

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 5, May 2017

Impact of Socio Economic and Demographic Variables on Customer Loyalty of Selected Fast Food Restaurant Chains in Cochin City

Dr.Lekshmi Bhai P S ¹, Nayana S ², Asha G³

Assistant Professors, Department of Management Studies, Adi Shankara Institute of Engineering and Technology,
Kalady, Kerala, India.

ABSTRACT: Fast food restaurants are playing a vital role in fulfilling the daily needs of the customers in urban and semi urban areas of Cochin City. Many strategies are followed by the fast food outlets to attract and retain their customers. Customer loyalty is the top of the agenda of every business organizations. This research is focused to find the impact of various socio economic variables on customer loyalty of selected fast food restaurant chains in Cochin City. The aim of this paper is to study differing demographic factors affecting fast-food customer's loyalty towards fast food chains. The present analyses 400 filled questionnaires in which convenience sampling is used. The findings indicate that among the socio economic and demographic variables under consideration, fast food restaurant brand, age of respondents and their annual house hold income have stronger relationship with customer loyalty. Based on this outcome, it is important for the fast food restaurant chains to rigorously consider these factors for improving customer loyalty in Cochin City.

KEYWORDS: Brand, Customer loyalty, Consumer Behavior, Fast Food, Restaurant chains.

I. INTRODUCTION

There is a perceived increase in the number of fast food restaurants in Kerala. This shows that the sector is gaining acceptance among customers. Fast Food industry in Cochin today is a beehive of activities and is gaining a lot of attention in Cochin city. Industry trends such as rapid outlet expansion and entrant of foreign players amongst others lends credence to the perceived phenomenal increase in the number of fast food restaurant chains. The popularity of fast food restaurant chains in every growing city of the world is a product of the effect of globalization. Thus, every segment of the society now consumes fast food. Consuming fast foods has become a recent trend among all segments of the population. Eating at fast food restaurants not only help customers to satisfy their hunger, but it also creates need for ease, joy, leisure, time saving, social relations and the mood transformation. Besides, consumers experience enthusiasm, enjoyment and a sense of personal well-being in visiting fast-food restaurants. These are the various reasons of capturing more markets has expanded the customer base of the industry over the past few years. Fast food restaurants are playing a vital role in fulfilling the daily needs of the Customers in urban and semi urban areas of Cochin City. Many strategies are followed by the fast food outlets to attract and retain their customers. This research is focused to find the impact of socio economic and demographic variables on customer loyalty of selected fast food restaurant chains in Cochin City. The study focused on the customers of five fast food restaurant chain brands, viz, KFC, Pizza hut, McDonalds, Burger King and Dominos Pizza.

II. REVIEW OF LITERATURE

Behavioral and attitudinal are two dimensions for the customer loyalty (Kandampully & Suhartanto, 2004; Julander *et al.*, 1997). The behavior dimension refers to a customer's behavior on repeat dining for a specific restaurant over time

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 5, May 2017

(Bowen & Shoemaker, 1998). Attitudinal dimensions, on the other hand, refer to a customer's intention to repurchase and recommend, which are good indicators of a loyal customer (Getty & Thompson, 1994). Moreover, a customer who has the intention to repurchase and recommend is very likely to remain with the restaurant.

Examining the historical course of the studies with the subject of loyalty it is found that the researches that try to define what loyalty is have significant space. The most basic problem encountered in those studies is the failure to achieve a shared definition of loyalty because although customer loyalty may be a key variable that explains keeping the customer at hand (Wong and Zhou, 2006; Pritchard and Howard, 1997), it has been discussed in time whether loyalty is an attitude or combination of attitude and behavior.

As for behavioral loyalty, Barnes (1997) found out those customers having a closer relationship with a service employee present higher share of business with the service provider. If a server maintains good relationship with customers, those customers may wish to return again to the restaurant and to request to be served with the same server.

Customer satisfaction and service quality are prerequisites of loyalty (Gremler & Brown, 1997; Cronin & Taylor, 1992). Several researchers pointed out that high customer satisfaction and service quality result in higher customer loyalty and willingness to recommend the service (Danaher & Mattsson, 1998). Bitner (1990) confirmed that the word-of-mouth becomes more positive as satisfaction increase.

Loyal customers are less likely to switch away by a discount (Tepeci, 1999). Customer loyalty allows increased price premium (competitive advantage) because brand loyal customers perceive some unique service and value in the brand that no other alternative can provide. In a fine dining restaurant, high level of service quality is one of the features that can create extra customer satisfaction (Hanefors & Mossberg, 2003).

III. OBJECTIVES OF THE STUDY

The main objective of this study is to examine factors influencing customer loyalty of fast food restaurant chains in Cochin City. Specifically the study intends to:

1. To find out the level of loyalty of customers towards the fast food restaurant chains in Cochin City.
2. Ascertaining the socio economic and demographic factors that influence the customer loyalty towards the fast food restaurant chains in Cochin City.

IV. RESEARCH METHODOLOGY

The target population covered all market segments that consume fast-food in Cochin City. Due to the inability to obtain a sampling frame, all the walk-in customers will be treated as potential respondents in the study. The researchers used self-administered survey method to collect data. Questionnaires were distributed to the walk-in customers based on the convenience sampling method in few selected fast-food restaurant chains in Cochin commercial capital of Kerala. A cross-sectional study was carried out in the survey, for the period of 20 days (from 1st April 2017 to 20th April 2017). Questionnaires were given to them immediately after they ordered the food, with a request to fill in the questionnaire on-the spot. 400 sample respondents were selected for the present study. The questionnaires were subsequently used for data analysis using SPSS software version 17. The multiple linier regression analysis method was adopted in this research. RESEARCH RESULTS Respondents' demographic profile Based on the survey, male respondents represented 53% of the total respondents while female respondents were 47%. In the categories of most favorite fast food restaurant, the respondents have chosen McDonald (38%) as their most favorite fast food restaurant. It is followed by Pizza Hut (33%), Burger King (12%), Domino Pizza (9%) and KFC (8%).

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 5, May 2017

V. DATA ANALYSIS AND DISCUSSION

Loyalty of Customers towards fast food restaurant chain brands

Customers' loyalty is the ultimate goal of all business firms including the fast food restaurant chains. Five percentage classes of loyalty, viz., Below 20, 20-40, 40-60, 60-80 and 80-100 were included in the questionnaire. Responses captured on these percentage proportions have been awarded scores as 1, 2, 3, 4 and 5 respectively. Mean score of these has been considered as the level of Loyalty. In this case the mean score is computed as 2.8 out of 5 which indicate that about 56% of the customers are loyal to the supermarkets in Cochin city.

Table1: Descriptive Statistics of Loyalty Level of Customers towards fast food restaurant chain brands

	Mean	Std. Deviation
Loyalty Level of Customers	2.80	.451

Source: Primary Data Collected by the Researcher

Analysis of Variance Test for Customer Loyalty among different fast food restaurant chain brands

Analysis of Variance Test was applied to test whether there is any difference in Customer Loyalty among different fast food restaurant chain brands. Null Hypothesis 'H₀: There is no difference in Customer Loyalty among different fast food restaurant chain brands' was tested at 95% confidence level. The test has computed the value of p=0.042 which is greater than 0.05. Hence the null hypothesis is rejected and inferred that there is difference in Customer Loyalty among different fast food restaurant chain brands. Results of ANOVA Test for Testing difference in Customer Loyalty among different fast food restaurant chain brands are presented in Table 2.

Table 2: Results of ANOVA Test for Testing difference in Customer Loyalty among different fast food restaurant chain brands

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.100	3	1.163	2.754	.042
Within Groups	7.400	396	.422		
Total	7.500	399			

Source: Primary Data Collected by the Researcher

Chi Square Test for Customer Loyalty and Socio Economic and Demographic Variables

Relationships between Customer Loyalty and Socio Economic & Demographic variables such as fast food restaurant brand, fast food restaurant location, age of the customer, gender, educational level, occupational status, location of their residence, family type, family size, annual household income, distance of fast food restaurant from their residence, number of purchases made by them in a month and level of their purchase satisfaction were tested using Chi Square Test.

Null Hypotheses H₀: There is no significant Relationship between the customer loyalty and each of the socio economic and demographic variables were tested at 5% level of significance.

Results of Chi Square test gave p = 0.049 in case of fast food restaurant brand only. In this case the null hypothesis is rejected and inferred that there is a significant relationship between fast food restaurant brand and the customer loyalty. In case of other variables, viz., fast food restaurant location, age of the customer, gender, educational level, occupational status, location of their residence, family type, family size, annual household income, distance of fast food restaurant from their residence, number of purchases made by them in a month and level of their purchase satisfaction the value of p is greater than 0.05 which leads for the acceptance of the null hypotheses and inference that there is no significant relationship between the customer loyalty and each of the socio economic and demographic variables, other

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 5, May 2017

than fast food restaurant brand. Results of Chi Square Test for Relationship between Customer Loyalty and Socio Economic & Demographic variables are presented in Table 3.

Value of Chi Square ascertains whether there is a significant relationship or not between the customer loyalty and a socio economic variable. The magnitude of relationship can be estimated by Phi coefficient $\Phi = \sqrt{(\chi^2/N)}$, i.e., Square Root of (Chi Square value/Sample size). The values of Φ are also given in Table 3 along with the ranks. It could be seen that among the socio economic and demographic variables under consideration, fast food restaurant brand, age of respondents and their annual house hold income have stronger relationship with customer loyalty. This guides the fast food restaurant operators to segment their customer market based on these factors and focus their promotional activities accordingly.

Table 3: Results of Chi Square Test for Relationship between Customer Loyalty and Socio Economic & Demographic variables

Sl. No	Relationship between	Chi-Square	df	p value	Inference at 5% level of Significance	Phi Φ	Rank for Φ
1	Customer Loyalty and Fast Food Restaurant Brand	17.01	9	0.049	Relationship is Significant	0.20	1
2	Customer Loyalty and Fast Food Restaurant Location	1.252	3	0.741	Relationship is not Significant	0.06	13
3	Customer Loyalty and Age	15.358	15	0.426	Relationship is not Significant	0.19	2
4	Customer Loyalty and Gender	7.183	3	0.066	Relationship is not Significant	0.13	7
5	Customer Loyalty and Educational Level	7.189	9	0.617	Relationship is not Significant	0.13	6
6	Customer Loyalty and Occupational Status	8.16	15	0.917	Relationship is not Significant	0.14	5
7	Customer Loyalty and Domicile	5.285	6	0.508	Relationship is not Significant	0.11	10
8	Customer Loyalty and Family Type	2.22	3	0.528	Relationship is not Significant	0.07	12
9	Customer Loyalty and Family Size	12.633	9	0.18	Relationship is not Significant	0.17	4
10	Customer Loyalty and Annual Household Income	13.309	12	0.347	Relationship is not Significant	0.18	3

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 5, May 2017

11	Customer Loyalty and Distance from Residence	5.899	9	0.75	Relationship is not Significant	0.12	9
12	Customer Loyalty and Number of Purchases per Month	7.139	12	0.848	Relationship is not Significant	0.13	8
13	Customer Loyalty and Level of Purchase Satisfaction	4.853	6	0.563	Relationship is not Significant	0.11	11

Source: Primary Data Collected by the Researcher

VI. RECOMMENDATIONS AND SUGGESTIONS

Quality of food products, Service Quality, Atmospheric Quality, location, Demographics characteristics of customers etc. are the main factors influencing the behavior of consumers towards loyalty. Based on the analysis and findings of this study, the researcher therefore recommends that: 1).It could be of great importance for the study if it includes other types of fast food restaurants.2).Fast food restaurants operating in Cochin city should endeavor to improve their product quality and taste of food so as to attract more customer loyalty. 3).Service quality of the fast food restaurants operating in Cochin city should also be considered by fast food restaurant operators before setting up fast-food restaurants. This is important if they want to increase their customer loyalty. 4).To act positively towards quality and price should be considered critically by fast food restaurants operating in Cochin city in order to improve the customer loyalty. 5).Product and service quality and customer satisfaction could enhance the likely hood of word of mouth advertising. So that fact food restaurant chains could benefit in terms of customer patronage.6).Fast food restaurants should give more importance to consumer’s needs based on the demographic profiles. This is important in attracting the loyalty of all demographic segments of consumers.

V. CONCLUSION

The fast food industry is booming in Kerala. Most of the fast food chain companies are now operating their business in Kerala especially in Cochin City. As the per capita national income of Kerala has increased, consumers can now afford to dine at the fast food restaurants even in expensive outlets. Based on this derivative related to fast food restaurant chains in Cochin, the study specifically intends to examine the consumer loyalty which can be influenced by several socio economic and demographic factors. The findings indicate that among the socio economic and demographic variables under consideration, fast food restaurant brand, age of respondents and their annual house hold income have stronger relationship with customer loyalty. Based on this outcome, it is important for the fast food restaurant chains to rigorously consider these factors for improving customer loyalty in Cochin City.

REFERENCES

- [1] Bitner, M., “Evaluating service encounters: The effects of Physical surrounding on employee responses”, Journal of Marketing, Vol.54, pp.69-82, 1990.
- [2] Bowen, J., and Morris, A., “Menu design: can menus sell?”, International Journal of Contemporary Hospitality Management, Vol.7 , Issue No.4, pp.4-9, 1995.
- [3] Bowen, J., and Shoemaker, S., “Loyalty: a strategic commitment”, The Cornell Hotel and Restaurant Administration Quarterly, pp.12-25, 1998.
- [4] Cronin, J., and Taylor, S., “Measuring service quality: A reexamination and extension”, Journal of Marketing, Vol.56, Issue No .3, pp.55-68, 1992.
- [5] Danher, P., and Mattsson, J., “A comparison of service delivery processes of different complexity” , International Journal of Service Industry Management, Vol. 9, Issue No .1 , pp.48, 1998.

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Website: www.ijirset.com

Vol. 6, Issue 5, May 2017

- [6] Gremler, D., and Brown, S., "The Loyalty ripple effect: appreciating the full value of customers", International Journal of Service Industry Management, Vol.10, Issue No. 3, pp.271- 291,1999.
- [7] Gremler, D., and Gwinner, K., "Customer- employee rapport in service relationships", Journal of Service Research, Vol.3, Issue No .1, pp.82-104, 2000.
- [8] Hanefors, M., and Mossberg, L., "Searching for the extraordinary meal experience" Journal of Business and Management, Vol.9, pp.249-70,2003.
- [9] Henson, S., and Trail, B., "The demand for food safety, market imperfections, and the role of government", Food Policy, Vol.18, Issue No .2, pp.152-162,1993.
- [10] Johns, N., and Tyas, P., "Use of service quality gap theory to differentiate between foodservice outlets", Service Industries Journal, Vol. 16, Issue No.3, pp.321-46, 1996.
- [11] Julander, C., Magi, A., Jonsson, J., and Lindqvist, A., "Linking customer satisfaction to financial performance data", in Edvardsson (Eds), Advancing Service Quality: A Global Perspective, University of Karlstad, Sweden, pp.301-10, 1997.
- [12] Kandampully, J., and Suhartanto, D., "Customer loyalty in the hotel industry: the role of customer satisfaction and image", International Journal of Contemporary Hospitality Management, Vol.12, Issue No .6, pp.346-351, 2000.
- [13] Keiningham, L., and Vavra, T., "The Customer delight principle: Exceeding customers' expectations for bottom-line success. Chicago" McGraw-Hill, 2001.
- [14] Pritchard, M.P., and Howard, D.R., "The loyal traveler: examining a typology of service patronage", Journal of Travel Research, Vol.35, Issue No.4, pp. 2-10, 1997.
- [15] Tepeci, M., "Increasing Brand Loyalty in Hospitality Industry", International Journal of Contemporary Hospitality Management, Vol.No.11, Issue No 5, pp.223-230,1999.
- [16] Wong, A., and Zhou, L., "Determinants and outcomes of relationship quality", Journal of International Consumer Marketing, Vol.18, Issue No.3, pp.81-105, 2006.