CUSTOMER SATISFACTION & BRAND LOYALTY IN THE FAST FOOD INDUSTRY

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Abstract - The purpose of the current study was to determine the effects of price, food quality, service quality, and physical environment on customer satisfaction and brand loyalty at McDonald’s restaurants in Morocco. The qualitative method was used in the study, with a questionnaire research design. Seven of eight hypothesis were supported. The results are valuable for both academicians and practitioners: increased understanding key indicators of customer service and brand loyalty in the Moroccan culture is provided and can guide future fast food restaurants as they seek to achieve customer satisfaction and brand loyalty.

Index Terms - Brand Loyalty, Customer Satisfaction, Fast Food Industry, Morocco

I. INTRODUCTION

The fast food industry in Morocco has experienced tremendous growth during the last 20 years. Busier lifestyles result in less time for home-cooked meals, and fast food provides a solution to this change [46]. Several fast food restaurants have opened in Morocco since the early 90’s. However, McDonald’s was the first to open, not only in Morocco; the first McDonald’s on the African continent opened in Casablanca, Morocco on December 18, 1992. Since then, McDonald’s has become one of the most popular locations for eating out in Morocco. McDonald’s, one of the biggest fast food chains in the world, is by far the most popular international fast food restaurant in Morocco. The corporation has over 40 facilities spread out over the country with more than 2,600 employees [32].

Since fast food was first introduced to Morocco, the food industry has become more popular every year, with McDonald’s as the market share leader. And although it is obvious from the data that Moroccan customers patronize McDonald’s, little to no research has determined what it is that makes Moroccan customers so satisfied with McDonald’s in Morocco. In this report, four independent variables are introduced, operationalized and tested to determine their impact on two dependent measures. The independent variables are: (1) price, (2) food quality, (3) service quality and (4) physical environment. The dependent measures are (1) customer satisfaction and (2) brand loyalty at McDonald’s franchises in Morocco (referred to hereafter as McDonald’s Maroc). These variables were tested to determine the drivers of customer satisfaction and brand loyalty at McDonald’s Maroc. Since the mid-20th century, customer satisfaction has been a topic of great interest to organizations in all market sectors, including, for example, the airline industry, the retail industry or the food service sector [29]. Customer satisfaction is the degree of satisfaction provided by a company and measured by the number of repeat customers. Creating loyal customers is challenging for businesses in that there is no guarantee that this will actually happen [16]. In the latter half of the 20th century, companies were concerned with satisfying consumers in the short term, without regard for long-term relationships. Over the years, it became clear that customer satisfaction does not always result in customer retention [19], which is an issue related to brand loyalty. Brand loyalty goes beyond customer satisfaction to include the notion of faithfulness to a company. Brand loyalty can be defined as “The faithfulness of the customer to a particular brand, shown by their repeat buys, despite the competitor’s attempts to attract these customers” [48, para 1].

Companies must acquire customers for their businesses to grow and ensure their business continues [41]. Beyond acquiring customers, businesses must also seek to retain them, since the cost of acquiring new customers is much higher than the cost of keeping them[44]. Therefore, it is not only important to attract new customers, but also to ensure that customers remain loyal to the company. Research by Frederick Reichheld of Bain and Company demonstrates that increasing consumer retention by five percent increases company earnings from twenty-five to ninety-five points [11].

II. RESEARCH QUESTIONS

The purpose of the current investigation is to provide a deeper understanding of Moroccan customer satisfaction and brand loyalty to McDonald’s Maroc. Specifically, we aim to: (1) to discover the impact of the four independent variables (price, food quality, service quality, physical environment) on customer satisfaction and brand loyalty of the McDonald’s franchises in Morocco; (2) to understand how customer satisfaction is linked to brand loyalty; and (3) provide suggestions for enhancing both customer satisfaction and brand loyalty at McDonald’s Maroc.
To achieve the objectives of the study, the following research questions were developed to guide the quantitative investigation that follows.

1. What is the relationship between price, food quality, service quality, physical environment and customer satisfaction at McDonald’s Maroc?
2. What is the relationship between price, food quality, service quality, physical environment and brand loyalty at McDonald’s Maroc?
3. What is the relationship between customer satisfaction and brand loyalty at McDonald’s Maroc?

III. LITERATURE REVIEW

As stated previously, the first and most famous fast food chain established in Morocco is McDonald’s, which opened its first store in Casablanca in December, 1992. In 2013, McDonald’s Maroc generated revenues over 863 million Moroccan dollars (MAD). Furthermore, the franchise owned 15% of the market share within the industry in 2015. Owning 40 establishments spread out in Morocco as of 2018, McDonald’s Maroc is the most recognized fast food restaurant amongst students, families, and young children in Morocco. Through its communication channels it assures its customers that all its products are halal, prepared following strict rules regarding the religion of Islam [32].

As is true for all franchises worldwide, McDonald’s Maroc must adhere to specific standards set by the parent company. McDonald’s dictates several guidelines that every franchise must follow so that the customer experience is consistent worldwide when they visit any McDonald’s restaurant. If a franchisee fails to comply with these very detailed regulations (regarding menu offerings, hygiene, processes, hiring policies, etc.), he or she will lose their McDonald’s franchise license. McDonald’s has nullified many franchise contracts in the past for breaches in the franchise license [22]. To meet McDonald’s international standards, all McDonald’s Maroc restaurants must train their personnel so they understand McDonald’s specific policies and procedures, including operations, marketing management, and the needs of the local region [32].

The identification and analysis of drivers of customer satisfaction has a very rich research tradition [14]. Much marketing research has focused on satisfaction and brand loyalty, and more recently, the focus has turned to customer-centric relationship marketing [39], which puts the customer at the center of the marketing program. The goal of customer-centric marketing is to provide positive customer experiences before, during and after the sale to drive profit and gain competitive advantage [7].

The customer experience has always been important in service industries. Previously, however, it was viewed as a luxury. In the 21st century, however, most companies and customers view quality customer experiences as a requirement [28]. What the customer perceives as the quality delivered—the customer experience—is what determines customers’ willingness to come again [24]. As marketing scholars and practitioners have known since the mid-20th century, customer retention is key to success. Quality customer experience increases the likelihood of customer retention and brand loyalty. It is therefore imperative to create a memorable customer experience if companies in the international fast food sector wish to be successful [12].

One of the main drivers of customer experience is customer satisfaction. What determines customer experience in the fast food industry is therefore paramount to business success. Customer satisfaction in the fast food industry includes price, employee courtesy, timely service, competence of staff, food quality, accessibility, and cleanliness [14]. In the current research, we examine four independent variables, the most often cited in the research literature and their effects on customer satisfaction and brand loyalty: price (P), food quality (FQ), service quality (SQ), and physical environment (PE).

A. Price & Customer Satisfaction

As with any other industry, price is an important variable in the fast food industry. Customer perception determines value, which is defined as price + quality. Customer perception of the value for a product therefore requires that quality products are offered at a price consistent with the product offering. Because of the importance of price, it is a traditional element of any marketing plan, known to influence customer behavior [10]. Furthermore, the right combination of price and quality—value—has always been a key driver of companies that operate in the fast-food industry [42]. Therefore, value is a determinant of a buyer’s expectation and affects customer satisfaction [5].

The results of research conducted on more than 100 restaurants found that price was highly correlated with satisfaction [4]. The research also discovered that an overpriced product can have a negative influence on customer experience. In other words, if the product received was not worth the price paid, the customer experience is diminished. Considering these factors, marketing managers seek to find the perfect balance to align price and costumer expectations to create customer satisfaction. To test the relationship between price and customer satisfaction, the following hypothesis is posited:
Hypothesis 1: There is a positive relationship between price and customer satisfaction.

B. Food Quality & Customer Satisfaction

The relationship between food quality and customer satisfaction in the fast food industry is proven to be one key to success [36]. Several components of food quality exist, including, (1) the freshness of the ingredients, (2) taste, (3) quality consistency, and (4) appearance [42]. Global fast food franchises such as McDonald’s are therefore faced with a challenge: they must ensure that (1) all of their venues throughout the world have access to all the necessary ingredients for their food offerings; (2) the ingredients are available when needed; and (3) the food is fresh. Furthermore, all employees must be trained so that consistent food preparation that meets McDonald’s global mandates is maintained.

Given that McDonald’s Maroc is a part of McDonald’s International, the franchises must ensure that food quality is consistent from one restaurant to the next in all 40 locations throughout the country. Customer expectations regarding food quality at McDonald’s Maroc were established when the restaurant chain opened in Morocco in 1992; and before that for McDonald’s Maroc customers who had eaten at McDonald’s internationally.

Maintaining customer expectations is both a challenge and a requirement for success. The result is that either the food quality meets customer expectations, or the food quality fails to meet customer expectations. If expectations are met, customer satisfaction is maintained and brand loyalty may result [21]. Singh and Sirdeshmukh (2000) found that food quality is one of the most important attributes that leads to customer satisfaction. Other studies have also focused on food quality, identifying three key components; taste, appropriate temperature, and presentation of the food served [15], [23], [26], [37]. These studies found that food quality has a high impact on customer satisfaction and brand loyalty. To test the propositions put forth by previous research, we hypothesize the following:

Hypothesis 2: There is a positive relationship between food quality and customer satisfaction.

C. Service Quality & Customer Satisfaction

Service quality is defined as the level of service provided by a company, and whether that service is perceived to have met a customer’s expectations [1]. Therefore, the difference between the perceived service and the expected service is the service quality provided. When the expected service quality is higher than the received service quality by the company, the customer will not be satisfied, or at least not as content as he/she would have been if expectations had been met [17], [30].

Previous research has confirmed the importance of service quality in fast food restaurants and that the quality of service affects customer satisfaction significantly [8], [16]. Gilbert (2004) conducted research on five well-known fast food franchises in the United States, demonstrating that that service quality is highly correlated with customer satisfaction. Several other studies have also confirmed the important role of service quality on customer satisfaction [31]. From the previous research regarding the relationship between customer satisfaction and service quality, the following is hypothesized:

Hypothesis 3: There is a positive relationship between service quality and customer satisfaction.

D. Physical Environment & Customer Satisfaction

The fourth independent variable tested is the physical environment of the restaurant. The physical environment entails all elements of the physical establishment that impact customer satisfaction, including ambient conditions (light, color, shapes, scent), spatial layout, signs, symbols, and artifacts [34]. These elements are used by the organization to create an image, direct customers through their experience and give them the chance to create a relationship with the establishment [45].

The importance of the quality of the physical environment in the fast food industry has been demonstrated by previous research [27], [33]. Given the key role the physical environment plays in the fast food industry, the current research includes the relationship between the physical environment and customer satisfaction.

Many studies have been conducted to understand the relationship between the physical environment and customer satisfaction, but the results from those studies vary [13]. Some studies found poor or null relationships between customer satisfaction and the physical environment, while others research found positive relationships between the two [45]. For instance, Andaleeb (2006) found that the restaurant design had no impact on customer’s satisfaction.

Yet another research study, conducted in luxury restaurants found that physical environment is a key determinant driving customer satisfaction [18]. Research on hotels shows that the physical design not only affects customers’ satisfaction; it also affects their expectations [18]. In the current research, we argue that the physical environment has a positive impact on customer satisfaction. Therefore, the fourth hypothesis is stated as follows:
Hypothesis 4: There is a positive relationship between environment quality and customer satisfaction.

E. Price, Food Quality, Service Quality, Physical Environment & Brand Loyalty

Brand loyalty goes beyond customer satisfaction to include the notion of faithfulness to a company. “Brand loyalty represents purchase of a particular product or brand and implies that the customer will not search for another product or product alternative when there is a requirement...In short, brand loyalty is recurrent purchase behavior” [51, p. 55]. To maximize market share, brand loyalty must be established.

The relationship between customer satisfaction and brand loyalty has been demonstrated to be strong [21], [35]. Additionally, the relationship is one in which customer satisfaction impacts brand loyalty and brand loyalty impacts customer satisfaction[29]. When variables such as price, food quality, service quality, and physical environment increase, customer satisfaction is also expected to increase, which then increases brand loyalty [45]. Much research exists regarding the drivers of brand loyalty in the fast food industry [14], [16], [20], yet there is a lack of such studies in the Moroccan context[25]. The current study fills that gap in the research literature by examining the drivers of brand loyalty at McDonald’s Maroc.

Because of the importance of brand loyalty, which is related to, but distinct from customer satisfaction, the following hypotheses are put forward:

Hypothesis 5: There is a positive relationship between price and brand loyalty.
Hypothesis 6: There is a positive relationship between food quality and brand loyalty.
Hypothesis 7: There is a positive relationship between service quality and brand loyalty.
Hypothesis 8: There is a positive relationship between physical environment and brand loyalty.

IV. METHODS

A quantitative method was used to test the hypotheses generated in the current study. For this investigation, the analysis of variance (ANOVA) was used to measure the impact of the independent variables, price (P), food quality (FQ), service quality (SQ), and physical environment (PE) on the dependent variables, customer satisfaction (CS) and brand loyalty (BL). We used a survey research design to assess the impact of the independent variables (P, FQ, SQ, PE) on the dependent variables (CS & BL) [9].

The survey consists of 17 statements to which participants responded. Participants were instructed to indicate their level of agreement, using Likert items ranging from 1-5, from strongly agree to strongly disagree. The final section of the survey included demographic questions, which allowed description of participants included in the sample. The population for this study includes all Moroccans who have ever visited a McDonald’s in Morocco. From that population, a sample was drawn. The sample was not limited to a specific region or city, given that it was online, but only participants who had frequented McDonald’s Maroc were included in the sample.

An explanation for the survey was clearly stated along with the amount of time it would take participants to complete (about 5 minutes). Also included in the questionnaire instructions was a brief statement that clarified to participants that in this questionnaire, we were only interested in participants’ experiences with McDonald’s in Morocco. Finally, participants were told that their responses were anonymous.

For the research measures, the following scales were used: Brand loyalty was measured with three items [41], which are reputation, recommendation and performance. Price had a single item [6], [15], which operationalized price fairness. Food quality was operationalized with three items [38]: taste, food temperature and food presentation. Service quality was also operationalized with three items [38]: employees’ competence, order mistakes and service time. Finally, physical environment was operationalized with three items [23],[15]: cleanliness, décor, and ambiance.

The questionnaire was separated into seven different sections: 1) Price (P), 2) Food Quality (FQ), 3) Service Quality (SQ), 4) Physical Environment (PE), 5) Customer Satisfaction (CS), 6) Brand Loyalty (BL), and 7) demographic questions. The demographics (sex, age, marital status, frequency of visits and with whom they visit) were included to provide descriptive statistics of the sample.

V. RESULTS

In this section, the results of the hypothesis tests are provided. First, however, it is important to provide descriptive statistics that were included in the questionnaire to define the demographics characteristics of the sample itself.

A. Descriptive Statistics

The sample size was 178 participants (n=178). Seventy-seven (43%) participants were male and 101 (57%) were female. Eighty-five percent of participants were between the ages of 15 to 25, 11 percent were between the ages of 26 to 35, and four percent were 36 or older. Ninety-four percent of the sample was single, three percent were married, and two percent were married with children. Eighty-five percent of participants visited McDonald’s Maroc with friends, seven percent visited the restaurants alone, six percent with either a boyfriend or girlfriend,
while one percent visited McDonald’s Maroc with a spouse, and one percent frequented McDonald’s Maroc with kids.

B. Operationalization of Customer Service (CL) & Brand Loyalty (BL)
Customer satisfaction (CS) was operationalized with three items: “I go to McDonald’s…,” McDonald’s is better than other fast food restaurants in Morocco”, and “Overall, I am satisfied with McDonald’s.” Brand loyalty (BL) was operationalized with three items: “McDonald’s Maroc has a good reputation”, “McDonald’s Maroc performs well as a fast food restaurant”, and “I am likely to recommend McDonald’s Maroc to friends and family.”

C. Inferential Statistics
Hypothesis 1: There is a positive relationship between price and customer satisfaction. Price has just one item in the questionnaire for operationalization: “The prices at McDonald’s Maroc are fair.” The prediction that price affects customer satisfaction at McDonald’s in Morocco was tested with the ANOVA. For this hypothesis, price was the independent variable and customer satisfaction was the dependent variable. A significant result obtained for price, $F(4,172) = 4.685$, $p < 0.05$. Means for price demonstrate that the difference was in the predicted direction.

Hypothesis 2: There is a positive relationship between food quality and customer satisfaction. Food quality (FQ, independent variable) was operationalized by three items within the survey: “McDonald’s food taste good.” McDonald’s food is served at the appropriate temperature,” and “McDonald’s Maroc food presentation is attractive.” The prediction that food quality would affect customer satisfaction at McDonald’s in Morocco was tested with the ANOVA. A significant result obtained for food quality, $F(10,167) = 4.624$, $p < 0.05$. Means for food quality demonstrate that the difference was in the predicted direction.

Hypothesis 3: There is a positive relationship between service quality and customer satisfaction. Service Quality (SQ) was operationalized by three items within the survey: “McDonald’s Maroc employees know how to do their job,” “McDonald’s Maroc employees rarely make mistakes on my order,” and “McDonald’s Maroc meals are served quickly.” The prediction that service quality would affect customer satisfaction at McDonald’s in Morocco was tested with the ANOVA. A significant result did not obtain for service quality, $F(10,167) = .729$, $p > 0.05$. Means for service quality demonstrate that the difference was not in the predicted direction.

Hypothesis 4: There is a positive relationship between physical environment and customer satisfaction. Physical environment (PE) was operationalized by three items within the survey: “McDonald’s Maroc restaurants are clean and well taken care of,” “McDonald’s Maroc restaurants have an appealing interior design”, and “McDonald’s Maroc restaurants are a comfortable place to eat in.” The prediction that physical environment would affect customer satisfaction at McDonald’s in Morocco was tested with the ANOVA. A significant result obtained for physical environment, $F(12,165) = 3.059$, $p < 0.05$. Means for physical environment demonstrate that the difference was in the predicted direction.

Hypothesis 5: There is a positive relationship between price and brand loyalty. The prediction that price affects brand loyalty at McDonald’s in Morocco was tested with the ANOVA. For this hypothesis, price was the independent variable and brand loyalty was the dependent variable. A significant result obtained for price, $F(4,172) = 3.351$, $p < 0.05$. Means for price demonstrate that the difference was in the predicted direction.

Hypothesis 6: There is a positive relationship between food quality and brand loyalty. The prediction that food quality (FQ) affects brand loyalty at McDonald’s in Morocco was tested with the ANOVA. For this hypothesis, food quality was the independent variable and brand loyalty was the dependent variable. A significant result obtained for food quality, $F(10,167) = 5.055$, $p < 0.05$. Means for FQ demonstrate that the difference was in the predicted direction.

Hypothesis 7: There is a positive relationship between service quality and brand loyalty. The prediction that service quality (SQ) affects brand loyalty at McDonald’s in Morocco was tested with the ANOVA. For this hypothesis, service quality was the independent variable and brand loyalty was the dependent variable. A significant result obtained for service quality, $F(10,167) = 1.915$, $p < 0.05$. Means for SQ demonstrate that the difference was in the predicted direction.

Hypothesis 8: There is a positive relationship between physical environment and brand loyalty. The prediction that physical environment affects brand loyalty at McDonald’s in Morocco was tested with the ANOVA. For this hypothesis, physical environment was the independent variable and brand loyalty was the dependent variable. A significant result obtained for physical environment, $F(12,165) = 4.066$, $p < 0.05$. Means for price demonstrate that the difference was in the predicted direction.

The third research question asked what the relationship between customer satisfaction and brand loyalty is. Insufficient empirical evidence prevented a hypothesis from being stated and tested. Nonetheless,
the ANOVA was used to test whether there was a significant relationship between the two. A significant relationship obtained, $F(12,165) = 6.64$, $p < 0.05$. Means for customer satisfaction and brand loyalty demonstrate that the difference was in the predicted direction.

**DISCUSSION**

Given that seven of eight hypotheses tests achieved statistical significance, support for the arguments made in this manuscript obtained. Specifically price, food quality, and physical environment increased customer satisfaction and at McDonald’s Maroc, while price, food quality, service quality, and physical environment increased brand loyalty at McDonald’s Maroc. The study’s results regarding drivers for customer satisfaction and brand loyalty may assist fast food restaurants in Morocco including, but not limited to, McDonald’s Maroc. Indeed, the study provides empirical evidence that may increase understanding of the driving factors for both customer satisfaction and brand loyalty in other Arabic countries[2]. Generalization of findings regarding customer satisfaction and brand loyalty at McDonald’s Maroc must be made with caution.Different rules, backgrounds, cultures etc., exist in different Muslim countries and should be taken into consideration when generalizing the results of this study to other Muslim countries. Other fast food restaurant owners within Morocco can also benefit from these findings by taking into consideration price, food quality, service quality and physical environment in their efforts to increase customer satisfaction and brand loyalty. As with any empirical study, limitations exist in the current study and must be addressed in this report’s conclusions.

First, the current research focuses solely on McDonald’s Maroc. Because of that, a similar cross-functional study should be designed to determine the strength of these independent variables on customer satisfaction and brand loyalty in competing fast food franchises in Morocco. Also, not all people of the population had the same chance of being chosen for the survey, meaning that this was a convenience sample and not a random one. Regardless, the findings of this investigation provide valuable insight into the drivers of customer satisfaction and brand loyalty at McDonald’s Maroc.

**REFERENCES**


