

# EXPLORING THE RELATIONSHIP BETWEEN CUSTOMER'S EXPERIENCE AND CUSTOMERS' RE-PATRONAGE INTENTION

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**Abstract** - In the global competition nowadays, customer experience becomes a new focus for every business owner. Repeat customers are of paramount importance for it to ensures continuous business growth of the firm and hence, business profitability. The purpose of this study is to examine the relationship between customers experience and repeat patronage (re-patronage) intention among existing customers. The study was conducted quantitatively, in which convenience sampling method was chosen in collecting data at chosen local fast-food restaurants. 289 questionnaires were collected and the findings were analysed using Predictive Analytics Software (PASW) version 21.0. The results show that positive experience faced by customers will develop memorable moments and increase their intention to make a repeat purchase/dining at their favorable restaurants. Overall, this study suggested that a fast food restaurant should focus on its delivering services to the customers and simultaneously enhancing the other qualities in order to capture long-term relation with customers.

**Keywords:** Re-Patronage Intention, Customers Experience, Fast-food Restaurant

## 1. Introduction

In the global competition nowadays, customer experience becomes a new focus for every business owner. It is believes that, the customer experience is one of the important elements of the company success (Klaus et al., 2013). Even though the understanding of customer experience has widely accepted by the companies, however, its definition is still ambiguous (Klaus, 2013; Klaus et al., 2012). According to O'Neill et al., (2002), it is difficult to measure business performance from the perspective of customer experience quality. Yet, there is still reliable relationship between customer experience and profitability of a company.

Akesson, Edvarsson and Tronvoll (2014) specified that, customer experience derived from two conditions which are controllable and uncontrollable. The controllable condition derives from the things created or designed by the company such as servicescape whereas uncontrollable condition exists when difficult things happened such as norms and rules. Customer experience is related to the memory creation when undergo a memorable scenario. It can be positive, negative or indifferent subject to experiences they faced (Berry et al., 2002). Furthermore, it will

encourage the perception towards a brand and consumer behavior as well as profitability of a company (Klaus and Maklan, 2012). Thus, engaging with customer experience will enhance the loyalty of a customer and this definitely benefit to each business provider.

Globally, the acceptance of fast food is growing rapidly as well as in Malaysia. The phenomena arise due to the changing Malaysians lifestyle wherein we have become busier which result in a very limited home-time. Thus, this changing life-style presents an ideal platform and business opportunity for local entrepreneurs to expand their businesses. Many local entrepreneurs follow suit by developing their own fast-food restaurants and introduce the market with various concepts and designs to meet our own social and cultural norms.

However, this situation creates intense competition between local fast-food providers and the American franchisees; with the latter enjoys outstanding growth and rapid sales. The healthy growth of the American franchises is attributed to the repeat Malaysian customers whom are loyal to the American franchises' management and marketing concepts of their restaurant with a multitude of attractive promotional strategies designed to entice customers to re-patronize these restaurants. Repeat-customers are of paramount importance for it to ensures continuous business growth of the firm and hence, business profitability. As stated by Reichland and Sasser (1990), there is a direct correlation between customer retention and profitability for various industries.

Due to this situation, Malaysia's fast-food providers need to struggle in expanding their business. The imitation of Western concepts such as quick meals provided, standardize menu and similar restaurant ambience still need to be polished to cater the attention of Malaysia citizen in choosing their favourite fast-food restaurants. Thus, this study was conducted to explore the importance of customer's experience in relation to the re-patronage intention of customers.

## **2. Literature Review**

### **2.1 Customers' Experience**

Primarily, customer experience has become a major phenomenon to an individual in a specific event and context (Helkkula, 2011; Schembri, 2006). Customer value is "an experience driven, co-created, and context dependent" (Vargo and Lusch, 2004; Akesson et. al, 2014). According to Jones and Sasser (1995) customer's experience can be defined as totally positive, engaging, enduring, and socially fulfilling physical, which affects the emotional customer experience that gives an active interaction between consumers and providers. Thus, it engages with emotional aspect or arouses the feeling of an individual that goes beyond personal and subjective elements (Caru and Cova, 2008). Moreover, studies have shown that it is important to have the capability in satisfying the customer and avoid dissatisfied customers (Syed and Conway, 2006). For instance, experiences may emerge once the customers tasted the new recipes and have experienced a new restaurant's atmosphere while dining at a restaurant. Besides, the experience can also be formed by the activities of consumption when there is a direct involvement from the consumer itself (Kauppinen, 2013).

Previously, companies have primarily focused on the physical aspects of the product, while totally neglecting the emotional and value aspects and hence, losing many customers in the long run (Nunes and Cespedes, 2003). It is supported by Prahalad and Ramaswamy (2004) cited in Akesson (2014) study where the value is not only emerge from the products and services offered, however, now it becomes a center of experiences of consumers. According to Bojanic (2007), most of the research concerning selection of a restaurant usually is based on the identification of determinant attributes. The attributes that frequently studied are taste of food, competitive price, service response time, cleanliness of the fast-food restaurant, fast-food restaurant location, amenity, safety, employee courtesy, restaurant operating hours, and the availability of healthy menus (Min and Galle, 1996; Kara et al., 1997; Tsai et al., 2007, Min and Min, 2011). Therefore, the exploration of experience among customers should be extended to gather solid reasons why people dine-in at their favourite restaurant instead of other choices.

## **2.2 Re-patronage Intention**

Alongside from previous section, an additional benefit of customer satisfaction is the increased likelihood that diners will re-patronize the establishment. Kivela et al. (2000) tested several propositions related to dining satisfaction and return patronage. The specific areas investigated included the influence of satisfaction on return patronage, variation in satisfaction by demographic characteristics, and the difference in intention to return to the establishment based on prior frequency of visits.

Alternatively, loyalty is defined as “a deeply held commitment to repurchase or re-patronize a preferred product or service consistently in the future despite situational influences and marketing efforts” (Oliver, 1999). According to Jacoby and Chestnut (1978), customer loyalty can be understood by examining the beliefs, affective connections, and conative processes that orient a customer towards a product or service. Furthermore, Oliver (1999) classified loyalty into four phases that are cognitive loyalty, affective loyalty, conative loyalty, and action loyalty. Cognitive loyalty focuses on the brand’s performance aspects, while affective loyalty is directed toward the brand’s likeability. Conative loyalty is experienced when the customer focuses on wanting to repurchase the brand and, finally, action loyalty is a commitment to repurchase the product or service. Thus, in this study, it is most likely by the action loyalty and perhaps the cognitive loyalty.

Researchers often view loyalty not only in terms of repeat purchasing (behaviour), but also the customer’s attitudinal state of intention towards repurchasing or re-patronizing (the likelihood of a behaviour) (Evanschitzky et al., 2006). In this respect, loyalty has two distinct components: behavioural and attitudinal. Behavioural loyalty is associated with actual customer behaviours in consumption situations, which involves the measurement of past purchases or the probability of future purchase behaviour based on past purchase behaviours (Ehrenberg, 1988). Attitudinal loyalty reflects the customer’s psychological disposition toward the same brand or organization, which is associated with a customer’s favourable attitude (Dick and Basu, 1994; Fournier, 1998; Jacoby and Chestnut, 1978). While behavioural loyalty captures cognitive behavioural patterns based on customers’ past consumption behaviours, attitudinal loyalty incorporates emotional attachments and affective commitments generated by previous consumption experiences.

Furthermore, the majority of studies have found much empirical evidence that supports the relationships between many pre-consumption variables such as expectation of attribute performance and actual attribute performance and post-consumption emotions including satisfaction, attitude, and repurchase intention (Anderson, 1973; Anderson and Sullivan, 1993; Cardozo, 1965; Churchill and Surprenant, 1982; LaTour and Peat, 1980; Oliver, 1977; Oliver, 1980; Olshavsky and Miller, 1972; Westbrook and Reily, 1983).

### **3. Methodology**

Before data collection took place, an interview session with operation manager was held in order to have some customers' demographic information. This session was very important for researchers to have the right respondents. The data were collected quantitatively whereby 289 respondents were analyzed after some trimming process for null value obtained from the survey. With pre-formulated questions, it was an efficient way to collect the data and also the most preferred mechanism to obtain the information from the respondents. It can be administered personally, by mail, or electronically distributed such as by email. However, in some circumstances, it may cause a bit of difficulty if the respondents do not respond consistently. It may affect the analysis as well as the results.

The questionnaire consists of three sections; demographic information, customer's experience and re-patronage intention. In section 1, the respondents were asked about demographic information and this section was measured using nominal scale as presented in Table 1. Section 2 (customer's experience) and Section 3 (re-patronage intention) were adapted from the Mehrabian-Russel Theory, Russel and Mehrabian (1974), and these sections were measured using a seven-point numerical scale. This measurement is to project what would be the behavior of customers. According to Russel and Mehrabian (1974), the fundamental of this theory look into the impact of behavior through emotional response. Since this study focus more on the repurchase behavior, this theory would be useable.

According to Sekaran and Bougie (2010), a descriptive study is undertaken in a lot of areas such as an organization that wants to learn about and describe the characteristics of a group of customers for them to prepare a flexible plan to suit the common phenomenon and demand. Before the analysis took place, the reliability analysis has been performed to establish the reliability of the measures. In order to obtain reliable measures, a reliability test was conducted to determine the item analysis, and internal consistency and stability of the measurements (Churchill, 1979). Cronbach Alpha coefficient was computed to determine the inter-item consistency reliability of the various scales in the study. To extend the reliability analysis, the interpretation can be implied to the Alpha gathered by each section in the questionnaire. Subsequently, the analysis was further tested on the relationship of the variables using the Pearson's Correlation test.

#### **3.1 Data Collection Procedure**

For data collection, two restaurants outlets were selected located in the area of Sungai Petani, Kedah. One outlet surrounded by shop lots and nearby TESCO Hypermarket, which have close competitor, KFC. The second outlet surrounded by residential area and has no close competitors. All data were collected from customers who dine-in at the restaurants. The convenience

sampling method was chosen to get the sample (customers) answer the questionnaire. Several approaches were taken in order to reach the customers such as direct contact with customer and offer them to answer the survey. The data collection method was most like restaurant interception method that require researcher to approach the respondents directly. Other approach also involved such as key personnel (cashier) to distribute the questionnaires. Respondents filled out the questionnaires given on-site and returned upon completion.

#### 4. Findings

Data were collected with respect to five demographics of the customers, i.e. gender, age (<20, 21-30, 31-40, 41-50, 51-60, >60), monthly income (< RM2000, RM2001-RM4000, RM4001-RM6000, RM6001-RM8000, >RM8000), educational level (PMR/SPM, Certificate/Diploma, Bachelor Degree, Master Degree, Others) and race (Malay, Chinese, Indian, Others). Based on the analysis of data, it was found that 51.2 percent ( $n = 148$ ) respondents were female and 48.8 percent were male ( $n = 141$ ). A total of 36.3 percent ( $n = 105$ ) respondents were in 21-30 years age category which the major category of age group. In terms of monthly income, most of respondents which is 59.2 percent ( $n = 171$ ) were in < RM 2000 income category. Then, 31.1 percent ( $n = 90$ ) were in PMR/SPM educational level category and for the race category, most of respondents; 93.1 percent ( $n = 269$ ) were Malay. The results for demographic factors are shown in the table below:

Table 1: Respondent's Profile

<i>Gender</i>	<i>n</i>	<i>(%)</i>	<i>Age</i>	<i>n</i>	<i>(%)</i>
Male			< 20 years	58	20.1
Female	141	48.8	21 – 30 years	105	36.3
	148	51.2	31 – 40 years	77	26.6
			41 – 50 years	33	11.4
			51 – 60 years	13	4.5
			> 60 years	3	1.0
<i>Monthly Income</i>	<i>n</i>	<i>(%)</i>	<i>Education Level</i>	<i>n</i>	<i>(%)</i>
< RM2000			PMR / SPM		
RM2001 – RM4000	171	59.2	Certificate / Diploma	90	31.1
RM4001 – RM6000	72	24.9	Bachelor Degree	86	29.8
RM6001 – RM8000	17	5.9	Master Degree	89	30.8
> RM8000	15	5.2	Others	17	5.9

	12	4.2	7	2.4
<i>Race</i>	n	(%)		
Malay	269	93.1		
Chinese	12	4.2		
Indian	7	2.4		
Others	1	0.3		

The data collected was subjected to reliability analysis to establish the reliability of scale for every particular item. The Cronbach's Alpha can take values from 0 to 1. The closer Cronbach's Alpha to 1, the higher the internal consistency reliability is. Table 2 shows the Alpha value is greater than 0.7 (0.937), therefore the scale use for variable customer's experience is reliable with the sample.

Table 2: Reliability Statistics for Customer's Experience

Cronbach's Alpha	N of Items
.937	5

Table 3 represents the value of Cronbach's Alpha if item deleted for each item under customer's experience is below than the final Alpha value (0.937) obtained. Therefore, it shows that each item in customer's experience is usable in this study.

Table 3: Item-Total Statistics of Customer's Experience

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
<i>Kecewa atau Gembira</i>	21.04	20.488	.847	.920
<i>Tidak seronok atau seronok</i>	21.08	19.879	.867	.916
<i>Tidak puas hati atau berpuas hati</i>	21.10	19.678	.832	.923
<i>Mudah dilupakan atau tidak mudah dilupakan</i>	21.25	20.584	.796	.929
<i>Membosankan atau Menarik</i>	21.12	19.760	.820	.925

Meanwhile, Table 4 shows the Alpha value for re-patronage intention is greater than 0.7 (0.926), therefore the scale use for this independent variable is reliable with the sample.

Table 4: Reliability Statistics for Re-patronage Intention

Cronbach's Alpha	N of Items
.926	5

Furthermore, Table 5 represents the value of Cronbach's Alpha if item deleted for each item under re-patronage intention is below than the final Alpha value (0.926) obtained. Therefore, it shows that each item in re-patronage intention is usable in this study.

Table 5: Item-Total Statistics of Re-patronage Intention

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
<i>Menilai sebagai sebuah restoran makanan segera tempatan</i>	21.26	24.427	.729	.924
<i>Keinginan (suka) untuk datang lagi</i>	21.45	21.756	.849	.901
<i>Mencadangkan pada kawan-kawan</i>	21.38	21.091	.872	.896
<i>Berkongsi maklumat dan promosi pada rakan atau saudara-mara di lama sosial</i>	21.45	22.040	.783	.913
<i>Tetap memilih restoran ini biarpun ada pilihan lain</i>	21.65	20.331	.818	.909

Pearson correlation test was undertaken to examine the correlation in the research hypothesis. The result of analysis is presented in Table 6. The hypothesis states that customers' experience is correlated with re-patronage intention. The result of this analysis indicates that customers' experience was a strong positive correlation with re-patronage intention ( $r = .749$ ,  $n = 289$ ,  $p < 0.05$ )

Table 6: Correlations matrix of fast food restaurant

		Re-patronage Intention	Customer experience
Re-patronage Intention	Pearson Correlation	1	.749**
	Sig. (2-tailed)		.000
	N	289	289
Customer experience	Pearson Correlation	.749**	1
	Sig. (2-tailed)	.000	
	N	289	289

\*\*. Correlation is significant at the 0.01 level (2-tailed).

## 5. Conclusion and Discussion

This paper examined the relationship between customer's experience quality in one of local fast food restaurants and their impacts on re-patronage intention. Overall, this paper showed that positive experience would influence the customers' intention to repeat coming/dining at the fast-food restaurant outlets. This result indicates that the concept of restaurant is acceptable by the customers. Therefore, value creation is an important element that should be considered by the restaurant's owner where it brings a lot of benefits in creating the businesses' profit. It is proven by Prahalad and Ramaswamy (2004) cited in Akesson (2014) study where the value is not only

emerge from the products and services offered, however, now it becomes a center of experiences of consumers.

Nevertheless, this paper has some limitations where results of this paper only gathered from two local restaurant outlets at similar demographic background of customers since it was collected at north region, Sungai Petani, Kedah. Thus, the impacts of customers may differ at another branches located at different region and the service experiences offered also different in other places. Based on the limitation, therefore future research is suggested to explore the homegrown restaurant from different perspectives at different locations to ensure the restaurant can capture limitations at every outlet.

## **6. Recommendations**

This paper proposes some recommendations to the restaurant to enhance valuable experience of customers such as the availability of the products and the time consuming to get the meals. Most of customers are complaining about the unavailability of certain meals and also longer period taken when getting the foods. Here, the management of the restaurant must alert with those weaknesses. Regularly inventory checking and training of the staff should be done wisely to avoid those matters. The response time should be fast where the meal must be prepared in large volume before it served to the customers. Furthermore, the management of the restaurant should train their front employees in term of soft skill when communicating with the customers. Besides, the restaurant should increase some amenities like prayer room for Muslim customers. This is very important for the customers to revisit the restaurant at any time.

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