>Adjusted R Square</i> = 0.506      F = 51.647      Sig F = 0.000					

Source: Data processed by SPSS, 2017

**Table 5**

Regression Analysis with Loyalty as dependent variable  
(Collectivist sample)

<b>Dimension</b>	<b>Unstandardized Coefficient</b>	<b>Std Error</b>	<b>Standard Coefficient</b>	<b>t</b>	<b>Sig</b>
Operational LSQ	0.674	0.139	0.437	4.835	0.000
Relational LSQ	0.537	0.128	0.379	4.194	0.000
<i>Adjusted R Square</i> = 0.544      F = 50.090      Sig F = 0.000					

Source: Data processed by SPSS, 2017