

Quick Service Restaurant Success Factors

Kevin Mason, Arkansas Tech University
Stephen Jones, Arkansas Tech University
Mike Benefield, Arkansas Tech University
Jim Walton, Arkansas Tech University

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Abstract:

The quick service (aka, fast food) restaurant industry is significant and growing aspect of the overall restaurant industry. For long-term success quick service restaurants must be perceived as offering sufficient value for consumers. To do this, restaurants must first determine what consumers' value in a quick service restaurant experience. As such, this research study explores consumers' service quality preferences in the quick service restaurant industry. Results of this research highlight critical factors which help to determine the expectations that consumers have about the quick service restaurant industry and their perceptions of service quality from a dining experience. Based upon university students' quick service experiences the results found in this study indicated that consumers are highly price sensitive, but also place high importance on speed of service, location, quality of food, and cleanliness. A discussion is provided for how these results can be used to develop effective marketing strategies for quick service restaurants.

Keywords:

Consumer Perceptions, Fast Food, Quick Service Restaurants

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Introduction

The quick service industry was chosen as the focus of this research because of its significance in the American economy. In both 2002 and 2007, the U.S. Census Bureau (2007) reported that quick service (fast food) restaurants accounted for about 35% of all restaurant sales in the United States and that sales grew almost 30% for the quick service restaurant industry while the number of establishments for the industry surpassed the 200,000 mark. In 2007, the industry's sales surpassed the \$150 billion mark, and more than three million people were employed in the industry (U.S. Census Bureau 2007). The quick service restaurant industry has grown to a point that there are now about 67 fast food restaurants for every 100,000 people in the U.S. In one study (Gordon & Sterrett 1999), it was estimated that between 30 and 50 percent of all restaurants in the U.S. were of the quick service restaurant variety and that the number varied regionally. Usage among average quick service restaurant consumers was reported in 2006 to be at over 17 visits per month and among heavy use consumers to be nearly one visit per day (Clarke 2006). According to Scholsser (2001) in 1970, Americans spent about six billion on fast food; in 2010, it is estimated that Americans spent more than \$130 billion (Synder & Dillow 2011). Americans now spend more money on fast food than on higher education, personal computers, computer software, or new cars (Scholesser 2001).

The quick service restaurant industry was designed around the concept of providing fast and convenience dining experiences at a relatively low cost. A significant marketing segment for the quick service restaurant industry is college age students, 18 to 24 years of age (Brandweek 1995). Synder & Dillow (2011) note that between 1999 and 2009, the number of 18- to 24-year-olds increased from 26.7 million to 30.4 million, an increase of 14 percent, and the percentage of 18- to 24-year-olds enrolled in college rose from 36 percent in 1999 to 41 percent in 2009 (Synder & Dillow 2011). College age students often face issues with time management, striving to find balance between school, work, and social life. College age students often face financial and time constraints (Pilon 2009). The quick service restaurant industry has been able to capitalize on this dilemma by offering college students a quick, easy and inexpensive solution for their nutritional needs. To increase or maintain college student market share,

quick service restaurants must offer value as perceived by these consumers. As such, it makes sense that quick service restaurants might want to determine what college students look for in their quick service restaurant experience.

Methods

Students from a mid-size university (enrollment of between ten and fifteen thousand students) served as subjects for our study. A total of 125 students participated as subjects. First, these participants provided general perceptions about their past quick service restaurant dining experiences and general perceptions about the industry. Specifically, subjects provided general information about themselves (e.g., gender, age, class status, etc.), restaurant selection criteria (quantity of food, cleanliness, location, price, etc.), frequency of food preferences (deep-fried, salads, pizza, carbohydrates, breads, etc.), satisfaction of restaurant selection criteria, satisfaction of the food purchased, satisfaction of the restaurant environment, satisfaction with the business (employees, etc.) and overall satisfaction with the transaction (correct change, correct order received, etc.).

Then the subjects were asked to engage in a quick service restaurant dining experience at the restaurant of their choosing. The only restriction was that the meal must include at least one entrée, one side item, and one beverage of their choosing. After their dining experience, subjects answered varying questions about their dining experience. Specifically, subjects were asked to rank various restaurant attributes according to their relative importance. From subjects' responses we calculated an attribute importance index score (AIS). This weighted score takes into account the first, second, third, fourth, and fifth most important restaurant attributes as perceived by subjects. In addition, subjects were also asked to provide their perceptions about their dining experience.

Results

As shown in Table 1, the majority of the subjects dine at a quick service restaurant regularly (i.e., multiple times per week). Out of the 125 participants, 97.6% stated that they consume quick service restaurant at least once or twice per week, some indicated they eat fast food more than once per day. In short, college students were found to be a worthwhile marketing target for quick service restaurants.

Table 1: Quick Service Restaurant Frequency

Quick Service Restaurant Frequency		
	<u>Frequency</u>	<u>Percent</u>
Never	3	2.4%
Once or twice per week	83	66.4%
Several times per week	32	25.6%
Daily	3	2.4%
More than once per day	4	3.2%
Total	125	100.0%

Consumers' perceptions of value in shopping, purchase and/or consumption behavior are based upon their expectations on perceived important criteria being realized during the behavior (Richins 1994). Table 2 shows which criteria were most important to the consumer subjects in this study. Through informal discussions with consumers we identified a list of twelve restaurant characteristics that might be potentially important to consumers. From these twelve characteristics, subjects in the current study were asked to rank their top five criteria from most important to fifth most important. These selections were then used to generate a weighted score which could then be used to compare the level of importance from one criterion to another. The five most prominent (in order) restaurant selection criteria were Price, Speed of Service, Location, Quality of Food, and Cleanliness. The ability of quick service restaurant establishments to satisfy these criteria ultimately leads to the level of customer satisfaction, which promotes repeat business and drives profits.

Price had the highest AIS (246) among the research subjects (Table 2). With limited funds, it is not surprising that college students would be price sensitive. A breakdown of the meal prices for these dining experiences is shown in Table 3. The majority of the consumer subjects (Approximately 61%) had a meal cost between five and eight dollars. At a non-fast food restaurant, it would be uncommon to get a full meal for less than eight dollars. Price is an important aspect of consumers' perceived value of a dining experience. Most quick service restaurants engage in competitive pricing by offering "value menus".

Following Price in level of importance were two convenience criteria: Speed of Service and Location (Table 2). These results indicate that it is a quick service restaurant can gain relative advantage if they provide consumers with convenient locations and provide meals in a quick timely fashion. This

implies that quick service restaurants need to understand consumer traffic patterns and have efficient and consistent operations.

Table 2: Restaurant Selection Criteria

<u>Restaurant Selection Criteria</u>	<u>AIS*</u>
Price	246
Speed of Service	217
Location	208
Quality of Food	203
Cleanliness	201
Menu Variety	176
Quantity of Food	146
Ease of Getting In and Out	129
Atmosphere	125
Number of Customers There	106
Employees	70
Number of Party Members	52

*The AIS (Attribute Importance Index Score) was calculated by assigning weighted values to the level of importance placed on each criterion by the consumer. (Most important=5 points, 2nd most important=4 points, and so on.) The higher the score, the more important a given criterion is to the consumer.

Table 3: Amount Spent on Dining Experiences

	<u>Cost of Meal</u>		
	<u>Frequency</u>	<u>Percent</u>	<u>Cumulative Percent</u>
\$2.00-2.99	4	3.2%	3.2%
\$3.00-3.99	9	7.2%	10.4%
\$4.00-4.99	10	8.0%	18.4%
\$5.00-5.99	23	18.4%	36.8%
\$6.00-6.99	30	24.0%	60.8%
\$7.00-7.99	23	18.4%	79.2%
\$8.00-8.99	11	8.8%	88.0%
\$9.00-9.99	4	3.2%	91.2%
\$10+	11	8.8%	100.0%
Total	125	100.0%	

The fourth highest ranking restaurant selection criterion was Quality of Food (Table 2). Food quality can refer to a wide variety of attributes (e.g., food temperature, food freshness, food preparation, flavor, etc.). To be effective in the quick service food industry, a restaurant needs to meet or exceed consumers' expectations on food quality. Therefore, ingredients need to be reasonably fresh and prepared in a consistent and sanitary fashion.

If consumers' perception of a dining experience meets or exceeds their expectations, then they likely will be satisfied with the experience (Mittal, Kumer & Tsiros 1999). The subjects in our study indicated their quick service restaurant experiences were primarily positive. As shown in Table 4, 80.8% of those surveyed were satisfied with their quick service restaurant dining experience. Satisfaction from shopping, purchase or consumption behaviors serve as a pre-cursor for these behaviors to be repeated, resulting in marketing churn which has been proven to be profitable for retailers (Mittal, Kumer & Tsiros 1999).

Table 4: Overall Dining Satisfaction

Overall, I am satisfied with this dining experience		
	<u>Frequency</u>	<u>Percent</u>
Strongly Disagree	4	3.2%
Somewhat Disagree	6	4.8%
Neither Agree nor Disagree	14	11.2%
Somewhat Agree	54	43.2%
Strongly Agree	47	37.6%
Total	125	100.0%

Marketing Strategy Implications

To have long term success in the quick service restaurant industry it is necessary to build loyal consumers through a strategy of relationship marketing. The core of the relationship marketing approach is that resources are directed toward strengthening ties to existing customers on the proven premise that maintain existing customers is less costly than attracting new ones (Bagozzi 1995). A key component to building a relationship is customer satisfaction with market transactions. Anderson and Sullivan (1993) state that consumer satisfactions lead to increased probabilities of purchasing a particular brand. They

contend that satisfied consumers are more likely to be retained. According to Wallace (1995), for fast food restaurants, it costs three to five times as much to attract a new customer as it does to retain an existing customer. Wallace further argues that by reducing consumer defection by 5%, a fast food restaurant can increase its profits by 25%. In short, consumer satisfaction is an important element in building a marketing relationship between a quick service restaurant and its customers. According to our findings, the keys to customer satisfaction for quick service restaurants are (in order) price, service speed, convenient locations, food quality and cleanliness.

Successful quick service restaurants compete effectively on price. For example, McDonald's has a dollar menu and Taco Bell offers a value menu. Promotions using coupons are often used to provide low cost meals. Thus, consumers perceive greater value in their meal purchases. Another aspect of competing with low cost food, is that successful restaurants must maintain operational efficiency in order to keep costs as low as possible.

The second criterion driving the customer satisfaction is the restaurant's location. It is advantageous for a quick service restaurant to be located where it will have high visibility, convenience access and for the restaurant to be located conveniently along routes frequently traveled by their customers (Sharkey et. al. 2007). To register in consumers' memories, the restaurant must gain the consumers' attention. If out-of-sight relates to out-of-mind, then it follows that higher visibility can promote greater attention and activated memory. Also, given that fast food purchases are typically a low involvement action for the consumer, the convenience factor has added importance for stimulating purchase behavior. So, restaurant locations that are on regular routes traveled by consumers provide the added value of convenience that many consumers are looking for in a purchase behavior situation.

Another aspect of the convenience factor found to impact consumer satisfaction was the speed of service. Obviously, convenience and quick service are part of the value that consumers are looking for in their buying behavior. In fact, to keep prices low, quick service restaurants typically operate with low profit margins. As such, the quicker that purchase orders are completed the quicker the turnover. Higher turnover allows for higher overall profits over a given period of time. Operational efficiency is a key aspect of successful quick service restaurants (Pettijohn et. al. 1997). Processes and production processes must be efficient and consistent to minimize the time between when a customer places and receives their

order. Several strategies can decrease service time including using technology to outsource the order-taking process to a call center, employing more people at key times, or using technology to speed up the food preparation time.

Food quality was also found to be important to quick service restaurant consumers. To be seen as having higher quality food, a quick service restaurant needs to offer meals with fresh ingredients, reasonably high quality meats, and consistent delivery of food (Pettijohn et. al. 1997). Therefore, restaurants need reliable vendors for their food ingredients and efficient ingredient supply chains. Also, meal preparations need ensure that the food has consistent tastes, consistent portions, and is delivered at consistent temperatures.

As shown in our findings, restaurant cleanliness is also an important criteria in consumers' purchase behaviors (Pettijohn et.al.1997). This is not surprising, given that several studies have found a relationship between customer satisfaction, service quality evaluation and restaurant cleanliness (Steven,& Knutson 1995; Becker & Murrmann 1999; Barber & Scarcelli 2009; Barber & Scarcelli 2010). Cleanliness is an essential to restaurant success. It is the responsibility of restaurant owners and management to provide a safe and clean restaurant environment by reducing the burden of disease from food. For example, hand washing of a bacteria infected worker can cause food-borne illness (Todd & Greig 2007), thus restaurant service workers must be required to keep their hands clean before handling any finished food products. Also proper food storage is important. In fact, holding temperatures is one of the most important methods of controlling the growth of bacteria in food. Proper temperature control prevents many typos of pathogens from multiplying to the levels that cause food-borne illness (Todd & Greig 2007). And finally, food must be properly cooked. Undercooked meats, poultry, and eggs can harbor enough bacterial to sicken diners. While not getting sick from a meal does not necessarily translate into a satisfying customer experience, getting sick from a dining experience will most certainly result in an unsatisfactory dining experience.

The quick food restaurants operate in a highly competitive and dynamic industry. To be successful, a given quick service restaurant must monitor consumer desires and expectations. The successful restaurants will be seen by consumers as offering value on key factors. In this study, it was

found that the factors judged to be important to consumers are low prices, fast service speed, reasonable food quality. Furthermore, consumers seek convenience in restaurant location and clean restaurants.

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