



## THE RELATIONSHIP OF CUSTOMER SATISFACTION AND SERVICE QUALITY TOWARDS CUSTOMER LOYALTY AT MHR BURGER'S DURING COVID-19 ENDEMIC

Nur Nilam Sari Mohd Basir<sup>1</sup>, Yuary Farradia<sup>\*2</sup>, Amran Harun<sup>3</sup>

<sup>1,2</sup>Faculty of Business, Economics and Social Development, Universiti Malaysia Terengganu

<sup>3</sup>Faculty of Technology Management, Universiti Tun Hussein Onn Malaysia

Email: [yuary.farradia@umt.edu.my](mailto:yuary.farradia@umt.edu.my)

### Abstract

This paper aims to analyse the relationship of customer satisfaction and service quality toward customer loyalty at MHR Burger's during Covid-19 endemic. Customer loyalty refers to a continuing emotional bond between you and your customer, manifested by a customer's willingness to engage with and frequently purchase from you against your rivals. The main objectives of this study are to examine the relationship between customer satisfaction and services quality in MHR Burger's during a Covid-19 endemic and secondly, to examine the mediator role of customer satisfaction between service quality and customer loyalty in MHR Burgers during a Covid-19 endemic. The variables involved in this study were perceived service quality, customer satisfaction, and customer loyalty. Samples of this study were customers of the MHR Burger's restaurant in Malaysia. Quantitative method is used to analyse the relationships within variables. This research examined 250 respondents by spreading the online questionnaires that were analysed by using Structural Equation Model method. To collect the data, this study used convenience-sampling method. Study data were analyzed using SPSS software version 26 and Microsoft Excel. The results concluded that there is positive relationship between service quality with customer satisfaction and customer loyalty in which customer satisfaction has significant role as a mediator between service quality and customer loyalty at MHR Burger's during Covid - 19 endemic.

**Keywords:** Customer Satisfaction, Service Quality, Customer Loyalty, Covid-19, Relationship

### INTRODUCTION

Malaysians' love for food has given rise to a sizable business in the food and beverages (F&B) sector. F&B services had a gross production value of RM 82.8 billion in 2017, up from RM 66.4 billion in 2015, representing an 11.7 percent annual growth rate (Crowe, 2017). Malaysian cuisine evolved from a colorful mingling of numerous civilizations, resulting in a wide range of cuisines. Full-service restaurants, fast foods cafes or bars, street stalls or kiosks, and self-service cafeterias are example of F&B venues. Malay, Chinese and Indian cuisines are the most common, although there are also cross cultural adaptations and blended cultures, such as Mamak (Indian-Muslim cuisine) and Nyonya (the Malay Chinese mix). Malaysian F&B business is likewise quite diversified, with alternatives from the United States, Italy, Japan, Korea, the Middle East, and Thailand commonly available. Because of the significant majority (60 percent) of the Muslim population, F&B services certified Halal by the Department of Islamic Development (JAKIM) are recognized to have more market prospects (Flanders Investment & Trade, Malaysia Office, 2020).

The F&B distribution industry is extremely fragmented because of the enormous number of identical items and participants in the market. Small scale retailers such as hawker, convenience store, peddler and market stall and large-scale retailers such as department store, supermarket, hypermarket, and shopping Centre also e-commerce platforms that also known as online shopping platforms are all growing in popularity, particularly during the Coronavirus (COVID-19) outbreak. The Covid-19 pandemic has prompted the Malaysian government to

adopt more serious measures to solve the food security issue and food supply chain disruptions caused by the county's dependency on imports in 2020 (Flanders Investment & Trade, Malaysia Office, 2020). The epidemic has also hastened the expansion of the e-commerce business, as the number of online customers who choose to migrate from physical shopping to online purchase grows. This trend has also prompted Malaysian merchants to change their businesses and embrace internet markets.

Despite the Covid-19 situation, however, retail businesses especially the restaurant industry must ensure restaurants provide good quality of service to achieve customer satisfaction toward customer loyalty. MHR Burgers' is aggressively utilizing the food delivery services. Ordering meals online appears to have become a limited window for customers to place orders without leaving their homes. Customers prefer online food delivery services for a variety of factors, including the desire to avoid the human connection that occurs while visiting a restaurant, with food delivery services, favorite foods are delivered to the door without the need to leave the house. Customers of MHR Burgers simply need to place a meal order using the WhatsApp app by inputting the order, delivery address, and payment method. MHR Burgers encourages clients to pay online to eliminate interaction between customers and food delivery riders. If the customer pays in cash, the customer is requested to put the money in plastic. The food deliveryman who collects money will sterilize it before handing it to the cashier. MHR Burger will also require its food delivery riders to wear masks and gloves when delivering food to customers' house.

Besides that, airtight containers are used in food packing to guarantee that food is not exposed. Some customers may be concerned about the spread of Covid-19 through food delivery, although there is no evidence that the virus can be transferred through food or packaging (Hussey, 2020). Finally, the food will be placed or hung on the house's fence to prevent interaction between the customer and the food deliveryman during the delivery. Customers who wish to eat at MHR Burgers may make a seat reservation by mentioning the number of family members or friends, the time they want to arrive, and the food and drinks they want to purchase ahead of time. MHR Burger employees provide suitable tables and chairs based on the prescribed quantity, as well as adequate distance from other customers. MHR Burgers personnel will clean seats and tables as soon as clients return. However, the ingredients utilized to produce the dish will be of high quality and fresh. This will guarantee that the food supplied is tasty and that people love it.

### ***Customer Satisfaction***

There are various advantages to receiving client pleasure from fast-food restaurant services. Customer satisfaction may be described as satisfying customers' expectations in terms of satisfaction-related factors (Malik, 2012). Satisfaction boosts loyalty, but it is dependent on how the service is given. Satisfaction is defined as a positive attitude toward the service provider or an emotional reaction to the gap between what consumers anticipate and what they receive in terms of satisfying their requirements, objectives, or wants (Zineldin, 2000). Customer happiness is critical when attempting to retain customers (Maharjan, 2017). Existing clients and entice new ones consumer whose demands are not met during consumption is less satisfied, and it is anticipated that his/her contentment influences future decisions about where what, and how he/she will buy or use the service.

According to Murambi and Bwisa (2014), assessing customer satisfaction may be viewed as an attempt to quantify human sentiments, which can be difficult for many researchers to achieve at times. The amount of client happiness is determined by the qualities of brand attributes given by the organization (Afsheen, 2012). Johan (2015) stated that the consumer mind is a complex mix of thoughts and ideas that cannot be completely predicted by humans. Besides, the physical environment can be used to create mental images of customers to

influence their behavior. The physical environment of the eating establishments has a considerable impact on the consumers' satisfaction (Sabir, 2014).

**Customer Loyalty**

Customer loyalty is a key component of every organization's customer strategy. Organizations and institutions that succeed in gaining customer loyalty have a significant competitive edge. Furthermore, it has been know that maintaining existing customers is a far more effective approach for the firm than striving to recruit new customers to replace lost ones.

With regard to the restaurant customer loyalty, it is understood that to influence consumers' restaurant selection decisions, restaurant managers must first grasp the precise decision-making factors they utilize. There have been several studies undertaken at fast-food restaurants from various perspectives, profiling various mindsets that impact consumers' intents, namely their loyalty (Ahmad, 2013).

**Service Quality**

Assurance of good service quality and customer happiness in the restaurant sector is a crucial problem to preserve existing capabilities to please consumers and the chance for improvement. The quality of service piques the interest of both researchers and practitioners. When defining quality in a service setting, it is critical to remove the consumer, that is, from the customer's idea of quality (Dusica, 2020). As a result, quality is everything that the consumer thinks to be, which means that quality is a product's or service's capacity to meet or surpass the customers' expectations. Service is a type of performance provided by one party to another, and corporeality is an essential component of it (Kotler, 2007). The study discovered that the larger the degree of satisfaction, the greater the quality of service provided following the customer's requirements or needs, and vice versa (Sabir, 2014).

**Research Framework**

The research framework is stated in the figure 1 below which develop four hypothesis to be tested.

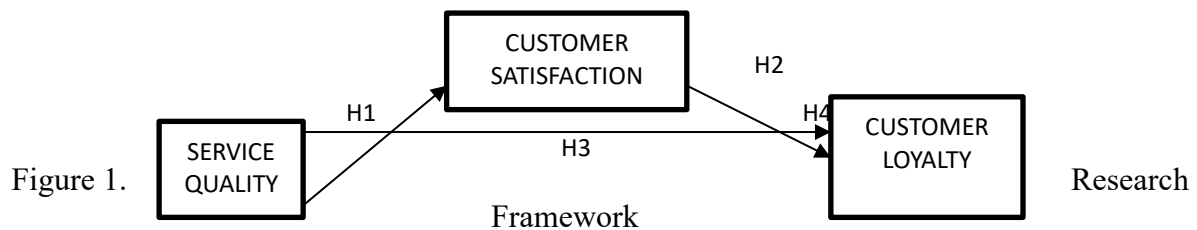


Table 1: Research Hypotheses

Hypotheses	Research
H1	There is a significant and positive relationship between service quality and customer satisfaction in MHR Burgers.
H2	There is a significant and positive relationship between customer satisfaction and customer loyalty in MHR Burgers.
H3	There is a significant and positive relationship between service quality and customer loyalty in MHR Burgers.
H4	Customer satisfaction mediates the relationship between service quality and customer loyalty in MHR Burgers.

**Materials and Methods**

Non-probability sampling was chosen for this research. Survey data were gathered from all states in Malaysia. A total of 250 questionnaires were issued, with a total of 207 completed. After the straight lining and outliers are eliminated, the total number of respondents reaches as high as 149. A pre-test was given to 60 people. The pre-test results reveal that the majority of respondents had no issues with the instructions or misunderstanding of the questions.

### **Instrument**

Due to the obvious ease of data collection and processing, an online survey through Google forms was chosen as the instrument for this investigation. The questionnaire is broken down into four sections: demographics, customer satisfaction, customer loyalty, and service quality. The questionnaire uses a 5-point Likert scale, with respondents indicating their level of agreement or disagreement on a symmetric agreed-upon scale for each item. Table 2 shows a summary of the questionnaires.

Table 2: Summary of the questionnaires

Sections	Items	No. of Questions	Measurement Scale
A	Demographic Data	7	Nominal Scale
B	Customer Satisfaction	5	Likert Scale
C	Customer Loyalty	8	Likert Scale
D	Service Quality	26	Likert Scale

### **Results and Discussion**

The findings were organized into 4 parts: characteristics of the respondent, reliability of the scales, hypotheses testing and relationship between variables, degree of the relationship between variables.

#### **Part One: Characteristics of the Respondent**

The respondent's profile and other relevant background information were analysed using descriptive analysis. Descriptive analysis is a sort of data analysis that helps to explain, illustrate, or summarise data points in a constructive way so that patterns can develop that satisfy all of the data's conditions (Rawat, 2021). Table 3 shown the summary of the findings on demographic characteristics. The profile indicates that 58.6% of the respondents were female while the remainder were male. Majority of the respondent's age was between 18 to 28 years old, unemployed, degree, single, rural area, below than RM1, 500 and 85.6% of respondents have answered yes for the questions "Have you come to the MHR Burgers more than 2 times?"

Table 3: Summary of demographic characteristics

Characteristics	Frequency	Percentage
<b>HAVE YOU COME TO THE MHR BURGERS MORE THAN 2 TIMES?</b>		
Yes	177	85.6
No	30	14.4
<b>AGE</b>		
18-28 years old	114	76.5
29-39 years old	18	12.1
40-50 years old	17	11.4
51 years old above	0	0
<b>GENDER</b>		
Male	62	41.6
Female	87	58.4
<b>OCCUPATION</b>		
Private Sector	39	26.2

Public Sector	26	17.4
Self employed	8	5.4
Unemployed	76	51.0
<b>EDUCATION LEVEL</b>		
Certificate	28	18.8
Diploma/STPM	32	21.5
Degree	87	58.4
Master	2	1.3
PhD	0	0
<b>MARTIAL STATUS</b>		
Single	107	71.8
Married	42	28.2
Divorce	0	0
<b>COMMUNITY AREA</b>		
Rural	75	50.3
Urban	74	49.7
<b>INCOME LEVEL</b>		
Below than RM1,500	85	57.0
RM1,501 - RM3,000	51	34.2
RM3,001 - RM4,500	10	6.7
RM4,501 - RM6,000	3	2.0
More than RM6,000	0	0

***Part Two: Reliability of the scales***

Drost (2011) defines reliability as "the extent to which measures are reproducible when different people perform the measurement on various occasions, under different conditions, allegedly with alternate equipment that measures the construct or skill." Table 3 shows the results for reliability of the scales. The cut off criteria can exceed 0.50 which follows the rules of thumb. The Cronbach's alpha coefficients of the attitude, subjective norms, perceived behavioral control, perceived place, perceived price, perceived promotion, perceived product, and intention to use were reported more than 0.50. This means that the scales used in the present study are reliable.

Table 3: Reliability analysis of scales

Construct	No. of items	Cronbach's Alpha
Customer Satisfaction	5	.788
Customer Loyalty	8	.899
Service Quality	26	.949

***Part Three: Hypotheses Testing and Relationship between variables***



Customer Loyalty	214.186	.000 <sup>b</sup>	.590				
Customer Satisfaction				.770	.000	1.989	1.000

Table 8: Standard multiple regression analysis (Service quality > Customer satisfaction > Customer loyalty)

Model	F	Sig.	Adjusted R <sup>2</sup>	B	Sig.	T	VIF
Customer Loyalty	157.684	.000 <sup>b</sup>	.679				
Customer Satisfaction				.425	.000	6.010	2.312
Service Quality				.458	.000	6.463	2.312

Based on result in the table 6 , 7 and 8 above , they indicate that the 4 hypothesis H1 (service quality > customer satisfaction), H2 (customer satisfaction > customer loyalty), H3 (service quality > customer loyalty) and H4 (service quality > customer satisfaction > customer loyalty) are highly supported by the statistically important regression coefficients with a level of importance  $p < 0.00$ . Moreover, the service quality has significant impact over the customer satisfaction and customer loyalty. The customer satisfaction has significant impact over the customer loyalty in MHR Burgers.

Based on sobel test analysis the t-test results shown the t value was more than 1.96 and p-value  $< 0.000$ , the mediation analysis was accepted because the t-test value was 4.538 and p-value was 0.000.

## CONCLUSION

The research findings show that several factors can be given attention to customer satisfaction and service quality in MHR Burger's to improve further the services and also the quality of products produced to attract consumers to come and eat at MHR Burger's. All four hypotheses are supported and customer satisfaction and service quality are positively related to the customer loyalty in MHR Burger's during Covid-19 endemic. Future studies should investigate the relationships of customer satisfaction and service quality towards customer loyalty. Last but not least, propose a study on the factors that can improve the service quality in MHR Burger's to attract customers in making purchase.

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