

# Reinvestigating Key Factors of Customer Satisfaction Affecting Customer Retention for Fast Food Industry

Omkar Dastane<sup>1</sup>

Head – Centre for Postgraduate Studies cum Senior Lecturer, FTMS School of Accounting & Business Management, FTMS Global Malaysia, Kuala Lumpur, Malaysia

Intan Fazlin

Lord Ashcroft International Business School, FTMS Malaysia Center, Anglia Ruskin University, Cambridge Campus, East Rd, Cambridge CB1 1PT, United Kingdom, UK

---

## Abstract

It is an undisputed fact that the cost of Customer Retention is far lesser than that of acquiring fresh ones. Customer satisfaction is undoubtedly one of the strong factors ensuring customer retention. Several researches have been done in the past to identify factors influencing customer satisfaction and in turn leading to customer retention. With changing perceptions, preferences and markets, we find a need to reinvestigate what are the key factors of customer satisfaction affecting customer retention in Malaysian fast food industry. Product quality, service quality, prices, facility and emotional factor are selected as factors of customer satisfaction (independent variables) based on extensive literature review. The research uses primary data collected from 180 Malaysian fast food customers using a multi-factor questionnaire with a Likert-scale from 1 to 5. To ensure reliability and validity the questionnaire was checked by Cronbach's Alpha and principal components analysis was carried out. Correlation and regression analysis is conducted using SPSS 21 to identify influence and impact of selected factors on customer retention. Descriptive statistics show that the most significant key factor of customer satisfaction is emotional factor followed by store facility, service quality and prices and the least poor is product quality. Emotional factor and facility plays important role in customer satisfaction that ensures customer retention in Malaysian fast food industry.

---

<sup>1</sup> Corresponding author's email: [omkar.dastane@gmail.com](mailto:omkar.dastane@gmail.com)

**Keywords:** Customer satisfaction, Product Quality, Service Quality, Prices, Facility, Emotional factor and Customer Retention.

---

Cite this article: Dastane, O., & Fazlin, I. (2017). Reinvestigating Key Factors of Customer Satisfaction Affecting Customer Retention for Fast Food Industry. *International Journal of Management, Accounting and Economic*, 4(4), 379-400.

## Introduction

The concept of customer satisfaction is deemed with various definitions by theorists and has become an important aspect of measuring performance. There is a definite link between a customer satisfaction and customer retention in the success of a business. Most of the studies conducted on customer satisfaction in the past were carried out on the developed countries such as Finland and America (Ah Keng, 2012; Wadud, 2012; Wei, 2003). There has been an ongoing research on developing countries like Asia (Amal et al 2013; Inda et al., 2015) and Middle East (Fatoki, 2014). Depending on the findings, most of the research is conducted in the field of customer satisfaction, among the countries that have been done in Thailand, China and Nigeria (Ashim, 2011; Fateemoh, 2012; Lim, 2008). However, it seems that limited researches were done on European countries. Overall, there are handful of studies conducted on sectors such as technology, education and food industry sector in Malaysia (Che & Salina, 2005, Fadillah, 2012; Hafiz, 2008; Oluwafemi & Dastane, 2016; Sarina, 2009). In the past research, it is explored that customer satisfaction and customer retention are likely to be focus on technology, education, fast food industry and business sector, online shopping and tourism (Ong & Wai 2013; Samuel, 2004; Susan, 2005; Yeji, 2007).

Recent research in this field shows the most cited variables from past studies are service quality (Ali, 2006; Oladejo, 2010; Wadud, 2012) and product quality (Wei Chia 2003). Past researches show strong correlation between the service quality and product quality to the customer satisfaction and customer retention. The customer satisfaction is the best indicator of how likely a customer will make a purchase in the future (Ross, 2014). Organizations are likely to compete with each other in order to attract customers with various ways in improving their service and quality. However, there have been few organizations that are lacking the skills to satisfy customers. When the customers are unsatisfied with the product or service from the company, they will not recommend the company to other users because it will directly affect sales and could lead to financial problem for the business (Paul, 2011). Customer satisfaction is tool that enables organization to gain insight of customer needs and requirements. Hence, this research enables organizations to achieve more customers that are focused on product and services. Besides that, the insight of this research is to find out how well a company's product meet its customers' needs or how satisfied they are with the service that the companies offer. This research will try to enclose the gap by carrying out a study among the customers and analyze the customer satisfaction in order to increase the customer retention among Malaysian fast food industry.

Research aims of this paper are to identify and analyze the key factors of the customer satisfaction and influence to the customer retention on the food industry. The objectives derived are as follows: To examine how important customer satisfaction to customer

retention on food industry, To examine the product quality as the key factor of customer satisfaction, To examine the service quality as the key factor of customer satisfaction, To examine the facility as the key factor of customer satisfaction, To examine the emotional factor as the key factor of customer satisfaction, To examine the price as the key factor of the customer satisfaction.

## Literature Review

Customer satisfaction can be determined as a person's feeling of pleasure or displeasure as a result of comparing this product published performance in relation to its expectations (Kotler, 2000). According to Oliver (1981), customer satisfaction concept can be referred to the customer fulfillment response. Definition from Kelesy & Bond (2001) defined satisfaction, as the result from goods and services offered to meet the needs and requirements of its customers and satisfaction or improve their expectations in the time consuming goods or services. This can be supported by the Giese & Cote (2002) as a main key to repurchase and retention. According to of Kotler and Keller (2009), customer satisfaction can be measured by buyer's expectations matches with the extent to which a products perceived performance. Generally customer retention can be defines a mirror image of customer defection or churn and as a maintenance continuous trading relationship with customers over the long term (Petzer et al 2009). According to the Payne (2000) stated that customer retention as the percentage rate at the start of time period and the customer who still remain customer in the end of time period, also Blattberg (2001) argued customer retention is taking place when a customer keeps on buying the same market offering from the same seller over a long period of time.

There are battalion factors that put impact on customer satisfaction. The model relates to the factors like knowledge employees, billing clarity, friendly employees, courteous employees, quick service, and competitive pricing, and service quality, accuracy of billing timeliness, helpful employees, best value and knowledge of employees. According to the La Barbera and Mazursky (1983) in order to achieve customer satisfaction, organization must be able to satisfy the customers' wants and needs. Researcher like Barsky (1995), Fecikova (2004), Oliver (1997) argued that there is a distinction between customer satisfaction as relating to tangible products and as relating to service experiences. Like Fecikova (2004) described, customer satisfaction lead to profitability and service quality is a key factor, especially in online trading, so it is clear that service quality indirectly affects the interested parties. Customer satisfaction is one of the best-studied in marketing, as it has become a key factor in achieving the goals of the organization, and is considered a standard baseline and performance standard of excellence possible for any organization.

Grove et al., (1992) proposed a conceptual framework that shows the relationship between service capes and consumer behavior and to understand the relationship between users in the vicinity of the service organization. Service capes describe man-made physical environment that influence customer perception of service and could lead to customer satisfaction (Grove et al., 1992). It is largely described as decorative effects, atmospherics, and the layout and design of the customer's perception of quality, behavior of current and future customers and their perception of the firm. This theory suggests that

the physical environment, are generally more important for customer service remain at the facility. Customer perception of service capes have been shown to boost emotional response of firm and objective image, and this perception has also proven to be a great influence on the achievement of organizational goals and objectives of marketing (Grove et al, 1992). Arneill and Delvin (2002) examined the quality of care in the design of different waiting room and found that, there were significant differences in the perceived quality of care in the waiting room a warm appearance, well-equipped, light, and contain artworks and the cold waiting room in appearance, well-equipped, dark, and does not contain artwork or reuse of low quality. Another study examining the physical condition of the waiting area and user feedback than two waits area before and after the relocation.

According to Table 1, most of the studies done are on the education, food industry, technology industry in Malaysia but their researches are most focused on the service quality and customer satisfaction. So that this research will fulfill the gap between past studies. In this context, certain existing key factors also described like some key factor in terms of price, facility, emotional factor and product quality. Besides that mostly of the past research that has done in Malaysia or other parts of the world, they are made it conceptual framework that difficult to understand.

Table 1 Related studies done in Malaysia and other parts of the world

Related Studies Done in Malaysia		
Researcher	Industry	Variables Discussed
Lim Lay Sim (2010)	Education	Service Quality, Customer satisfaction, customer Loyalty
Eng et al. (2012)	Tourism	Service Quality and Customer satisfaction
Fateemoh Laeheem (2012)	Tourism	Service quality and customer satisfaction
Sarina Ismail (2009)	Telecommunication	Service quality, Pricing, Brand image and customer satisfaction
Padilah Yunus (2005)	Telecommunication	Customer satisfaction, CRM
Researcher	Industry	Variables Discussed
Related Studies Done in Other Parts of the World		
Ashim Kayastha (2011)	Education	Service quality, customer satisfaction
Amal et al (2013)	Education	Customer satisfaction, service quality, positive news, student satisfaction
Wei Chia T. (2003)	Food industry	Price, quality of food, Variety
Alin Sriyam (2010)	Tourism	SERVQUAL , customer satisfaction
Arezu & Alireza (2006)	Technology	Customer Retention, CRM

This study proposes the conceptual framework illustrated below based on the existing literature review, comparing, findings and critically analyzing the key factor of the

customer satisfaction and affect to customer retention. Besides that this study is based on food industry. This conceptual framework (Figure 1) will propose 5 key factor of customer satisfaction which is product quality, service quality, facility, emotional factor and prices and how it will effect to the customer retention.

### *Theoretical Framework*

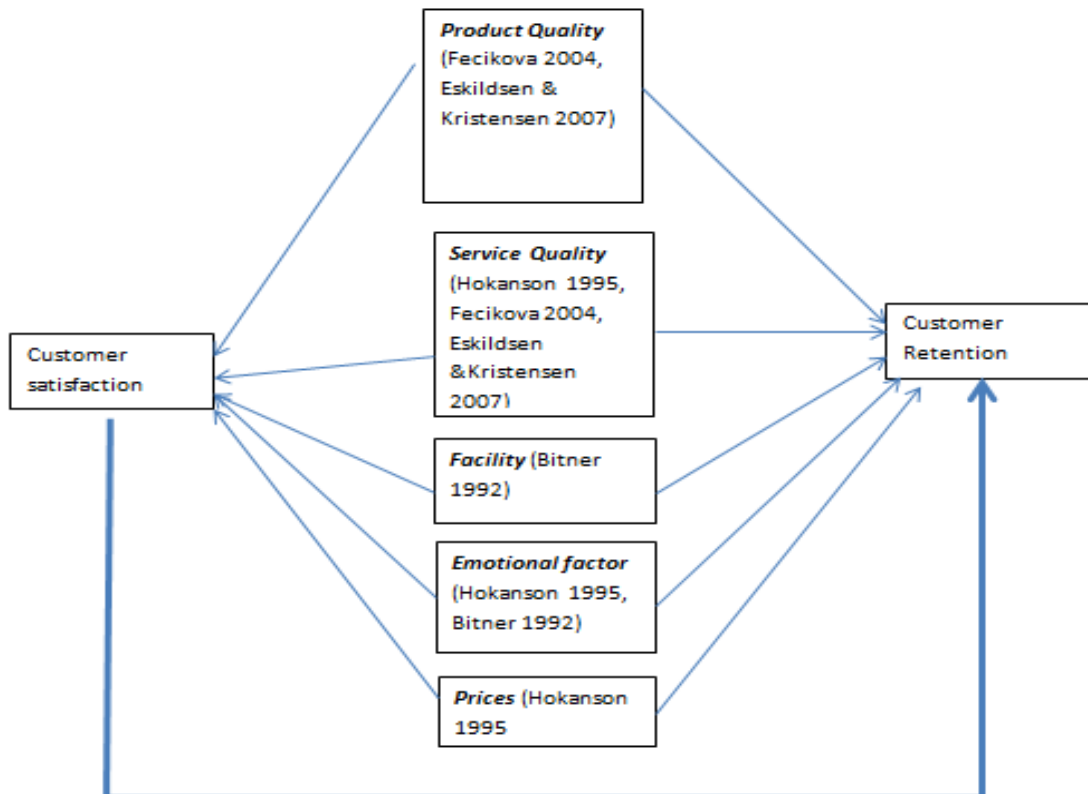


Figure 1 Conceptual framework

### *Product Quality*

The element of product quality has argued by authors as stated in the theoretical framework by Fecikova (2004), Eskildsen & Kristensen (2007). Shaharudin et al. (2012) argued that product quality is product features matched with 8 dimensions namely, features, durability, aesthetics, reliability, serviceability, conformance, customer perceived quality and performance. In generally quality has been defined in four categories namely value for money, meeting or exceed customers' requirements, excellence and conformity to requirements (Reeves and Bednar, 1994). In addition, Garvin (1984) said that a product based approach is used in features and durability, focusing on the performance, user based approach used in focusing on perceived quality and aesthetics, and lastly manufacturing approach is used in focusing on reliability and conformance. If the product meets customer expectations, customers will be satisfied and assume that it is of acceptable quality or high. If the customer expectations are not met, the customer will assume that the product is of poor quality. Other researchers argues that

quality means the product features that meet customer needs and by providing customer satisfaction. The purpose of such higher quality is to provide greater customer satisfaction and wish to increase revenue. In terms of the food, the freshness is important sensory elements that affects the factors such as taste, smell, sight (Delwiche, 2004).

**H<sub>1</sub>:** Perceived product has a positive significant influence on customer satisfaction.

**H<sub>2</sub>:** Improved product quality will improve customer retention.

### *Service Quality*

Service is a patch up activity to fulfill someone's need in the market and the elements of service quality that can lead to customer satisfaction as argued by the authors Eskildsen & Kristensen (2007), Feikova (2004) and Hokanson (1995) as stated at theoretical framework above. Service is intangible, which can be experienced but cannot be touched or seen. Other than that, service quality is certainly an important element in the process of product design services, because it affects the number of requests for services rendered products, and services products for this customer profile (Aleksandar et al, 2006). At present, customers can choose from a variety of retail establishments offering similar products and services, with the retailer had to differentiate itself from its competitors. Increase in service quality of the restaurants in food industry can satisfy and develop attitudinal loyalty which ultimately retains valued customers (Kumar et al, 2010). Jain and Gupta (2004) argued that when perceived service quality is less than expected service quality customer will be dissatisfied. The relationship between perceived service quality and customer satisfaction represents a measure of organizations performance according to customer needs, therefore, the measure of customer satisfaction provides a service quality measure.

**H<sub>3</sub>:** Service quality has a positive significant influence on customer satisfaction.

**H<sub>4</sub>:** Improved service quality will improve customer retention.

### *Prices*

Price is an important variable in marketing, both in corporate practices (Gupta and Lehmann, 2011) and consumer purchasing decisions (Marine Le Gall, 2009; Jallow & Dastane, 2016). In other words, price is more than a number for customers to make informed economic decisions they need to know details such as units, schedule, location and quantity. Many researchers have argued in several studies about price and value that will lead to customer satisfaction. Price is to be paid for a service determines the level of quality to be demanded. Price is the main factor of one customer in determining the choice of the store to proceed with their shopping (Seiders and Costley, 1994). Price was reasonable with the product, customer will buy and directly satisfied and leads to the customer retention. According to Jain and Srivaslava (2000) was stated that price is important and also price's effect on post – purchase behavior as guidance for retailers who want to adopt into low pricing strategy.

**H<sub>5</sub>:** Price has a positive significant influence on customer satisfaction.



**H<sub>6</sub>:** Appropriate pricing will improve the customer retention.

### *Facility*

Facility management can be summarized as creating an enabling environment to carry out major operations of the organization, taking an integrated view of infrastructure services, and use this to satisfy customers and the best value by supporting and enhancing the core business (Atkin and Brooks, 2009). According to Chan and Yuen (2010) physical aspects like the store layout and attractive materials provide a good impression and attitude toward the store. In a previous study on the expectations of customers, Soriano (2002) found that the quality of food, quality of service ranked second and more important factor in determining the customer's decision to return to the restaurant. Indirectly the factor of facility will influence the customer satisfaction if the organization creates an environment that strongly supports the primary objectives of that organization. Therefore, to achieve the organizational goal and mission, the combination of cost and efficiency is required (Amaratunga and Baldry, 2000). This is because customer will judge and differentiate the level of service and facility that provided by the organization and customer will compared to other organizations that offer same product (Animashaun et al, 2016).

**H<sub>7</sub>:** Facility has a positive and significant influence on customer satisfaction.

**H<sub>8</sub>:** Improved facility will improve customer retention.

### *Emotional factor*

Bitner (1992) and Hokansons (1995) highlighted importance of emotional factors to ensure customer satisfaction. Numerous studies after that confirmed that emotional aspect is important. The dimension is also considered as one of the important element of perceived value. In Malaysian context Animashaun et al (2016) confirmed its importance in ensuring customer loyalty.

**H<sub>9</sub>:** The sincere emotions displayed by service employees have a significant and positive influence on the positive affect of customers and toward customer satisfaction.

**H<sub>10</sub>:** The positive emotional factor will improve the customer retention.

## **Research Methodology**

The research follows explanatory research design and quantitative research method. A survey questionnaire was designed to collect the primary data in order to determine the key factor of customer satisfaction and the impact to customer retention among customer in food industry and these data was converted to statistical method such as table and charts. Empirical data is collected using this self-administered questionnaire.

The questions are designed in a simple and clear manner by using easily understandable English and less uncertainty. The questionnaire has five questions in each section including product quality, service quality, prices, facility and emotional factor on

5 point. The survey is conducted among frequent visitors of fast food restaurants in Kuala Lumpur, Malaysia and data is gathered from 174 respondents using convenience sampling. Famous mall popularly known for hub of fast food restaurant chains and outlets was selected for data collection. Dependent and independent variables are measured on Likert scale of 1 to 5 by formulating 5 questions for each variable.

Data analysis is done by using SPSS 21 by generating descriptive statistics, correlation and regression coefficients among the variables. In this research reliability is measured using Cronbach's Alpha and inter – item correlation, is established by testing both stability and consistency.

## Results

### *Reliability and Validity Test*

Cronbach's alpha coefficient tests were conducted on all seven variables. Details as follows:

Table 1 Reliability Analysis

Variable	Driver	Number of items	Cronbach's Alpha
Factors of Customer Satisfaction	Product Quality	4	0.604
	Service Quality	4	0.622
	Facility	4	0.727
	Emotional Factor	4	0.748
	Prices	4	0.644
Customer Satisfaction		4	0.658
Customer Retention		4	0.742
All Variables		28	0.909

Usually the closer cronbach's alpha to 1.0, the greater the internal consistency of the items in the scale and reliability coefficient normally ranges between 0 and 1. The table above shows result of Cronbach's alpha for product quality is (0.604), service quality (0.622), facility (0.727), emotional factor (0.748), and prices (0.644). The overall cronbach's alpha on this study is (0.909) it means that product quality, service quality, emotional factor, prices, facility and overall satisfaction has good reliability and acceptable (Lund, 2012). The overall scale is highly internally consistent.

### *Normality of Dataset*

Based on the Table 2, kurtosis of (Q1 and Q3) is greater than 1.00, but the rest are in an acceptable range. Common data set suggests that greater value to both questions placed on kurtosis is varied with slight difference. Overall this is negative skewness of data and is the distribution by significant negative skewness has a long tail left.



Table 2 Descriptive Statistics

	N	Mean	Std. Dev.	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Q1	174	4.0230	0.93706	-1.112	0.184	1.309	0.355
Q2	174	4.0532	0.91951	-0.803	0.184	0.081	0.355
Q3	174	4.1322	0.94337	-1.229	0.184	1.527	0.355
Q4	174	3.8966	1.02042	-0.913	0.184	0.423	0.355
Q5	174	3.7184	1.24743	-0.915	0.184	0.048	0.355
Q6	174	3.7931	0.97528	-0.519	0.184	-0.187	0.355
Q7	174	3.8521	0.98746	-0.812	0.184	0.314	0.355
Q8	174	4.0862	0.85918	-0.831	0.184	0.488	0.355
Q9	174	4.0000	0.88009	-0.618	0.184	0.199	0.355
Q10	174	3.9023	0.80941	-0.415	0.184	0.095	0.355
Q11	174	4.0230	0.81853	-0.682	0.184	0.487	0.355
Q12	174	4.0805	0.85637	-0.658	0.184	0.039	0.355
Q13	174	3.7529	0.99238	-0.599	0.184	0.100	0.355
Q14	174	3.7356	1.11178	-0.584	0.184	-0.552	0.355
Q15	174	3.7299	1.00951	-0.766	0.184	0.412	0.355
Q16	174	4.0230	0.82556	-0.542	0.184	0.070	0.355
Q17	174	4.0287	0.88290	-0.668	0.184	0.250	0.355
Q18	174	3.9713	0.82887	-0.501	0.184	0.051	0.355
Q19	174	4.0345	0.83905	-0.659	0.184	0.259	0.355
Q20	174	4.0852	0.85918	-0.665	0.184	0.024	0.355
Q21	174	3.9770	0.78242	-0.546	0.184	0.485	0.355
Q22	174	4.1379	0.73197	-0.400	0.184	-0.465	0.355
Q23	174	4.0575	0.77320	-0.403	0.184	-0.419	0.355
Q24	174	4.0172	0.81513	-0.615	0.184	0.346	0.355
Q25	174	4.0057	0.88335	-0.622	0.184	0.177	0.355
Q26	174	3.9253	0.80471	-0.469	0.184	0.212	0.355
Q27	174	4.0115	0.81877	-0.661	0.184	0.446	0.355
Q28	174	4.0632	0.84766	-0.640	0.184	0.087	0.355
Valid N	174						

Table 3 Summary of the skewness and kurtosis

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
PQ	174	-1.376	0.184	3.013	0.366
SQ	174	-0.600	0.184	0.226	0.366
EF	174	-1.081	0.184	1.754	0.366
P	174	-0.470	0.184	-0.005	0.366
F	174	-1.155	0.184	1.989	0.366
CS	174	-0.709	0.184	0.920	0.366
CR	174	-1.110	0.184	1.862	0.366
N	174				

The Table 3 shows that all the five variables are skewed with each other, product quality which show (-1.376), service quality (-0.600), emotional Factor (-1.081), prices (-0.470) and facility is (-1.155). In this study, price variables have shown a negative variance (-0.005). The similar of the skewness and kurtosis is the normal distribution of skewness and kurtosis is zero.

### *Validity Test*

The scale of 28 questions deemed reliable in terms of internal consistency. Composed key factor of customer satisfaction into customer retention. Overall the coefficient of internal consistency Cronbach's for each question is statically significant. More specifically, based on the table above the question particularly with high loadings Q9 (.913), Q10 (.913), Q17 (.920), Q18 (.918), Q20 (.903), Q25 (.911), Q26 (.925), Q27 (.903), Q28 (.901). This factor is highlights the positive influence into the customer satisfaction to customer retention. It is important to mention that all the items on the S9, Q10, Q17, S18, S20, S25, S26, S22 and S28, without exception appears with high load-factor to the axis, a Pearson correlation coefficient of both high and this results the absence of problems in reliability.

### *Sample Adequacy test*

Kaiser - Meyer - Olkin (KMO) is used to measure the adequacy of the sampling variance provides an index of the variable portion that may be the same variances. The KMO index ranges are from the 0 to 1 and the sampling adequacy that less than 0.5 is probably not amenable to useful the factor analysis. The sampling adequacy with the sample size of 174 used in this research is good and considered suitable for factor analysis. The Bartlett's test of sphericity should significant ( $p < 0.05$ ) for factor analysis to be suitable (Brett, 2012) and the Bartlett's Test for this study is (378) and considered acceptable.

Table 4 KMO analysis of Customer satisfaction

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.755
Approx. Chi-Square	5875.630
Bartlett's Test of Sphericity Df	0.378
Sig.	0.000

*Descriptive Statistics*

Table 5 Descriptive Statistics Analysis

	N	Range	Min	Max	Mean		Std Dev	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
PQ	174	3.70	1.30	5.00	4.0511	0.04898	0.64609	0.417
SQ	174	3.50	1.50	5.00	3.8914	0.05344	0.70497	0.497
EF	174	3.50	1.50	5.00	4.0224	0.04832	0.63738	0.406
P	174	3.20	1.80	5.00	3.8333	0.05225	0.68917	0.475
F	174	3.50	1.50	5.00	4.0534	0.04822	0.63607	0.405
CS	174	3.00	2.00	5.00	4.0695	0.04132	0.54502	0.297
CR	174	3.50	1.50	5.00	4.0230	0.04798	0.63295	0.401
N	174							

As shown in Table 5, High mean values were obtained for five constructs – product quality, service quality, emotional factor, prices and facility. Nevertheless, for prices the mean value is slightly lower (3.8333). This study shows the variables of facility have a higher mean of (4.0534) among the entire customer satisfaction key factor. The previous past studies (Geetika & Shefali, 2010; Lepkova & Zukaite, 2012; Susan, 2005) have found that facility as the key factor of customer satisfaction that can influence customer to satisfy with the service and facility that provided by the company. Standard deviation is a measure of dispersion around the mean. Besides that standard deviation can be refer as the square root of the variance and it does not exceed +1 and not less than -1. The higher standard deviation for this study is service quality which is (0.70497) and the lower is facility which is (0.63607).

*Correlation Analysis*

The analysis calculated correlation between all variables and were conducted on all constructs to determine the Pearson correlation test 2-tailed significance. The independent variables that were used to test the results are product quality, service quality, emotional factor, prices and facility.

Table 6 shows the correlation of independent variables (product quality, service quality, emotional factor, facility and prices) between the customer satisfaction and customer retention. Emotional factor is highly correlated with the customer satisfaction (0.614) and customer retention (0.994) that showing a strong relationship which has similar results with the study of ( Waheed et al, 2010) that establish a steady relationship between the emotional factor and inclination towards customer satisfaction and customer retention. Facility also have a stronger relationship as a results the findings is in line with (Adeel et al. 2010) as they proposed facility can has a positive and significant impact on customer satisfaction (0.602) and customer retention (0,981). However based on these findings, service quality and prices have a moderate relationship with inclination towards customer satisfaction and customer retention. Moreover, product quality shows a lowest correlation between the variables with correlation coefficient of 0.261 (customer satisfaction) and

0.282 (customer retention). Therefore these results are opposing with the study of Aurimas & Borisas (2009) and Dhanya & Rajagini (2015) that proposes this factor have a good relationship between the customer satisfaction and customer retention. All variables are related strong and high satisfaction relation ( $p < 0.05$ ) with customer satisfaction and customer retention.

Table 6 Correlation between customer satisfaction and customer retention

		PQ	SQ	EF	P	F	CS	CR
PQ	Pearson's Correlation	1	0.218	0.283	0.180	0.274	0.261	0.282
	Sig (2-tailed)		0.004	0.000	0.017	0.000	0.001	0.000
	N		174	174	174	174	174	174
SQ	Pearson's Correlation		1	0.433	0.609	0.438	0.457	0.445
	Sig (2-tailed)			0.000	0.000	0.000	0.000	0.000
	N			174	174	174	174	174
EF	Pearson's Correlation			1	0.487	0.975	0.614	0.994
	Sig (2-tailed)				0.000	0.000	0.000	0.000
	N				174	174	174	174
P	Pearson's Correlation				1	0.483	0.480	0.496
	Sig (2-tailed)					0.000	0.000	0.000
	N					174	174	174
F	Pearson's Correlation					1	0.602	0.981
	Sig (2-tailed)						0.000	0.000
	N						174	
CS	Pearson's Correlation						1	0.628
	Sig (2-tailed)							0.000
	N							174
CR	Pearson's Correlation							1
	Sig (2-tailed)							0.000
	N							174

*Regression Analysis*

Customer Satisfaction

Table 7 Regression analysis of Customer satisfaction

Model	R	R Square	Adjusted R 2	Std. Error of Estimate	Change Statistics					Durbin-Watson
					R2 Change	F Change	Df1	Df2	Sig. F Change	
1	0.663	0.440	0.423	0.41394	0.440	26.382	5	168	0.000	1.709

Table 7 shows dimensions in predicting the independent variables towards the customer satisfaction with R = 0.663, R square is 0.440 and adjusted R square are 0.423, which means that 42.3% of the variance in customer satisfaction can be predict by the independent variables of product quality, service quality, emotional factor, facility and

prices. The value of R range is from -1 to +1 and the value of R squared range from the 0 to 1. The rules of R square is below 0.2 are considered weak, 0.2 – 0.4 moderate and above 0.4 are strong. Durbin Watson test is 1.709 and it's considered acceptable because the range for Durbin Watson are more than >1.

Table 8 Predicting Customer Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.343	0.268		5.017	0.000		
PQ	0.061	0.051	0.072	1.187	0.237	0.908	1.101
SQ	0.117	0.058	0.152	2.028	0.044	0.596	1.677
EF	0.381	0.225	0.446	1.697	0.092	0.048	20.698
P	0.121	0.061	0.154	2.005	0.047	0.568	1.761
F	0.006	0.224	0.007	0.028	0.978	0.049	20.588

Dependent Variable CS

Based on the Table 8, none of the variables have positive influence to the customer satisfaction which is PQ (0.72= 0.237), SQ (0.152= 0.044), EF (0.446= 0.092), P (0.154 = 0.047) and F (0.007= 0.978). Tolerance is defined as 1 - R squared, where R is the multiple R squared of a given freely backward on all other independent variables (David, 2012). If the tolerance is less than the value of the crop, usually 0.20 free to be dropped from the analysis because of multicollinearity. However, the tolerance value from this table are significant because none of the values are less than 0.20. VIF is referring to variance inflation factor and can be used in place of tolerance as a VIF is simply the reciprocal of tolerance (David, 2012). Values of VIF that exceed 10 are often regarded as indicating multicollinearity. Referring to the table, only two factor that show a good VIF which is emotional factor (20.698) and facility (20.588).

Model 2: Customer Retention

Table 9 Regression Analysis of Customer Retention

Model	R	R Square	Adjusted R 2	Std. Error of Estimate	Change Statistics					Durbin-Watson
					R2 Change	F Change	Df1	Df2	Sig. F Change	
1	0.996	0.992	0.991	0.05912	0.992	3932.053	5	168	0.000	1.549

Table 9 shows the summary of the dimension in predicting the independent variables toward the customer retention. The results show that R= 0.996, R square is 0.992 and 0.991 are for adjusted R square that simply mean that here is 99.1% of the variance in the customer retention can be predicted in independent variables which is product quality, service quality, emotional factor, prices and facility among the customer in the food industry. Therefore this data was considered as good fit suggested by Zygmunt & Smith (2014). The Durbin Watson results is 1.549 and also are considered acceptable range suggested is between the 1.5 and 2.5.

Table 10 Predicting Customer Retention

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-0.008	0.038		-0.218	0.828		
PQ	0.000	0.007	0.000	-0.036	0.971	0.908	1.101
SQ	0.007	0.008	0.008	0.0908	0.365	0.596	1.677
EF	0.761	0.032	0.766	23.714	0.000	0.048	20.698
P	0.008	0.009	0.009	0.0963	0.377	0.568	1.761
F	0.225	0.032	0.226	7.008	0.000	0.049	20.588

Table 10 shows that only two key factors which are emotional factor and facility are significantly and positively influence customer retention where EF (0.766 = 0.000) and F (0.226 = 0.000) as refer to table above. Emotional factor and facility have positive influence on customer in food industry. Based on table, the constant are not significant and negative and beside that none of the tolerance statistic from table shows there is less than 0.20 (Menard, 2010), so it signifies that the variable is not greatly collinear with the rest of the predictor variables. The VIF result shows emotional factor (20.698) and facility (20.588) have the value more than 10 that meaning there resist multicollinearity between the independent variables. Referring to the table above, the emotional factor and facility components has a significant and has positive influence on the customer satisfaction.

### Customer Satisfaction and Customer Retention

Table 11 Regression Analysis of Customer Satisfaction and Customer Retention

Model	R	R Square	Adjusted R 2	Std. Error of Estimate	Change Statistics					Durbin-Watson
					R2 Change	F Change	Df1	Df2	Sig. F Change	
1	0.628	0.394	0.391	0.49397	0.394	112.039	1	172	0.000	1.845

According to Table 11, the result for this test which is predicting the customer satisfaction toward the customer retention is R is 0.628, R square is 0.394 and the adjusted R square is 0.391. This was meaning that 39.1% of the variance of customer retention can be predicted by the customer satisfaction and suggesting the model is not a good fit. However the Durbin Watson tests are 1.845 and considered acceptable.

Table 12 Predicting Customer Satisfaction and Customer Retention

Model	Unstandardized Coefficients		Std. Coeff.	T	Sig	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.055	0.283		3.728	0.000		
CS	0.729	0.069	0.628	10.585	0.000	1.000	1.000



The results in Table 12 show that both variables are correlated with each other and the customer satisfaction is having positive influence on customer retention. The customer satisfaction significant results are shows (.628 = .000) which are less than (.005) would be in the objective of the study will be more accuracy and credibility of the results. The tolerance is significant because the results of customer satisfaction are less than 0.20 which is (1.000). These results indicate that the study did not have any problems multicollinearity. Furthermore all the independent variables are highly significant. The past research also shows that customer satisfaction has a strong relationship and positive effect with customer retention (Anders et al. 2006).

### Multiple Regressions: Customer Retention and all other factors

Table 13 Regression Analysis of Customer Retention and all other factors

Model	R	R Square	Adjusted R 2	Std. Error of Estimate	Change Statistics					Durbin-Watson
					R2 Change	F Change	Df1	Df2	Sig. F Change	
1	0.996	0.992	0.992	0.05813	0.992	3390.652	6	167	0.000	1.610

Table 13 shows that R= 0.996, R Square is 0.992 and the adjusted R square are 0.992, meaning that 99.1% of the variance of customer retention can be predicted by the variables of product quality, service quality, facility, emotional factor, prices and customer satisfaction. Thus the model is said to be a good fit because it signifies the strong relationship work. The Durbin Watson test also considered acceptable (1.610) based on table above.

Table 14 Predicting Customer Retention and all other factors

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-0.046	0.040		-1.147	0.253		
CS	0.028	0.011	0.024	20605	0.010	0.560	1.785
PQ	-0.002	0.007	-0.002	-0.274	0.784	.0901	1.110
SQ	0.004	0.008	0.005	0.509	0.611	0.582	1.718
EF	0.750	0.032	0.755	23.577	0.000	0.047	21053
P	0.005	0.009	0.005	0.570	0.570	0.555	1.803
F	0.225	0.032	0.226	7.122	0.000	0.049	20.588

Based on Table 14, the emotional factor value is (0.755= 0.000) and facility is (0.226 = 0.000) that was these two factors have a positive influence and positive impact into the customer retention. Results based on the table, the constant is not significant and negative. There are no statistics to show tolerance of less than 0.20 fixtures so it means that data is significant. The VIF value for the emotional factor and facility shows that the value are

more than 10, that meaning there have existing multicollinearity between the emotional factor and facility with the customer retention. This is similar with past studies (Ahmad & Norzalita, 2012) and Wan Tong (2015).

## Conclusion

For the product quality, the mean value is slightly lower and has weak relationship on the customer satisfaction. Based on the regression results, the Cronbach's Alpha is acceptable but has no significant effect on customer satisfaction and customer retention. There can be several reasons for this like reputation of the restaurant etc. Furthermore, for the prices and service quality usually was show the results a significant among the customer satisfaction and customer retention because customers were look the service that provided by the organization (Marwan & Cerdar, 2014). According to the Raj (2012), it has been argued that service quality is a way to distinguish the organization from their competitors and to increase customer retention. Moreover the service quality and customer satisfaction has been considered very important to improve the overall performance for a business. The result showed that emotional factor has a positive relationship to influences on the customer satisfaction. This research stems from the emotional dimension and explores the effect of casting a deep consumer service staff on impact. Moreover, the empirical results of this study show that emotional service workers significantly affect a positive impact on customers. This study can be concludes to the positive affect to the customer if the service employees is good rather than with a fake emotional disguise and the customer will feel enjoy and satisfied with all this kind of services in each and every shops (Cedric, 2013). Prices variables have the moderate correlation and any increase results in a positive impact on the customer satisfaction and customer retention. Prices used as an indicator of product quality, leading to expectations of a better product and determine higher satisfaction. Similarly, the price paid by the customer does not have a negative impact on large customer satisfaction. To sum up, it means that the price what the customers had paid need to match with a good quality of services received. With good prices and worthily the money and quality, it will lead to customer satisfaction (Rizan, 2010)

In the nutshell, facilities gain the highest mean after the emotional factor through the test that was done in this study. The results were show that it has a positive and significant result between the facility and customer satisfaction. In other words, facility is an important factor to impact the customer satisfaction in the organization. Besides that, it was found that the facility played a critical role in determining the satisfaction and loyalty among the customer (Boo, 2011). In addition to that, facility Management Company must strive to improve service quality and the customer satisfaction to ensure customer loyalty and financial gain. Through the regression analysis and correlation analysis the customer satisfaction and customer retention have a significant relationship. This means that the relationship between customer retention could be depending on the customer satisfaction itself. According to Barnett (2000) once stated that the important concept to consider when developing a program of customer retention is a customer satisfaction. Based on the insights and research that has been done it can be concluded that satisfaction is an important and critical scale and how needs are met customer demand while customer retention is a measure on how likely a customer is to repeat purchases and engage in the

activities of associations. Besides, customer satisfaction and customer retention is potentially one of the most powerful weapons that can employ in their struggle to gain strategic advantage and survive in the competitive environment of ever increasing today (Zahari & Salleh, 2011).

The emotional factors are widely known to be very beneficial to the customers and organization. Therefore, if the company wants to have a strong relationship with customers, it must improve and have strategies in terms of the emotional factor that related with service quality. The organization shall take action to improve the quality of service in terms of emotional factors and quality of service among employees and customers because employees play an important role in the success of the product and the company. Besides, all organizations should be encouraged to improve the effectiveness of its employees with training and rehabilitation and to improve their behavior to be friendlier and serve customers to higher level of satisfaction. This can be achieved by providing physical and moral incentives and motivational programs to improve the study of personal characteristics and behavior should work to serve as the only customers at the time and to show a good connection of friendship with the customer. Moreover, it can also be reach a common collaboration among employees within the organization as a team without conflicts that may affect the services provided (Adronikids, 2008). According to Marwan and Cerda (2014) has stated that organizations need to improve job training that leads to internal satisfaction and can be viewed on their performance and customer loyalty and satisfaction.

Secondly it's a competitive marketplace, and keeping and building a loyal customer base is vital to maintaining and growing your business so to improve the service of the organization in term of emotional factor and service quality among the customers, the organization should launch the loyalty program to show appreciation and consider in rewarding the customers. If it was been design creatively on how to appreciate a loyal customer properly, these programs result in positive customer reviews spread through word of mouth and social media sites and could be a positive sides to the business. The results of the study have been revealed that customers have high expectations of facility in all the restaurants. Thus, the restaurant needs to improve their facility that reflected big gaps between customer expectation and their perception. The restaurant managers should think about the entertainment for the customers. In order to improve the facilities in the restaurant, the manager should ambience the facility, which is decorated with luxurious furniture, finishes and colors as these are key factors that keep customers coming back to the dining facilities (Yuksel & Yuksel, 2002). Service environment and facilities are playing an important role in shaping the nature of customer behavior, their reactions to places and social interaction also plays the biggest roles as nowadays teenager's loves to hang out in a nice and comfortable zone. This can make customers are likely to spend time and money with a feeling of excitement in the service environment. Furthermore, restaurant managers also need to be extra carefully on designing the interior of the restaurant and outdoor facilities to deliver a comfortable, relaxing atmosphere and to attract customers from all types of ages coming into the restaurant. Lastly, managers should also maintain the cleanliness of the facilities to make the restaurant be comfort to all the customers.

## References

Adeel, Daniel; Muhammad, Ashar; Hafiza Ihsan and Wahab, Shahbaz. (2010). An Impact of Employee Satisfaction on Customer Satisfaction In Service Sector of Pakistan. *Journal of Asian Scientific Research*, 2(10), 548-561.

Ah-Keng Kau, and Elizabeth Wan. (2006). The effects of service recovery on consumer satisfaction: a comparison between complainants and non-complainants. *Journal of Services Marketing*, 20(2), 13-28

Ali Dehghan. (2006). Relationship between Service quality and customer satisfaction [pdf] Available at: <http://epubl.ltu.se/1653-0187/2006/56/LTU-PB-EX-0656-SE.pdf> [Accessed 2 September 2015].

Alin Sriyam. (2010). Customer satisfaction towards service quality of front office staff at the hotel [pdf] Available at: [http://thesis.swu.ac.th/swuthesis/Bus\\_Eng\\_Int\\_Com/Alin\\_S.pdf](http://thesis.swu.ac.th/swuthesis/Bus_Eng_Int_Com/Alin_S.pdf) [Accessed 19 August 2015].

Amal Keblawi., Isak Johansson., and Dennis Svensson, 2013. Student satisfaction in a higher education context [pdf] Available at: <http://www.diva-portal.org/smash/get/diva2:656089/fulltext02> [Accessed 30 September 2015].

Amaratunga, D. and D. Baldry. (2000). Assessment of facilities management performance in higher education properties. *Facilities management*, 18(7/8), 293-301.

Animashaun, Abdulrauf, Tunkarimu, Tarila Iman and Dastane, Omkar. (2016). Customer Perceived Value Towards Convenience Stores in Malaysia: The Influence on Customer Satisfaction, Loyalty and Retention, *Journal of Marketing and Consumer Behaviour in Emerging Markets*, 2(4), 4-27

Arezu Ghavami and Alireza Olyaei, 2006. The impact of CRM on Customer Retention [pdf] Available at: <http://epubl.ltu.se/1653-0187/2006/02/LTU-PB-EX-0602-SE.pdf> [Accessed 4 September 2015].

Arneill, A., and Delvin, A. (2002). Perceived quality of care: The influence of the waiting room environment. *Journal of Environmental Psychology*, 22(4), 345-360.

Ashim Kayastha. (2011). A study of Graduate student satisfaction towards service quality of universities in Thailand [pdf] Available at: <http://www.webster.ac.th/2012/pdf/thesis/2011-12/mba/Ashim%20Kayastha/Ashim%20Kayastha.pdf> [Accessed 4 December 2015].

Aurimas Dapkevicius and Borisas Melnikas. (2009). Influence of Price and Quality to Customer Satisfaction, *Mokslas – Lietuvos Ateitis Science –Future of Lithuania*, 1(3), 17-20

Barsky, J., 1995. *World-class customer satisfaction*. Burr Ridge, IL: Irwin Professional.

Blattberg RC, Getz G, and Thomas JS , 2001. Customer equity. Building and managing relationships as valuable assets. Boston, Massachusetts: Harvard Business School Press.

Brett Williams. (2012). Exploratory factor analysis: A five-step guide for novices. *Australasian Journal of Paramedicine*, 8(3), 23-43.

Che Din., Jegatheesan., and Salina Daud. (2012). Establishing a Student Satisfaction, *International Business Journal*, 5(1), 12-22

D. J. Petzer, T. F. J. Steyn and P. G. Mostert. (2010). Customer retention practices of small, medium and large hotels In South Africa: An exploratory study. *African Journal of Marketing Management*, 1(1), 32-42.

Eng Ai Jia., Lee Shee., Tan Pei and Yeah Chun. (2012). A study of Customer satisfaction towards service quality in Air Asia Malaysia [pdf] Available at: [http://eprints.utar.edu.my/720/1/A\\_STUDY\\_OF\\_CUSTOMER\\_SATISFACTION\\_TOWARDS\\_SERVICE\\_QUALITY\\_IN\\_AIRASIA\\_MALAYSIA-\\_Eng\\_Lee,\\_Tan,\\_ %26\\_Yeoh\\_\(2012\).pdf](http://eprints.utar.edu.my/720/1/A_STUDY_OF_CUSTOMER_SATISFACTION_TOWARDS_SERVICE_QUALITY_IN_AIRASIA_MALAYSIA-_Eng_Lee,_Tan,_%26_Yeoh_(2012).pdf) [Accessed 1 September 2015].

Eskildsen JK. & Kristensen. (2007). Customer satisfaction – The role of transparency, *Total Quality Management*, 22(4), 369 – 378.

Fateemoh Laeheem. (2012). A study on Determinants of Customer satisfaction towards Broadband Services in Songkhla province [pdf] Available at: [http://etd.uum.edu.my/3004/1/Miss\\_Fateemoh\\_Laeheem.pdf](http://etd.uum.edu.my/3004/1/Miss_Fateemoh_Laeheem.pdf) [Accessed 26 August 2015].

Fatoki, O. (2014). The Entrepreneurial Intention of Undergraduate Students in South Africa: The Influences of Entrepreneurship Education and Previous Work Experience. *Mediterranean Journal of Social Sciences*, 5(20), 30-38.

Fecikova, I. (2004). An index method for measurement of customer satisfaction. *The TQM Magazine*, 16(1), 57-66.

Garvin, D.A. (1984). What does product quality really mean? *Slogan Management Review*, 24(3), 25-43.

Geetika, Shefali Nandan. (2010). Determinants of Customer Satisfaction on Service Quality: A Study of Railway Platforms in India. *Journal of Public Transportation*, 13(1), 97-113

Giese, J. L., & Cote, J. A. (2002). Defining Consumer Satisfaction. *Academy of Marketing Science*, 2(1), 1-24.

Grove, S. J., R. P. Fisk, and M. J. Bitner (1992). Dramatizing the Service Experience: A Managerial Approach. *Advances in Services Marketing and Management*, 1, 91-121.

Inda Sukati, Tan Ban Khiang and Isnurhadi 2015. Customer Satisfaction Level Provided by Air Asia Asian Social Science Journal, 11(13).

Jallow, Hawa and Dastane, Omkar. (2016), Effect of Sales Promotion Schemes on Purchase Quantity: A Study of Malaysian Consumers, *Management & Marketing*, 14(2), 299-320

Kelesy K, Bond J. (2000). A model for measuring Customer satisfaction within an Academic Centre of Excellence. *Management Service Quality*, 11(5), pp. 267-359.

Kotler, P. and Keller, K. L., 2009. *Marketing management*. 13th ed. New Jersey: Pearson Education Inc, Upper Saddle River.

Kotler, Philip. 2000. *Marketing Management, The Millenium Edition*. Prentice Hall. New Jersey.

Kumar, S. A., Mani, B. T., Mahalingam, S., and Vanjikovan, M. (2010). Influence of Service Quality on Attitudinal Loyalty in Private Retail Banking: An Empirical Study. *IUP Journal of Management Research*, 9(4), 21-38.

LaBarbera, P. A. & Mazursky, D. (1983). A Longitudinal Assessment of Consumer Satisfaction, Dissatisfaction: the Dynamic Aspect of Cognitive Process. *Journal of Marketing Research*, 2, 393-404.

Lim Lay Sim, 2008. Determine of Students satisfaction and students loyalty in College X: (case study) [pdf] Available at: [http://eprints.usm.my/25366/1/DETERMINANTS\\_OF\\_STUDENTS%20%80%99\\_SATISFACTION.pdf](http://eprints.usm.my/25366/1/DETERMINANTS_OF_STUDENTS%20%80%99_SATISFACTION.pdf) [Accessed 18 November 2015].

Lund, T. (2012). Combining qualitative and quantitative approaches: Some arguments for mixed methods research. *Scandinavian Journal of Educational Research*, 56(2), 155-165.

Marine Le Gall-Ely. (2009). Definition, Measurement and Determinants of the Consumer's Willingness to Pay: a Critical Synthesis and Directions for Further Research. *Research et Applications en Marketing*, 24 (2), pp. 91-113.

N. Lepkova, , and G. Zukaite Jefimoviene. (2012). Study on customer satisfaction with facilities services in Lithuania. *Slovak Journal of Civil Engineering*, 4(1).

Oliver, R. L. (1981). Measurement and Evaluation of Satisfaction Processes in Retail Settings. *Journal of Retailing*, 57(3), 25-48.

Oliver, R.L., 1997. *Satisfaction: A Behavioral Perspective on the Consumer*. New York, NY: McGraw-Hill.

Oluwafemi, Adebuseye Shedrack and Dastane, Omkar. (2016). The Impact of Word of Mouth on Customer Perceived Value for the Malaysian Restaurant Industry, *The East Asian Journal of Business Management*, 6(3), 21-31



Paul Linnell, (2015). Cost of poor service - the economic truths [online] Available at: <http://ctmaworld.com/economictruths.htm> [Accessed 2 November 2015].

Payne A. (2000). Customer retention (In Cranfield School of Management. Marketing management: a relationship marketing perspective. Houndmills: Macmillan Press, pp. 110-122.

Pert Suchanek., Jiri Richter., and Maria Kralova. (2015). Customer Satisfaction, Product Quality and Performance of Companies. Review of Economic Perspectives, 14(4). 329-344.

Reeves, C.A. and Bednar, D.A. (1994). Defining quality: alternatives and implications. Academy of Management Review, 19 (3), 419-45.

Ross Beard, 2014. Why Customer Satisfaction Is Important (6 Reasons) [online] Available at: <http://blog.clientheartbeat.com/why-customer-satisfaction-is-important/> [Accessed 26 September 2015].

Samuel Otiom., 2004. The Determinants and implications of customer satisfaction and loyalty in web-based commerce: An Empirical analysis, 4(1)

Sanjay K. Jain., and Garima Gupta. (2004). Measuring Service Quality: SERVQUAL vs. SERVPERF Scales. International Journal of Social Science, (Online) 29(2). 25-37

Sarina Ismail. (2009). The effect of Customers Satisfaction towards customer loyalty among mobile telecommunication providers in Malaysia [pdf] Available at: [http://etd.uum.edu.my/1682/2/1.Sarina\\_Ismail.pdf](http://etd.uum.edu.my/1682/2/1.Sarina_Ismail.pdf) [Accessed 2 September 2015].

Seiders, K. and Costley, C.L. (1994). Price awareness of consumers exposed to intense retail rivalry: a field study. Advances in Consumer Research, 21, 79-85.

Seo, Yeji, (2012). Cultural Impact on Customer Satisfaction and Service Quality Evaluation in Hotels. International Business Journal, 1(3)

Shaharudin Jakpar., Angelyn., Aniat., and Khin Than, (2012). Examining the Product Quality Attributes That Influences Customer Satisfaction Most When the Price Was Discounted: A Case Study in Kuching Sarawak. International Journal of Business and Social Science, 3(23)

Susan Leah, 2005. Increasing customer satisfaction through employee satisfaction in a call center environment [pdf] Available at: <http://www2.uwstout.edu/content/lib/thesis/2005/2005leahs.pdf> [Accessed 26 August 2015].

Wadud Sharmin, 2012. Customer satisfaction in business: A case study of Moon Travel LTD, Finland [pdf] Available at: <https://www.theseus.fi/bitstream/handle/10024/54685/Wadud%20Sharmin.pdf?sequence=1> [Accessed 20 November 2015].

Wei Chia Tung, 2003. A customer perception and satisfaction survey for a Chinese buffet [pdf] Available at: <http://www2.uwstout.edu/content/lib/thesis/2003/2003tungw.pdf> [Accessed 21 September 2015].