

Factors Impacting Customer Satisfaction in The Hotel Restaurant at Kota Kinabalu, Sabah: A Study of Hotel Restaurant Attributes

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ABSTRACT

The purpose of this research was to access the influence of hotel restaurant attributes towards customers satisfaction in the hotel restaurant. In this paper, three of the hotel restaurant attributes will be discussed. The main objectives of this study are to examine the relationship between food quality, service quality and atmosphere towards customer satisfaction in the hotel restaurant. This study using a quantitative approach and questionnaire has been distributed to the respondents who have dined in at the hotel restaurant in the Kota Kinabalu area. Meanwhile, the data for this study will be analyzed using Partial Least Square via Structural Equation Modelling. The result shows that food quality, service quality and atmosphere have a significant effect on customer satisfaction. This study will assist the hotel industry in Kota Kinabalu as generally in obtaining a better picture of the key factor that determines customer satisfaction to stay competitive with another freestanding restaurant.

INTRODUCTION

The experience of a hotel restaurant can be assumed as a unique package of tangible and intangible products and services provided to the customer. This unique package is no more deceptive than in the fine dining restaurant segment due to many factors influence customer satisfaction such as food and atmosphere quality. Since all business has

limited resources and aims to maximise the value for its customer, the food and beverages manager must allocate resources to create a bundle that increases guest satisfaction and hopefully provides a competitive advantage so that guests come back, or new potential guest is attracted. The hotel restaurant would want to know what drives customer choices for dining in the hotel restaurant and how it influences their satisfaction. Manager can effectively offer products and services that can satisfy the needs of target customer by understanding the attributes on which the most significant impact on customer satisfaction.

The hotel restaurant is a part of the augmented product in the hotel industry. Hotel restaurant contributes to the revenue to the hotel industry. Therefore, it is important to focus on the satisfaction of the customer that comes to dine in at the hotel restaurant. According to Chon and Maier (2010), food and beverage departments have substantially smaller operating margin than the rooms department in most hotels. However, the food and beverages department which focus on hotel restaurant are an integral part of most lodging concepts and therefore it is necessary to fulfil the needs and expectations of the customer.

LITERATURE REVIEW

Food Quality

Food quality is frequently discussed in the previous literature as it is one of the attributes that play an important role in determining customer satisfaction. There is various measurement of attributes for food quality. Attributes such as tastiness of the food, menu variety and nutrition have been considered by Kivela et al. (2000) to examine the effect of excellent food on customer satisfaction return patronage. Meanwhile, to measure food quality in the foodservice industry Raajpoot (2002) used serving size, menu design and food presentation as the attributes. According

to Sulek and Hensley (2004), there are three general food characteristics that determine food quality. The attributes are safety, appeal and dietary acceptability. According to Ahmad Al-Tit (2015), every food must be served fresh, delicious food, a nutritive value in food, different types of menu and appealing to the customer. These are the dimension of food quality that need to be considered as attributes to customer satisfaction.

According to Namkung Jang et al. (2007), a factor that establishes food quality and impacts the appetite of the customer and their perception is considered as food presentation. The preparation of food and how it is presented to the customer is always associated with food presentation. According to Shaharuddin et al. (2011), presenting a good-looking food and well-decorated food can stimulate customer perception towards food quality. Besides that, the way customer perceived the food whether the packaging or informative labelling presented attractively also a part of food presentation.

Service Quality

Service is a critical factor in eating out experience in a restaurant. There is two perspectives that often been used to view service quality, the customer's cognitive evaluation of the service provided (Taylor & Baker, 1994) and multidimensional construct created by an evaluation of attribute performance (Parasuraman, 1988). According to Zeithaml (1988), the definition of service quality is the customer judgement of the overall excellence or superiority of the service. Therefore, it is the customer's subjective evaluation formed by comparing expectations and perceived performance (Bolton and Drew, 1991). Meanwhile, SERVQUAL has been developed by Parasuraman (1988) and this model has become a widely accepted instrument to improve service quality that can achieve a high level of customer satisfaction. In this model, there are five elements which

are reliability indicates an ability to perform the promised service, responsiveness indicates to prompt service, empathy indicates caring, assurance means employee knowledge and courtesy and tangibles refers to the appearance of physical facilities.

Atmosphere

The atmosphere is another restaurant attributes included in DINERSERV to study customer satisfaction. According to Nelson Barber, Raymond J. Goodman and Ben K Goh (2011), the concept of the physical environment was introduced in the 1970s. They have suggested that there are atmosphere or the physical environment as possible influences in the purchase decision (Kotler, 1973). It shows that the atmosphere contributes to an image of the surrounding space in customer minds and the customer perceived value of the space in the customer mind. Their effective state was modifying by customer perceived value and that have changed their buying behaviour.

Additionally, according to Ryu and Han (2011), the reliability of physical environment is a critical factor that regulates new customer's satisfaction and willingness to return because of the attributes of aesthetics, lighting, atmosphere, design and restaurant equipment affect customer pleasure and consumption behaviour. In summary, the physical environment of a restaurant can be defined in terms of the physical dimensions of overall space arrangement that includes the attributes of lighting, decorations and furniture display. Besides that, the invisible attributes also a part of it such as sound, smell, temperature are also important for atmosphere creation. However, the creative and beautiful decoration also needed to attract more customer attention restaurant mainly offers a relaxing and enjoyable place for dining (Fisher, 2006). According to Roy Lee and Liou Shyh Nan (2013) surrounding the area of the restaurant and signage another way that can increase the revisit intention.

Meanwhile, Ryu and Jang (2008) have developed DINESCAPE model. This model is to measure restaurant customer's perceptions of the physical environment. However, DINESCAPE model only deals with internal dining ambient such as aesthetics, lighting, ambience, layout, dining equipment and employees. Based on the study, the attributes of employee appearance and ambience had the greatest influence on the customer emotional responses, and they affected the customer's post dining behavioural intention. Besides that, Liu and Jang (2009) has conducted a further study using DINESCAPE items and found out that interior design and decor, neat and fine dresses employees were knowingly related to customer's overall satisfaction.

Customer Satisfaction

The definition of customer satisfaction is the customer's overall evaluation of the purchase and consumption experience of a good and service (Cronin & Taylor, 1992; Johnson, 1995). For instance, customer satisfaction is closely linked to the achievement of companies in the hotel, restaurant, catering and tourism industries (Barsky & Labagh, 1995). Customer satisfaction has been measured by several characteristics such as the ability to build up customer loyalty, increase favourable word of mouth, lead to repeat purchases and improved the company market share and profitability (Cronin & Taylor, 1992).

METHODOLOGY

In this study, the population consists the customer who has been dined in at the hotel restaurant in Kota Kinabalu. The selection of respondents was based on no-probability convenience sampling technique. The questionnaire divided into five sections which are section A (demography), section B (General information about eating habit), section C (The influence of Hotel Restaurant Attributes towards customer satisfaction), and section

D (Overall satisfaction). The questionnaire adapted from Kivela (2000), Namkung (2007), Kim (2009), Liu and Jang (2009). A 5-point

Likert scale from “Strong disagree” to “Strong Agree” was used in the data collection. This study will be analyzed with Partial Least Square via Structural Equation Modelling (PLS-SEM).

RESULT

Descriptive Analysis

Table 1 Respondent profile

Characteristic		Frequency	Percentage %
Gender	Male	169	56.0
	Female	133	44.0
Age of Respondent	16 – 25 years old	53	17.5
	26 – 35 years old	60	19.9
	36 – 45 years old	112	37.1
	46 – 55 years old	66	21.9
	>56 years old	11	3.6
Nationality	Malaysia	193	63.9
	Australia	11	3.6
	Belgium	1	0.3
	Brunei	4	1.3
	Canada	2	7
	China	47	15.6
	Indonesia	5	2.0
	Japan	6	2.0
	Korean	12	4.0
	Philippine	6	2.0
	Singapore	5	1.7
	Taiwan	7	2.3
	USA	3	1.0
Marital Status	Single	164	54.3
	Married	127	42.1
	Divorce	11	3.6
Educational	Secondary School	75	24.8
	Certificate/Diploma	103	34.1
	Bachelor Degree	116	38.4
	Master Degree	8	2.6
Occupational	Student	24	7.9
	Business	92	30.5
	Educational	39	12.9
	Services	18	6.0
	Professional	65	21.5
	Private Sector	64	21.2
Income	>RM1000	40	13.2
	RM1001 – RM2000	30	9.9
	RM2001 - RM3000	74	24.5
	RM3001 – RM4000	119	39.4
	RM4001 – RM 5000	39	12.9

In this study, around 302 questionnaires were collected from the respondent who have dine in at hotel restaurant in Kota Kinabalu. It was found out that 56.0 % were male respondents and the remaining 44.0% were female respondents with age ranging 16 – 25 years old (17.5%), 26 – 35 years old (19.9%), 36 – 45 years old (37.1%), 46 – 55 years old (21.9%) and > 56 years old (3.6%). Majority of the respondents are from Malaysia (63.9%), Australia (3.6%), Belgium (0.3%), Brunei (1.3%), Canada (7%), China (15.6%), Indonesia (2.0%), Japan (2.0%), Korean (4.0%), Philippine (2.0%), Singapore (2.3%),

Taiwan (2.3%), and USA (1.0%). Besides that, educational backgrounds of the respondent mostly are from bachelor degree (38.4%) then followed by certificate/diploma (34.1%), secondary school (24.8%) and master degree (2.6%). Respondents for this study comes from variety of occupational background such as business (30.5%), professional (21.5%), private sector (21.2%), educational (12.9%), services (6.0%) and students (7.9%). The income of the respondents are ranged from >RM1,000 (13.2%), RM1,001 – RM2,000 (9.9%), RM2,001 – RM3,000 (24.5%), RM3,001 – RM4,000 (39.4%) and RM4,001 – RM5,000 (12.9%).

Evaluation of The Measurement Model

Table 2 Model construct, average extracted variance, composite reliability and Cronbach alpha

Model Construct	AVE	Composite Reliability	Cronbach Alpha
Food Quality	0.641	0.926	0.906
Service Quality	0.635	0.924	0.903
Atmosphere	0.569	0.913	0.895
Customer Satisfaction	0.661	0.904	0.866

Table 2 summarizes the evaluation for PLS measurement model. The convergent validity was measured by Average Extracted Variance (AVE) where AVE should exceed 0.5 in order to suggest adequate convergent validity (Bagozzi & Yi, 1988; Fornell & Larcker, 1981; Chen, 2012; Husain, 2014); all constructs satisfied in this condition. The composite reliability ranged from 0.874 (Food Quality) to 0.904 (customer satisfaction) which was above the recommended 0.7 level (Nunnally, 1978; Gefen et al., 2000; Fulford, 2011; Mehran Nejadi,

2013). In addition, Cronbach’s alpha rules state that the values should be 0.7 or higher in order to indicate adequate convergence or internal consistency (Nunnally, 1978). Based on Table 4, the Cronbach’s alpha for the model construct is 0.906 (food quality), 0.903(service quality), 0.895 (Atmosphere), 0.866 (Customer satisfaction). It showed that all the value of the Cronbach’s alpha for the model constructs are accepted. In conclusion, the measurement model showed above has good reliability and validity.

Discriminant Validity

Table 3 Discriminant validity

	1	2	3	4
Food Quality	0.800			
Service Quality	0.323	0.797		
Atmosphere	0.476	0.585	0.754	
Customer Satisfaction	0.635	0.641	0.470	0.808

Discriminant validity is a step to which item distinguish among constructs or measure distinct concepts. The criterion used to measure this is by comparing AVE with correlations. As shown in Table 3, the study used the second method which is to compare the square root of AVE with the correlations. The condition is that if the square root of the AVE shown

in the table is greater than the values in the row and column on that particular construct therefore it can be concluded that the measures discriminant. From Table 3, it clearly is shown that the values for all constructs in the diagonals are greater than the values in the respective row and column thus indicating the constructs have discriminant validity.

Cross Loading

Table 4 Cross loading

	Food Quality	Service Quality	Atmosphere	Customer Satisfaction
FQ2	0.749	0.454	0.271	0.456
FQ3	0.834	0.482	0.316	0.505
FQ4	0.831	0.530	0.381	0.512
FQ5	0.841	0.530	0.336	0.515
FQ6	0.871	0.640	0.485	0.500
FQ7	0.805	0.651	0.526	0.401
SQ2	0.483	0.711	0.500	0.226
SQ4	0.531	0.771	0.490	0.313
SQ5	0.525	0.827	0.522	0.334
SQ6	0.542	0.826	0.488	0.309
SQ7	0.511	0.835	0.514	0.284
SQ8	0.576	0.830	0.552	0.319
SQ9	0.577	0.779	0.496	0.286
AT10	0.288	0.427	0.784	0.166
AT3	0.523	0.591	0.717	0.376
AT5	0.401	0.539	0.741	0.307
AT6	0.390	0.507	0.777	0.244
AT7	0.310	0.450	0.811	0.176
AT8	0.318	0.458	0.815	0.217
AT9	0.294	0.442	0.782	0.218
CS1	0.388	0.197	0.155	0.721
CS2	0.458	0.263	0.223	0.783
CS3	0.487	0.328	0.270	0.812
CS4	0.473	0.305	0.244	0.812
CS5	0.502	0.366	0.364	0.828

According to Hair et al. (2006), the horizontal check for cross-loading is to determine the discriminant validity. Overall, the result of determining for validity and reliability in this study proven that all measures have adequate and sufficient reliability, convergent validity and discriminant validity.

Goodness of Fit of the Model

According to the formula, the results calculated shown that GoF value was 0.377 which was calculated as in the subsequent:

$$GoF = 0.647 = 0.635$$

Hence, the result of GoF is compared with Wetzlset et al (2009) recommended value of GoF, 0.1 is considered small, the medium is

0.25, for large the value is 0.36. From the result, it can be determined that the model's GoF measure 0.635 is large and suitable for global PLS model validity.

Path Coefficients

Table 5 Path coefficients

Hypothesis	Relationship	Std. Beta	SE	t-value	Decision/Supported
H1	Food Quality -> Customer Satisfaction	0.1426	0.0503	2.835**	Supported
H2	Service Quality -> Customer Satisfaction	0.1538	0.0825	1.865*	Supported
H3	Atmosphere -> Customer Satisfaction	0.2172	0.0468	4.637**	Supported

Based on Table 5, it shows the result of the path analysis which tested the three hypotheses generated. There are positive relationship between the food quality to customer satisfaction ($b = 0.1426, p < 0.01$), service quality to atmosphere ($b = 0.1538, p < 0.001$) and atmosphere to customer satisfaction ($b = 0.2172, p < 0.001$).

DISCUSSION OF RESULT

Based on the results that have been analysed, it shows that hotel restaurants attributes have support for customer satisfaction. Food quality does play a role in giving satisfaction to the customer that dine in at the hotel restaurant. One of the items in the food quality is the food presentation. Food presentation was found to influence customer satisfaction and this finding was supported by Raajpoot (2002) where his study found that food presentation has a positive influence on customer satisfaction. Besides that, it also found that the customer is satisfied with the food temperature that was served to them. The temperature of the food is a part of the food quality where a customer is very particular about the temperature of the food. For example, the temperatures of the soup need to be at the appropriate temperature. Soup that was served to the customer in the cool temperature will affect the satisfaction level of the customer. This finding was supported

by the previous research by Delwiche (2004). According to Delwiche (2004), temperature influence how the perceived flavour of the food was evaluated with will indirectly interact with other sensory properties such as taste, smell and sight.

The result of the study also indicates that service quality influences customer satisfaction when they dine in at the hotel restaurant. Based on the finding, it was found that customer in the hotel restaurant is satisfied when the restaurant served the food that exactly as their order. This show that the hotel restaurant is providing a reliability service to the customer where they have the ability to promised service dependably and accurately. This will contribute to the level of satisfaction among the customer that comes to dine in at the hotel restaurant. This finding was supported by the previous research by Kim (2009).

Based on the analysis that was conducted in this study, it shows that the attractive of the interior design influence the satisfaction level of the customer when they dined in at the hotel restaurant. Beautiful decoration in the restaurant can give a positive image to the restaurant environment. This finding was consistent with the finding by Heung and Gu (2012) wherein the study mention that although restaurant usually offers an enjoyable place for dining however

a creative and beautiful decoration is also needed to attract more customer satisfaction. The result of the study indicates that the atmosphere shows a positive influence on customer satisfaction. The customers who dine in at the hotel restaurant feel satisfied with the physical environment that offers by the hotel restaurant.

CONCLUSIONS

The result from the data analysis discovered that food quality, service quality and atmosphere have been found to influence customer satisfaction in the hotel restaurant. Both variables give a significant effect. It showed that food quality, service quality and atmosphere play an important role in giving high satisfaction to the customer when they dine in a hotel restaurant.

Generally, finding the present study will give an overview of the customer satisfaction towards hotel restaurant in Kota Kinabalu. By using this finding, it can help the hotel restaurant manager to develop a more systematic approach in giving a high satisfaction to the customer who dine-in at the hotel restaurant. Findings confirmed that hotel restaurant attributes are essential in order to succeed in attracting the customer to come and repeat their purchase in the hotel restaurant. These particular attributes such as food quality, service quality and atmosphere need to be considered by the hotel industry in order to achieve better segmentation. Based on the finding in this study, it has been found out that media social of the best way as a channel to approach their customer. Customers currently using a media social to obtain most of the information on the daily news, current issue and food promotion in their daily routine. Hence, based on this finding the hotel restaurant industry can focus their promotion in the media social to achieve a high maximum of sale.

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