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The Implementation of Decision Making on Ye Xiao Canteen Second Enterprise at Cheras, Kuala Lumpur

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Abstract

This study is to examine the rate of revisit intention of the restaurant, determine the factors of customers willing to revisit the restaurant and implement the decision to sustain the competitive advantage in food and beverage industry. The study also identified the real root cause of decreasing of sales. Therefore, the research is focused on the factors of food quality, service quality, food price that effect customer satisfaction and impact customer revisit intention. The action research was conducted in mixed method where qualitative and quantitative data were collected. The finding for this study is the variables that proposed as hypothesis has significant impact to the customer revisit intention. As the result, the problem of the restaurant will be resolved.

Keywords: Food and Beverage, Food Quality, Service Quality, Price, Customer Satisfaction, Revisit Intention.

Introduction

Small Medium Enterprises (SME) under servicing sector in Malaysia are defined as companies with at least RM300,000 to RM3,000,000 sales turnover and 5 to 75 employees. According to Malaysia SME Corp official website there are more than 907,065 establishments of SMEs in Malaysia and they play an important role in the country's GDP contribution. In 2019, SMEs contributed 38.9% of the total GDP in Malaysia based on the data from Department of Statistics Malaysia Official Portal. In term of economic activities, servicing sector contributing the highest percentage in SME GDP contribution which is 42.7% (Mahidin, 2020). Food and beverage service performs very well in term of gross output value. The Department of Statistics Malaysia Official Portal shows that food and beverage services achieved gross output value of RM82.8 billion in year 2017 which was higher than the gross out value in year 2015.

The good performance of food and beverage service is due to the high demand from the public. According to Jourden (2019), Malaysians eat out at a substantially higher rate than other nations' residents, with 87% dining out at least regularly, compared to 74 % globally. It

is due to the busy working schedule. The behavior of eating is ultimately connected to needs. In the traditional practices, after working during the days and on weekends, women take up the responsibility to cook for the household and eat at home. Due to urbanization and social transformation, the eating pattern has changed (Ali & Abdullah, 2017). And it explains the high percentage of eating out in Malaysia especially in the urban area like Kuala Lumpur.

There are many entrepreneurs trying to enter the big market due to high demand especially in the big city where double income family is very common. The “restaurant” can be a form of shop or some owner decided to present in the form of food truck. Although food and beverage (F&B) is very high demand in the market. The business owner is also facing many challenges. The key factors that attract consumers to eat in a restaurant are convenience, affordability and accessibility of food.

This study is focused on the factors that interfere customer satisfaction and lead to the revisit intention for Ye Xiao Canteen. The study also addresses how decision making as an entrepreneur sustained competitive advantage in food and beverage sector.

Literature Review

Factors Affect Customer Satisfaction

The traditional concept of meal is changing where consumers today expect to have meal everywhere. In addition, consumers today demanding for fresh food in a fast pace with quality and good in taste (Alonso & O’Neill, 2010). The current dining trend today is more likely to be a routine. The dining out occasions have been increased and it is no longer as special occasion for a family anymore. Ramanathan and Ramanathan (2011) demonstrated that worth of money is an important feature for the best possible price with good service. Consumers are demanding is in value of meals which consists of tangible or intangible elements to be delivered with quality, consistency and creativity in terms of quality, price, experience, standards, flexibility and service.

Social media today plays an important role in the sharing of information. The social media applications in several platforms have integrated into daily life of customer and influence their decision making process (Li & Liu, 2011). Consumer often search for the related information for a specific product and consider other consumer’s comment on the product, this will affect one’s purchase decision. This is applicable to restaurant, when ones planning for dining out, he or she may consider the review given by other consumer and then decide which restaurant to be visit. In the era of globalization and the shrinking culture and habits due to the advancement of the media world, fashion and eating styles are also becoming popular worldwide, which is why the restaurant industry is so widely spread. Therefore, customer satisfaction is crucial for every organization. Customers are the agents who determining the success of a product or service (Sabir, et al., 2014).

Customer satisfaction is important in the product and service industry. When a customer not satisfied on the product or service provided, the customer most likely will switch to the other competitor. However, Singapore Management University released on newsletter, with a contrastive statement that F&B sectors and tourism companies must not over-supply to satisfy customers (Dani, 2014). There are few elements that are significant to increase the

satisfaction level of customer. The elements are food quality, service quality and fair price. These elements have significant effect on the satisfaction of customer (Akbar et al., 2019).

Customer Revisit Intention

Consumers are more likely to choose for a restaurant where convenient and providing fast casual dine in experience with fresh ingredient delivered. The new behaviour changed in the young consumer is the effect the growth of “grab and go” restaurant or food store. The customers have to take their meal at their own table. The number of “grab and go” restaurant and food store have been increasing due to the high demand from the young consumer group.

As the demand of food retail and restaurant increases, the number of food stores and restaurants increase based on the demand and supply principle. The increment of food stores and restaurants developed a more competitive environment in the F&B sector. Customer retention is the key element for every business in such competitive environment. According to Joo & Shin (2018), the most valuable intangible asset of a business is the customers. It is because customers who help allow a business to create more revenue. There is a general principle in marketing which is retaining customer will gain more profit than gaining new customers. Verhoef & Donkers (2001) stated that the cost required to attract potential customer is five times of the cost to retain old customer. Besides that, customers who revisit the business are more profitable than new customers (Bazargan et al., 2018). Thus, retaining the existing customers and increase their repeat buying is an critical measure for the business owner.

Research Methodology

The research is suggested to use a mixed method that combined quantitative method and qualitative approach. Qualitative research is focused on the data obtained thru open-ended conversation with the two business owners. Interview was conducted through online meeting. The data collected was transformed in to transcript and analyzed using technique of Mile and Huberman (Miles & Huberman, 1994). Quantitative research is focused on the data collected from a set of questionnaire survey. The set of questionnaire was distributed to the pool of customers and total of 120 customers participated in the questionnaire survey. The quantitative data will be analyzed by using Statistical Package for the Social Sciences (SPSS) version 23 and provide descriptive analyses about sample such as means, standard deviations, and frequencies.

A Proposed Conceptual Model

Based on the several studies and reference, the variables of quality of service, quality of food as well as the price range and fairness are expected to have a positive impact on customer satisfaction. As a consequence, customer satisfaction is expected to have a positive impact on the intention to re-patronage. This research will be summarize the theories that are related and to be used in this study in the Framework shown in Figure 1. Hypothesis has been made for each of the variables.

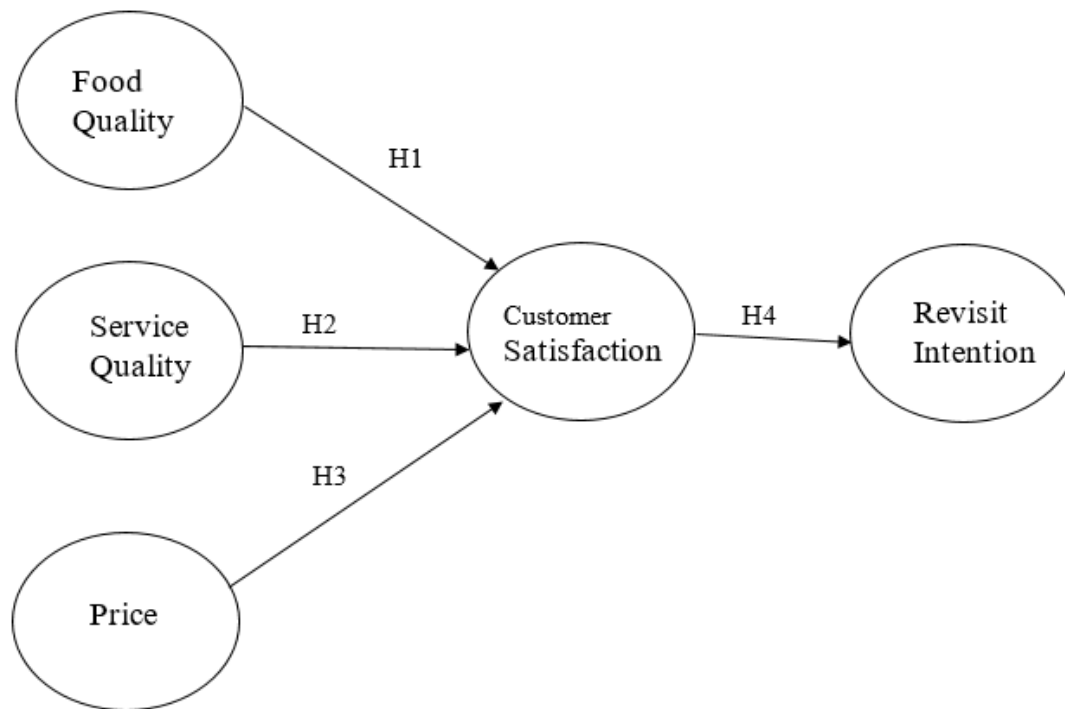


Figure 1. The Proposed Conceptual Model

H1: Food quality is the factors that affects the customer satisfaction.

H2: Service quality is the factors that affects the customer satisfaction.

H3: Price is the factors that affects the customer satisfaction.

H4: Customer satisfaction impacts on the customer revisit intention.

Based on the previous study, maintaining the existing customers has more benefits than attracting new customer (Bae et al., 2018). Therefore, the key of increasing the sales performance of the restaurant is to increase the customer revisit intention. There are numerous factors that affect customer satisfaction and impact the customer revisit intention. The data analysis results showed the independent variables (food quality, service quality, food price and customer satisfaction) were very significant to the dependent variable (revisit intention). Therefore, the analysis results demonstrated the food quality, service quality and food price affect the customer satisfaction and impact the customer revisit intention.

The analysis results were supported by Akbar that food quality and positive relationship with customer satisfaction have positive relationship that influence customer revisit intention (Akbar et al., 2019). In additional, attribute of service provided by a business had positive effect on consumer return intention (Bujisic et al., 2014). According to Konuk (2018), price fairness affect customer satisfaction significantly.

Conclusion

A conceptual model has been proposed to determine factors of food quality, service quality and food price affects the customer satisfaction that impact customer revisit intention. In another word, these factors are affecting the customer satisfaction to the restaurant. The higher level of satisfaction, the customers are more likely to re-patronage. An intervention has been proposed to improve the customer satisfaction and increase the customer revisit

intention to the restaurant. The intervention proposed has a significant improvement to the customer satisfaction according to the survey.

The study is valuable and allows the restaurant owners to consider the factors that affecting customer's satisfaction when making decision for action or intervention for the restaurant operations. The other SME restaurant owners able to understand the factors that affecting the customer satisfaction and make decision to improve the food quality, service quality and food price in order to increase the customer satisfaction. Customers who satisfied with the restaurant are more likely to revisit the restaurant. The study could also provide a guideline for the SME restaurant owner in making decision for the business to improve the customer's revisit intention.

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