

Introduction of kfc in mauritius



**ASSIGN
BUSTER**

The necessity for all human being is eating which is observably a daily action. For eating at restaurants, it depend on an individuals reason and is intentionally or instinctively assess by a multifarious set of attributes ahead before choosing a restaurant. Thus, this study is to investigate how much service quality has an impact on customer satisfaction and retention especially in our Mauritian context at KFC. As there is a casual inter-relationship between customer satisfaction and service quality, this study aims to find out the effectiveness of the service dimensions of service quality which leads to customer satisfaction and finally to retention at KFC. An individual feeling of pleasure and disappointment is known as satisfaction and the customer satisfaction is very important for any organization. All the main aspects will be analyzed and recommendations will be drawn out for better improvement.

Company Background

History

Kentucky Fried Chicken (KFC) was founded by Colonel Harland Sanders in 1952 and its primary focus is fried chicken. KFC also offers grilled and roasted chicken products, wraps, salads, sandwiches and desserts as well beef based products outside the USA. Although the death of Sanders in 1980, he remains a vital part of the firm's branding and advertisements, and ' Colonel Sanders' or ' The Colonel' is a metonym for the company itself. In 1991, the abbreviated form of its name ' KFC' was adopted by the company.

The Present

KFC operates more than 5, 200 restaurants in the United States and more than 15, 000 units around the world. In 109 countries and territories around the world, KFC daily serves more than 12 million customers. KFC is world famous for its Original Recipe fried chicken, made up of 11 herbs and spices secretly blended together. Colonel Harland Sanders perfected more than a half century ago. Based on the Fortune 500 List, KFC is ranked on 239 positions with revenues in excess of \$11 billion in 2008.

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With time, consumers were more demanding for large variety of food and then, the first KFC outlet was launched in Mauritius-1983. Pick N Eat is the company which operates the KFC franchise in Mauritius. KFC has carved a solid reputation as a quick service restaurant which provides quality products and service. Across our island, 18 outlets are spread out and 10, 000 customers daily are enjoying their finger-linking favorites in the consumer-friendly environment.

Background of the program

In the fierce competition, the market trend has changed noticeably from agricultural to service market. The service sector especially fast food industry is in a rapid growth and gain a sustainable position in the market due to lack of time to prepare food and dual income families. All of the fast food businesses are trying their best to improve their service quality in order to make customer satisfied and return back to them again. They are concentrating more on service quality in order to meet the needs and expectations of the customer. The more satisfied the customers are, the

more likely they are to return to the restaurant. The fast food industry has undoubtedly not been free from either augmented competition or from increasing customer expectations regarding quality. In the fast food industry, the perceived quality holds a great importance to create a retention effect for customers. So the fact is that when the service providers are able to satisfy its customers with good managerial arrangement, the food's quality provided, have efficient staff, then a positive outcome is seen in customers' retention in a particular restaurant.

Problem Statement

' Service quality is a vital strategy for any restaurants, success and repeat business and it has long been defined by adopting a rather more customer-oriented view and not by the restaurateur-oriented' (Saleh and Ryan, 1991). Customer is the key role in any business, without any customer it is difficult to do business. It is necessary to work closely with your customer. As customers can also create your business, thus, customer is the major part of business and also in the market. Business runs through customer, without the customer there is no business. Due to the increasing competition with other restaurants and quality-conscious' customers, it is vital to carry out this research. There is a need for further improvement in order to face the competitors and meet the increasing customers' expectation concerning quality. Based on the actual service quality performance of KFC, it is important to identify if customers are satisfied with the current situation and are likely to retain at KFC or switch to other competitors. Also, to find out the factors of service quality that leads to customer satisfaction and retention. From the above reasons, it is important that the service performance meets

or exceeds customers and their expectation, the customer will be satisfied. Service quality is an antecedent of customer satisfaction. Therefore, this warrants a study to assess the customers' expectation and perception, examine its discrepancy gaps and the service quality dimensions that influence customer satisfaction and retention.

Research Objectives

- To determine customers' expectation and perception level towards service quality.
- To identify the discrepancy gap between customers' expectation and perception level towards service quality.
- To identify the SERVQUAL dimensions which have an influence on customer satisfaction and retention?

Research Questions

- What is customers' expectation and perception towards service quality?
- What is the discrepancy gap exist between customers' expectation and perception towards service quality?
- What are the SERVQUAL dimensions which have an influence on customer satisfaction and retention?

Aims of the study

This study is to find out whether the service dimensions have an impact on customer satisfaction and retention at KFC by using the SERVQUAL Model by

Parasuraman, Zenithaml, and Berry (1988). It will also explore the service aspects that affect and influence customer satisfaction and retention.

Significance of the study

This study will act as a practical guideline for KFC, especially for the management and the front line employees which may increased a higher level of customer satisfaction in the near future. The results of this quantitative assessment of service quality may provide some insights into how customers rate the service and assessed customer satisfaction at KFC. The outcomes will utilize as a basis to improve their existing service quality or to develop a new one in order to meet with the customers' needs and satisfy them. Furthermore it will help KFC managers to know if they are providing services according to the norms established by customers. The management will be able to come up with a strategy for upgrading their service quality which will definitely lead to customer satisfaction and retention. All these views of customers will help KFC to remedy problems if there are and maintain their service quality.

Phases of the discussion

Introduction

In the first chapter, the problem area is discussed with a deeper understanding regarding the research. The problem discussion ends with a research objectives and questions. In the end of this chapter, the contributions of this research are also presented.

Literature Review

In the literature review, the service quality's impact on customer satisfaction and retention is discussed with the following purposes of assessing customers' expectation, customers and employees' perception, identifying their gaps and the influencing service quality aspects.

Research Methodology

Analysis

Conclusion and Recommendation

Conclusion

The first chapter provided us a background to the outline of the dissertation. It contained the research context, which is, identify the problems, and establish its aims and its objectives, set out the research questions and finally present the outline of the study.

Chapter 2- LITERATURE REVIEW

2. 1 Introduction

This chapter will give an overview of literature and models that presented by writers and journalists. It will support the research objective presented in the previous chapter. The chapter will elaborate the concepts of service, service quality, customer satisfaction, customer retention, service quality dimensions, the gaps and others.

2. 2 Fast Food Industry

The fast food industry is also known as “ Quick Service Restaurants” (QSR) and has been serving delicious food for as long as people lived on. The fast food generally refers to the food served to customers in form of packaged for takeout or on the spot with minimum preparation time. The Mauritian fast food industry was primarily started with the famous “ dholl-puri” and is still in great demand. But, due to globalization, the fast food industry has gradually breakthrough the Mauritian lifestyle. The consumer demand has evolved as they demand for a variety of food in a comfortable, stylish place and for busy people a quick bite at all times of the day. Today, these products form part of the Mauritian lifestyle and culture. People look for the convenience in order to improve their lives and productivity. Recent studies have shown that one out of every two-and-a-half-meal today is eaten away from home (Kara et al 1997).

The fast food industry is not without its challenges. There is an increased focus on the quality of food served in the fast food restaurants. But, in this fierce competition of today, the right marketing approach and application of service quality is vital to compete with competitors as well as retain customers. The fast food industry is large and diverse in itself with lots of opportunities that challenge is being answered with new offerings and strategies to lure consumer back in. In the new emerging fast food industry, KFC is expanding in accordance with the customers’ demand despite the environmental problems and provide its potential to give a meal in a pleasant atmosphere.

Jang & Namkung (2009) proposed three factors: service and product quality as well as the atmospheric element are considered as the main restaurant attributes affecting the perceived quality of customers' experiences at a restaurant. The total dining experience in a restaurant is comprised of not only food itself, but also the atmosphere (physical aspects) and the service provided. Thus, the fast food industry is based on the principles of quality food served fast and requires fast-reaction solutions to customer's needs if they want to satisfy and retain customers.

2.3 Service

There are many definitions concerning the concept of service by researchers. The term service was describe by the author Gronroos (1983) as: " An activity or series of activities of more or less intangibles nature that normally, but not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and / or systems of service provider, which are provided as solutions to customer problems". Another definition was given by the author (Payne, 1993) said that service is " Any primary or complementary activity that does not directly. Produce a physical product - that is, the non-goods part of the transaction between customer and provider". Whereas Kotler et. al. (1999) is of opinion the service is regarded " as any activity or benefit that one party offers to another which is essentially intangible and does not result in the ownership of anything, and it may or may not be tied to a physical product". Normally, lots of people are involved in a service process and it is tough to do an analysis of service or to duplicate the same service exactly. In today

market, products heavily rely on its service to acquire competitive advantage and to satisfy customers' needs.

Each authors mentions service as an exchange between the service provider and customers as well as its intangibility nature. The most vital point is simply the participation of the customer in the service process. KFC provides quality product and service with full customer's interaction.

2. 4 Service Quality

In the service industry, service quality has become a crucial tool.

Practitioners are more interested in the concept of service quality which has an advantageous effect on the outcome performance for the company.

Service quality is a critical element of customer perceptions as well as in determining customer satisfaction. Various experts have defined service quality differently. Parasuraman et al. (1985) proposed a formal definition of service quality as “ the degree and direction of discrepancy between customers' service perception and expectation.” Satisfaction occurs when the expectations meet or exceed the performance level whereas customer dissatisfaction occurs when the expectation is below the perceived quality.

Asubonteng et al. (1996) defines ‘ service quality as the extent to which a service meets customers' need and expectation’. Hooley, Saunders and Piercy (2004) “ A prime factor in differentiating the product or service from that of competitors is quality. Quality concerns the fitness for purpose of a product or service. For manufactured products that can include the durability, appearance or grade of the product while in services it often comes down to the tangible elements of the services, the reliability and

responsiveness of the service provider, the assurance provided of the value of service and empathy, or caring attention, received.”

According to these authors, the service quality is normally the customer perceptions and the organization’s activities together with delivering quality service that matched to customer expectations on a consistent basis. Service quality is a key survival of all restaurants as it is the most powerful competitive weapon that can be used against competitors and to attract as well as to retain customers. These authors highlights that two main factors affect the quality of a services, that is, expected service and perceived service.

2. 5 SERVQUAL Approach

The SERVQUAL framework has come up for the purpose to improve service quality in services and retailing organizations as it has suggest that customer satisfaction is based on multiple factors rather than one. The SERVQUAL method was developed by Parasuraman et al. in 1988 as a technique used to perform a gap analysis of an organization’s service quality performance against customer service quality needs. Parasuraman et al. (1988) came up with five dimensions (grouped with 22 attributes) to measure service quality which is responsiveness, assurance, tangibility, empathy and reliability. The SERVQUAL instrument is regarded as a reliable method of measuring service quality (explore customers’ expectation and perceptions), which in turn leads to a measurement of customer satisfaction.

Internationally, KFC already have a service quality assurance team for regular surveys with a theory known as CHAMPS (consist of cleanliness,

hospitality, accuracy, maintenance, the standard of product quality plus service speed). This is to evaluate the customers' experience whether they are satisfied or not with the products and services. In Mauritius, KFC has already executed the theory of service quality and conduct survey concerning the services. Thus, in the study, the SERVQUAL method will be used for further research work.

2. 5. 1 SERVQUAL Dimensions

In 1985, Parasuraman et al. has identified ten determinants for measuring service quality which are as follows: responsiveness, reliability, access, competence, courtesy, credibility, communication, security, tangibility and understanding or knowing the customer. Later, in 1998, Parasuraman et al. refined the model to the useful acronym RATER:-

Reliability

It is defined as ' the ability to perform the promised service dependably and accurately' or ' delivering on its promises' (Zeithaml et al., 2006, p. 117). It is one of the most important service components for customers as it implies ' doing it right the first time'. The service organizations need to keep its promise and maintain an error free record. The reliability factors are efficiency in the billing system, consistency in serving customers, and the staff performs tasks that have been promised to guests and well trained staff. For the food & beverage industry, reliability can be interpreted to mean fresh food delivered at the correct temperature and accurately the first time (Andaleeb & Conway, 2006).

In the Mauritian context, KFC has its own training center recognized by the franchisor for their staff. The chicken is prepared on the spot and they make sure that the service delivery is consistent and timely. The most significant policy of KFC is evaluating the customers' experience with its service, whether they are satisfied or not. They can also put their comments and suggestions for further improvements of the products and services of KFC.

Assurance

Assurance is defined as “ the employees' knowledge and courtesy and the service provider's ability to inspire trust and confidence” (Zeithaml et al., 2006, p. 119). The assurance factors are staff's knowledge about the menu, safety, security, trustworthy and friendly staff. Customers are more likely to use tangible evidence to assess the assurance dimension such as awards or special certificates which give a new customer confidence.

KFC has achieved National Quality Awards and have a Hazard Analysis Critical Control Point (HACCP) program is implemented in order to identify, evaluate and control any physical and environmental hazards in the work place. And the logo of HACCP is visible in every restaurant as an assurance dimension.

Tangibility

Tangible is defined as the physical facilities, equipment, staff appearance and others. In accordance with the author, Zeithamal et al. (2006) this dimension is comprised to the current appearance and shape of the cutlery, the restaurant's interiors decor, silverwares and the uniform of the staff, the

layout and appearance of the menu list, restaurant signage and advertising campaign. “ Tangibles are used by firms to convey image and signal quality” (Zeithaml et al., 2006). Customers use this dimension to evaluate the quality.

KFC has its own evidence of its service in terms of products, packaging, printed and visual marketing materials, websites, and staff appearance, virtual evidence of handling queries and feedback through Facebook and other online services.

Empathy

Empathy is the extent to which caring individualized service is given to a customer. The customer is treated as a king. Many small companies use this ability to provide customized services as a competitive advantage over the larger firms (Zeithaml et al., 2006). The empathy components are willingness to handle requests, give individualized attention to customers, and show enthusiasm to serve and to answer to all queries accurately. Empathy may be important to ensure customer loyalty as the server knows how the customer likes his or her food prepared. In return, the customer is easily approach and spell out their needs to the service provider. If a company looks its customer as an individual, as result, the company will come out as a winner.

KFC take care of each individual customer by providing the meal according to the customer requirement. Such as, a meal can be upgraded by adding cheese, pineapple, tomato, plain or spicy chicken as per the customer's taste. Before launching a new product, KFC take care of its customer's

opinion into consideration through Facebook and keep continuous communication with the customer through regular survey.

Responsiveness

Responsiveness is defined as “ the willingness to help customers and provide prompt service” (Zeithaml et al., 2006, p. 117). The responsiveness factors are short waiting period for the service delivery, attend complaints quickly, availability of staff when needed and restaurants action upon customer suggestions. In order to be responsive, a service provider has to determine how long it would take to get answer or to solve a problem. To be successful, companies need to look at responsiveness from the view point of the customer rather than the company’s perspective (Zeithaml et al., 2006). This dimension captures the notion of flexibility and ability to customize the service according to the customer needs.

KFC handle complaints quickly especially through Facebook and the staff are willing to help customer as well as keeping in mind for short waiting period in service delivery.

2. 5. 2 Service Quality Gaps Model

In 1990, Zeithaml, Parasuraman and Berry have developed a survey instrument to measure the gap between customer’s expectation for excellence and their perception of actual service delivered. The SERVQUAL model uses the terms that describe one or more determinants of a “ quality service encounter”. Gronroos (1982), Lewis and Booms (1983); Parasuraman et al. (1985) have the same opinion that the most frequently used approach to measure service quality is SERVQUAL to compare the customer’s

expectation prior to the service encounter and their perception after the actual service delivery. Basically, there are seven principal gaps in the service quality's concept, out of which Gap 1, Gap 5 and Gap 6 are more associated with the external customers as they have a direct relationship with customers.

Figure 2. 1: SERVQUAL or Gaps Model

(Zeithaml Parasuaman Berry 1988)

Gap 1: Management perceptions of consumer expectations and Customers' expectations and

It is the knowledge gap which portrays the difference between the management beliefs about customers, expectations and what customers actually need and expect. This gap happens when there is insufficient flow of communication upwards, lack of marketing research orientation and too many level of management.

Gap 2: Management perceptions of consumer expectations v/s service specifications

It is a policy gap where a difference occurs between management perceptions regarding customers' expectations and service specifications are set for service delivery. The reasons for this gap are unfeasibility, inadequate commitment to service quality and task standardization as well as an absence of goal setting.

Gap 3: Service quality specifications opposite service delivery

It is the difference between the service specifications and the service delivery teams' actual performance on these specifications. The gap is a result of poor employee-job fit, lack of perceived control and lack of teamwork.

Gap 4: Service delivery v/s external communication to customers

The communication gap is the difference between what the company communicates and what is actually delivered to the customer. It is due to inadequate horizontal communications and propensity to over-promise.

Gap 5: The discrepancy gap between customers' expectations and customers' perceptions of the service delivered

It is the difference between what has actually delivered and what customers feel they have received. Customer expectations are influenced by the extent of personal needs, past service experiences and word of mouth recommendation. The difference occurs when customers are influenced and service provider has shortfalls.

Gap 6: The discrepancy gap between customer expectations from the service provider and employees' perceptions of consumers' expectations

The service quality gap is what the customers expect to receive and their perception of the service that is actually delivered. There is a difference in the understanding of customer expectations by front-line service provider.

Gap 7: The discrepancy gap between employee's perceptions and management perceptions of consumers' expectations

This gap is mainly an internal difference in the organization such as differences in understanding of customer expectations between management and employees.

2. 6 Customer Satisfaction

Customer satisfaction is the heart of marketing. Customer satisfaction is the customer's evaluation of the service or product against if their needs and expectations are meant. For any restaurant, customer satisfaction is more important as it forms a part of marketing. In past years, customer satisfaction was not that important but today it is the most important issue in term of the most reliable feedback for a restaurant's excellency. Richard L. Oliver (1997, P. 13) define customer satisfaction as " Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfillment." Customers' satisfaction is highly influenced by their characteristics, their emotional responses and their perceptions of equity. As Kotler (2000, p. 36) defined that ' satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectation.' If the performance didn't meet the expectation of the customer, then dissatisfaction will occur. If the performance exceeds the customer's expectation, then satisfaction will occur. If the performance exceeds more than expected, then the customer will delighted. In the context of customer satisfaction, Johnston and Clark (2005) have describe it as " Service as the

combination of outcomes and experience delivered to and receives by a customer. Customers therefore judge the quality of the service on the experience as well as the outcome.” Due to current competitive edge, customers are abreast with the fact of product quality and every service provider is interested to satisfy customers’ needs and wants.

All of three authors explain customer satisfaction as a bunch of desired expectations of a customer that has been fulfilled by the service provider. But, Richard L. Oliver’s definition is more applicable in this research work which emphasis that satisfaction is based upon service itself. KFC take care for its customer satisfaction by providing an online questionnaire on its website regarding customer satisfaction.

2. 7 Customer Retention

Lovelock (2004) illustrates importance of customer retention “ The hardest part of a business is customer retention. If a company does not retain its customers, inevitably it will fail. Marketing essentially means keeping customer loyalty.” In order to have a good lifetime value of customers, an organization needs to have good strategies to retain them and arouse loyalty within them for lifetime. Laura Lake (2010) defined “ Customer retention is not only a cost effective and profitable strategy, but in today’s business world it’s necessary. This is especially true when you remember that 80% of your sales come from 20% of your customer and clients...” In the starting point of a business, customer retention is very important as the cost involved in attracting new customers are five times higher than retaining an existing one. Hill and Alexander (2006) defined “ It is becoming accepted that there is a strong link between customer satisfaction, customer retention and

profitability.” By fulfilling customer expectation, an organization provides all service according to the customer’s preferences and in return, the customer is loyal to the organization. It makes profit for the organization and organization has to retain by providing continuous good services, better customer satisfaction and that will be profitability for the organization. So, organization has to make strong relation with customers as high rates of customer retention are a competitive weapon against its competitors.

By having a questionnaire always on the website, KFC is trying to take care of that small segment of customers who are satisfied or dissatisfied with its service quality. In this way, KFC tries to retain those happy customers than losing them.

2. 8 Customers’ expectations and perceptions

2. 8. 1 Customers’ expectations

Customer expectations are increasing day by day and demanding for quality products and services; therefore expectations play an important role in the formation of customer satisfaction. The term expectations really matters to companies because they want to know what customers’ expectations are.

According to Oliver (1981) “... expectations are consumer-defined probabilities of the occurrence of positive and negative events if the consumer engages in some behavior”. Customers form their expectations from their past experience, friends’ advice, and marketers’ and competitors’ information and promises. Organizations in order to keep expectations from rising, they have to perform services properly from the first time (Parasuraman et al. 1988). There is tendency that if a service is not delivered as promised, thus the customers’ expectations are likely to rise in the next

encounter. Expectations serve as reference points in customer's assessment of performance (Cronin & Taylor, 1992). " The purpose of trying to understand customers' expectations is trying to ensure that service can be designed and delivered in order to meet those expectations. If the operation meets the expectations, or indeed exceeds them, then customers are satisfied with the service. If they are satisfied they are more likely to become valuable customers who not only use the service again, but are positively disposed towards it and may even recommend it to other' Johnston and Clark (2005). Therefore, the perceived service quality is viewed as the difference between consumers' perceptions and expectations for the service provided.

2. 8. 2 Customers' perceptions

Mc Kenna (2000) is of opinion that perception is a vital process in a person's life where he or she has to manage and interpret a situation or an event to define a particular response. Service firms must understand the concept of service quality from the point of view of the customer, not from the view point of the service firm or service provider. Besides, customer perceives services in the response to quality pertaining to the service and the extent to which they are satisfied with the overall service with their experiences (Zeithaml and Bitner 2003). The customer satisfaction is determined by the customers' perceptions and expectations of the service quality. Customer perceives services in terms of the quality of the service and how satisfied they are overall with their experience. The customers' perception varies from customer to customer and each one has different beliefs towards the services that play a crucial role in determining customer satisfaction. ' Therefore, customer perception and customer satisfaction are very closely

linked together, because if the perceived service is close to customer's expectations it leads to satisfaction. Satisfied customers provide recommendations; maintain loyalty towards the company and customers in turn are more likely to pay price premiums' (Reichheld, 1996). As such, perceived service quality is a key component of customer satisfaction.

2. 9 Relationship between service quality and customer satisfaction

A great emphasis need to be heightened on service quality and customer satisfaction. In old times, customers were not concerned about quality and their satisfaction does not have such importance. But, today,