CHAPTER 6

FINDINGS, CONCLUSION AND SUGGESTIONS

6.1 FINDINGS / RESULTS

The study performed the measurement model evaluation and found satisfactorily results. The model parameters like reliability and validity are more than the cut-off values and thus the constructs possess psychometric properties. The values of Cronbach alpha and composite reliability are above the value of 0.7, the AVE of the study construct are above 0.5 and discriminant validity is performed using HTMT ratio and found supported. The exploratory factor analysis is performed using the PLS and found the loading of all the items are above 0.7 and are significant. Since all the items factor loadings are above 0.7 there is no need to delete any items. As per the suggestions of Anderson and Gerbing (1991), the measurement model is first estimated and then the structural path estimation. All the hypotheses in the model are supported except the hypothesis between food quality and trust (\( \hat{\beta} = -0.002/ t=0.052 \)). Mediation analyses was performed using Preacher and Hayes (2004) criteria and found that the hypotheses proposed are statistically significant. The model fit is assessed using SRMR and found the model is fit as the value is 0.04 much below the threshold value of 0.08 as given by Hair Jr et al., (2016). The R Square value derived from the study suggests that the model is fit for the study. The global goodness of fit (GOF) is 0.605 indicating the model fit with large effect. The mediation effect towards the relationship quality on customer behavior and customer loyalty has been emphasized through the mediation analysis. The result of the same has suggested the mentioned understanding.

As this study involves the study of four different chains of restaurant, it was inquisitive to find if the variables individually behaved the same manner with their chains of restaurant as in comparison with the overall analysis, to do this type of analysis the multi group analysis came in handy and it was assessed in the study. This will eradicate the doubt if the same constructs could be generalized for the whole industry or not.
6.1.1 Customer Loyalty

Customer loyalty is an important factor in service industry, which includes the hotel industry due to intense competition. The customer loyalty scale has four items. The combined mean of customer loyalty is 3.4155 (out of 5). This means that the study participants have taken a position with respect to the construct, which is above the mean (2.5). The univariate skewness of the construct are in the range of -1.058 to -0.290 and the univariate kurtosis having a minimum of -0.591 to maximum of 0.156, so the values of kurtosis are in normal range. It is reasonable as in social science studies getting skewness as zero is not possible. The percentage of participants who have chosen the “Agree” side constitute 44 %. This gives an indication that the hotels need to find ways to enhance the customer loyalty. An integrated marketing approach could be a good beginning.

6.1.2 Word of Mouth

WOM refers to that construct which represents the opinion of the customers about the chains of restaurant. The scale of WOM which supports this study has 4 items. The combined mean is 3.04 out of a maximum of 5. This means that the study participants have reasonable opinion about this construct towards dining at the chains of restaurants. The univariate skewness of the construct is in the range of -0.515 to -0.037 suggests that the values are in the normal range. The univariate kurtosis ranges from -1.065 to a maximum of -0.502. This depicts that there is no outliers and the data is well within normal range. The geometric mean has depicted that 37.34% of participants agreed that WOM did affected their decision making in choosing the restaurant. WOM mediates between trust and loyalty as well as between satisfaction and loyalty. The indirect effect of WOM between trust and loyalty is 20.2% and that between satisfaction and loyalty is 15.7%. This proves that WOM is significant variable in predicting the customer loyalty. The multi-group analysis results revealed the fact that the influence of WOM affecting the customer loyalty towards chains of restaurants is different. The importance performance analysis for the outcome variable has revealed that the WOM is 58.0 percent important for loyalty. This reveals that WOM is an important construct for managers to enhance customer loyalty.
6.1.3 Trust

Customer trust is an important construct that plays a pivot role in creating a bond between the customers and the service provider. This allows the customers to revisit the restaurant again and again. The scale of trust supports the study with 4 items. The combined mean value is 3.62 out of a maximum of 5. This means that the study participants have taken a position with respect to the construct, which is above the mean (2.5). The univariate skewness ranges from -0.689 to -0.193 and the univariate kurtosis ranges from -0.541 to 0.459. This indicates that the values are within normal range only as in the case of social study. The combined percentage of samples who have agreed toward this particular construct is 58.75%. This allows a reason for the chains of restaurants to improve upon the trust factor. The mediation effect of trust between service quality and loyalty is about 5.4% and that between satisfaction and loyalty is about 11.0%. This also indicates that there is some effect added by this construct towards creation of customer loyalty. The multi group analysis has revealed that the trust acts the same across the different chains of restaurants. The importance of trust is proved to be 41.9% for achieving loyalty through the importance performance analysis. This further proves that trust forms a base for customer’s in achieving customer loyalty.

6.1.4 Customer Satisfaction

It is proved by many researchers that it is the satisfied customers over a period of time can be converted to loyal customers. This customer satisfaction is measured through 4 items. The combined mean value of all the items is 3.76 out of a maximum of 5. This implies that majority of the study participants have taken a position towards the construct as this value is well above 2.5. The univariate skewness ranges from minimum -0.779 to maximum -0.019. This implies that the data is within the normal range. The univariate kurtosis lies in the range from minimum -0.813 to maximum 1.351. The cumulative samples who have agreed upon this construct is 64.5%. This indicates that maximum number of samples have taken a position for this construct. The multi-group analysis has identified that the items considered for satisfaction is same across all the 4 chains of restaurants.

This emphasizes that whoever be the service provider, the attributes for satisfaction is
same. The importance of customer satisfaction towards customer loyalty is found to be 45.1% using importance performance analysis. This indicates that the customer satisfaction plays an important role in achieving the customer loyalty.

6.1.5 Food Quality

Food Quality is the construct which decides on the quality of food at the chains of restaurant. Food quality is measured with the help of 6 items in this study. The combined mean for all the items is 4.052 out of maximum 5. This means that the study participants have taken a position with respect to the construct, which is above the mean (2.5). The absence of this may lead to dissatisfied customers. The percentage of samples who have agreed positively towards this construct is 78.67%. The univariate skewness ranges from minimum -1.458 and the maximum -0.612. This indicates that the data is well within the normal range. In the multi-group analysis the path of food quality leading to customer satisfaction depicts insignificant. The definition of food quality may vary from one chains of restaurant to the other. This gives way towards further in-depth individual analysis in the future. The importance of food quality towards achieving customer loyalty is 76.397%. This suggests that food quality is essential in achieving the customer loyalty. This construct shows the maximum importance towards achieving customer loyalty. This is an indication to restaurants to maintain proper food quality in order to maintain their loyal customers.

6.1.6 Service Quality

Service Quality defines the quality of the whole service as such. Service quality is measured using 6 items in this study. The combined mean value of all 6 items is 3.63 out of a maximum of 5. This is well above 2.5, which indicates that the majority of samples have taken a position for this construct. The percentage of people who have agreed upon this construct is 58.17%. The univariate skewness ranges from minimum -0.684 to maximum -0.111. This suggests that the data is in the normal range. The multi-group study has revealed that the service quality affecting the trust differs with different chains of restaurant.

This gives way to further probing individually in this domain of study. The importance
of service quality towards achieving customer loyalty is 65.85%. This proves that service quality is essential construct to achieve customer loyalty.

6.1.7 Price

Price is a construct which determines how much money could be given for the food that is being provided by the chains of restaurants. This construct includes 4 items in this study. The combined mean for this construct is 4.011 out of maximum of 5. This ensures that maximum number of participants have taken a position for this construct. The percentage of participants who have chosen to ‘Agree’ upon this construct is about 74.75%. This shows that pricing is an essential attribute for the study. The univariate skewness ranges from minimum -1.058 to maximum -0.618 and the univariate kurtosis ranges from minimum -0.066 to maximum 0.846. As it is a social study, the value of skewness depicts that the data is within the normal range. The multi-group analysis revealed that price leading to satisfaction and that of trust differs between the chains of restaurants. This shows that the pricing attribute is not viewed the same across the different chains of restaurant. This provides a platform for further study in future. The importance of price in achieving loyalty is 75.167%. This confirms the importance of pricing and that of effective pricing. Only effective pricing may be lead to longer customer loyalty.

6.1.8 Location

Location determines where the restaurant is situated and how that affects the loyalty of customer. Location is measured with 4 items. The combined mean of all the four items is 3.709 out of 5 points. This shows location to be an important attribute as it is above 2.5. About 62% of customers have agreed upon this construct to be an essential one. The univariate skewness of this variable ranges from minimum -0.637 to maximum 0.368 and the univariate kurtosis ranges from minimum -0.510 and maximum 0.390. As it is the social study, this value suggests that the data is in the normal range. The importance of location computed using importance performance analysis of location towards customer loyalty is 67.77%. This ensures that this construct is a necessary one.

6.1.9 Environment
Environment is the construct which determines the internal ambience where the food is being served. It is measured with 4 items. The combined mean for all the 4 items together is 3.8 out of maximum of 5. This shows that maximum number of participants have taken a position for this construct as this value is well above 2.5. About 67.75% have decided to agree upon this construct. The univariate skewness ranges from minimum -0.606 to maximum -0.286 and the univariate kurtosis ranges from minimum -0.486 to maximum 0.718. As the kurtosis value is well below 1 and the skewness is well below 0 the data are within the normal range. The importance of the construct environment towards achieving the customer loyalty as computed through the importance performance analysis is 70.17%. This depicts that the customer insists on the environment to be one main parameter for assessing the customer loyalty.

6.1.2 Findings of ANOVA and Chi-Square test

ANOVA test is performed to test whether the food quality varies across gender. The p values is less than 0.05 (p=0.000) suggest that the food quality varies between genders. The food quality perception differs for male and female. Another ANOVA test is performed whether service quality perception differs across gender. The result found that the p value is less than 0.05 (p=0.001), implies that the service quality perception also varies between males and females.

Two hypotheses were proposed and tested using chi-square test of independence. The first one is to test whether the customer frequency of visit to the hotels and their age are independent. Since the p value is less than 0.05 (p=0.023) the hypothesis (H1) is not rejected. The two attributes are dependent, which means the age and the frequency of visit are related. The second chi-square test is to test frequency of visit and vegetarian or non-vegetarian are independent. The chi-square test is performed and the p value obtained is found to be (p=0.033), less than 0.05, which suggest that the frequency of visit and vegetarian or non-vegetarian are dependent.

6.2 DISCUSSION

The model proposed by Sangyup Sean Hyun (2010) was further enlarged by adding
“word of mouth” communication as an exogenous variable in this study. The intention to add the word of mouth communication is quite relevant in a collectivistic society like India, where there is a propensity to discuss with others in their network relationship. The hypotheses proposed in the model are supported except one path i.e., food quality to trust. The same path was insignificant in the study where the model was adopted. The food quality cannot be a homogenous across length of time and thus standardization of food quality in restaurant is challenging. Owing to the non-conformance of food quality on a regular basis, perception of customers on taste varies, different customer preferences, etc. negatively lead to customer trust. Future research using experimental design could well establish the notion clearly about the relationship. A longitudinal study would be another option to establish the casual relations between food quality and trust.

Additionally, Harrison Walker (2003) have Empirically established that the word of mouth influence is more on heterogeneous markets that has prompted me to include this variable in the study.

The study moved to PLS-SEM as the critical ratio for multivariate normality was above 7. Another reason for choosing PLS SEM was the complex model. The model was fit as the SRMR values was 0.04 (cut-off values is 0.08). The values of global goodness of fit for the model is 0.605 indicates substantive model fit as given by Hu Li-tze and Bentler.P.M (1998).

The construct validity was measured by using both convergent validity and discriminant validity as used by Esposito et. Al (2010). The Average Variance Extract (AVE) was found to determine the convergent validity as given by Voorhees et.al (2015). They have given the average minimum cut-off value of AVE to be 0.5. This study has an average AVE value close to 0.7. This shows that the construct has enough convergent validity.

The discriminant validity was measured using Hetero Trait Mono Trait (HTMT) ratio of correlations which was used by The cut off value is 0.85 and in this study all the correlated values lie below 0.85 and this indicates that the constructs posses discriminant validity.

The predictive relevance (Q²) as given by Nunnaly et.al (1967) suggests that the
endogeneous variables should have $Q^2$ above zero. This study gives value of $Q^2$ of all endogeneous variables (Satisfaction, Trust, word of mouth, loyalty) to be well above the value zero. Hence, the predictive relevance is also good.

The common method bias (CMB) was used to eradicate the data collection error if any. As given by Preacher K J and Hayer A F (2004), the CMB value should be less than 50%. This study shows the SMB value of only 38%. This implies that the CMB is not a threat to this particular study.

The Mediation Analysis was done to assess if there is any mediation effect among the constructs. This analysis was conducted as suggested by Preacher and Hayes (2004). It was found that there are four significant mediation path in the study.

The Multi Group Analysis (MGA) was conducted according to Ringle et.al (2014) and ELS J Blunch (2008). This analysis is used to identify if the same construct behave in the same manner between given two different groups. Except for very few constructs, in different groups were insignificant, otherwise, the constructs behave in similar manner. When the value of this analysis lies between 0.025 and 0.975 then that defined hypothesized path is significant. This means that the same variable behave in the same manner in both the chains of restaurants considered. There might be various other reasons for some of the paths to be non significant. This could be an area for further research.

The Post Hoc analysis was performed using Importance Performance Analysis (IPMA) for customer loyalty as exogenous suggested by Hair.Jr, Hult, Ringle and Sarstedt (2016). This analysis revealed the fact that the customer satisfaction and word of mouth are important in influencing the customer loyalty. The mangers need to concentrate on these two variables in order to enhance the customer loyalty which is key for consistent success.

6.3 LIMITATIONS

This study has applied the theoretical aspect which was taken from various other
journal reviews and tried to prove it empirically in this given situation, still there might be some
of the aspects missing from the study, like branding. This is another angle to look at the study.
Even though there are many other sampling techniques available, Judgemental sampling was
used as it involves the customers of four different chains of restaurants are there as samples.
Even though there are many chains of restaurants available in tamilnadu, only four have been
considered for convenience sake. When the rest of all the chains of restaurants are also taken into
consideration, then the output may vary accordingly. Again there may be further variations if the
same study is to be conducted with all the chains of restaurants from the entire nation. The
mediation analyzed, used with cross sectional data may not be able to establish the causality.
Since the data is self-reporting, common method bias could be a problem. However the study
performed the Harman’s single factor test and found it is not a threat.

6.4 SUGGESTIONS

The analysis from this study have proved that all the constructs considered for the
study are equally important to each other and their contribution is almost equal. The outcome
variable is depended on the various constructs designed for the study, it is proved empirically
that the path towards the outcome variable, customer loyalty is improvising on the aspect of
customer satisfaction, then customer trust and then the positive word of mouth. When all the
variables move towards the positive aspect of the study, then automatically the customer loyalty
will also be improving on the higher side, which may reduce the operating cost of the service
provider. On achieving this the service provider will be able to hold the customers with them for
a longer period of time, this inturn will help them to handle all operational issues in providing the
service and keep the flow of revenue intact. “How to retain the customers?” The service provider
cannot just throw jargons like customer satisfaction, trust and loyalty, they will have to work
towards achieving the same through keeping up the food quality and other aspects upto the
perception of customers so that the gap is closed and customer feels delighted about the entire
dining experience, only then the service provider will have more number of loyal customers in
their database.

6.5 CONCLUSION
Relationship between the following constructs pertaining to the chains of restaurants in Tamil Nadu state has been assessed. The constructs relationship between (1) Service Quality and Customer Satisfaction, (2) Relationship Quality with Food Quality, Service Quality, Price, Location and Environment, (3) Trust with Service Quality, Price, Location and Environment, (4) Relationship among Customer Satisfaction, Trust, Word of Mouth and Customer Loyalty. This study was successful in drawing a line of relationship between the mentioned constructs. Only one construct Food Quality proved a negative relationship towards the construct Trust, this means that the food quality plays very little role in enhancing the trust of customers towards the service provider. Even if the food quality is little poor also customer is ready to accept if the other constructs show a positivity towards satisfying the customers. The remaining of the constructs have depicted a positive relationship with each other. The entire analysis could be summarized to be a positive significant relationship between the constructs customer satisfaction, trust and word of mouth towards achieving the customer loyalty, which is the main essence of any service provider and everyone is striving to achieve this in the end. The empirical values on analysis have insisted that all the variables considered in the study have their role played to boost up the customer satisfaction. Hence, it could be concluded as a final statement that there is a positive relation among the constructs customer trust and the behavioral intentions.

The overall analysis made with the empirical data proves the conclusion statement. There is a positive note observed in correlation among the constructs. The CR – Composite Reliability and AVE – Average Variance Extracted supports the statement as their output lies above the cut off limit of 0.5. To prove the discriminant validity, the HTMT ratio supports the argument as its empirically analysed valued falls above the cut off level of 0.8. Taking the support of Exploratory factor analysis, none of the variables are deleted as all the factor loadings are well above 0.6 and that too only two of them, the rest of the factor loadings are above 0.7. The results of hypothesis shows significance towards all the hypothetical paths proposed, but except for one path has shown insignificance towards the hypothetical path of food quality and trust, this also suggests the model to be good. To test the model fit of the proposed model, the test of SRMR have been used, which gave an output well below the level of 0.08. The output of SRMR test came to be 0.04 which is very less and well within the threshold level, this emphasizes the fact that the model is fit to be used for the analysis. The model fit is also supported by the R square
value, this also emphasized that the model is fit to be used for the analysis. The relationship between customer behavior and customer loyalty is also proved by mediation analysis, where it is proven that there a mediation effect in the study between the relations mentioned. In order to know if the variables of the study behave the same manner collectively and individual chains of restaurants, multigroup analysis was performed, which revealed that the chains of restaurants did not behave the same manner when analysis was done separately. This depicts the weakness of the chains of restaurants that they may show up some negativity which inturn might affect the loyalty of the consumers. There is one way by which this awkward situation could be handled is that the service provider can rework their strategies building upon their strength and working over their weaknesses which could adversely affect the satisfaction level of the consumers. This will improve the overall performance of the chains of restaurants and could ensure retaining the consumers with them for a longer period of time. This is ensure flow of revenue and reduction of operational cost even during adverse situations.

6.6 RECOMMENDATIONS FOR FUTURE RESEARCH

The study is cross-sectional in nature and establishing causal relations with cross sectional data is a problem as it does not have the temporal precedence. So, future study can be designed with longitudinal data as that can help in establishing causal relations. Another possible problem is the issue of common method bias as the data is collected on the basis of self-reporting basis. However, the study has performed Harman’s single factor test and found that common method bias may not be an issue. Experimental design could be an excellent option in the future and dairy studies could be another option. The inclusion of brand image and brand equity in the study of customer loyalty could be another area to enhance the results of the study.

The relationship between the food quality and trust is not significant, future research could be in this area to identify the reasons for the same. Indepth study on individual chains of restaurants could throw light in more concentrated form.