

# Consumer Perception On Imported Franchise Restaurants In Jember District: Product Quality, Customer Satisfaction, And Brand Loyalty

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**Abstract:** This study aimed to analyze and to describe the behavior of imported franchise restaurant consumers in Jember district, East Java, Indonesia. This research was done through phenomenology approach and the data were analysed descriptively. Research data include primary data and secondary data were obtained by questionnaire and interview technique. As many as 50 consumer of Kentucky Fried Chicken (KFC) and California Fried Chicken (CFC) in Jember district were selected as respondents and determined using purposive sampling. We found that the consumer purchasing process was more initiated by the customer's friend, even though the consumers themselves also play a role in deciding the purchase. Consumers in groups of 2 - 4 people dominated in each purchase. Performance quality of the product was perceived well or in accordance with the expectations of consumers due to the menu presented in accordance with the quality standards, including compliance with the promoted product; delicious menu, good plating, fast serving, and satisfying taste. Consumers also have the initiative to repurchase as a result of satisfactory service.

**Index Terms:** Brand Loyalty, Consumer Satisfaction, Franchise, Product Quality

## 1 INTRODUCTION

The government of Indonesia has embraced and implemented a free-market system by imposing market mechanisms, so that the mobility of the inter-state business units is very convenient. One consequence of the enforcement of the economic system is the entry of imported American franchise restaurants, namely Kentucky Fried Chicken (KFC) and California Fried Chicken (CFC) to Indonesia. KFC and CFC restaurants is a world-class professional business, so they understand the policy direction of providing good food quality to reach the upper middle-class market segment in Indonesia. Judging from the quality of food, the cooking process of those imported franchisers is quite hygienic, the restaurant is clean and convenient, and the servants have met international standards. The ability of management to position the product through the product attributes in accordance with the market is one of the success determinants of product in the market. This is in line with a research by Bernhardt, Donthu and Kennett (2000) which stated that one of the success of the restaurant business is determined by the quality of food. Satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to expectations (Kotler and Keller, 2012). According to Tjiptono (1997), in the long run, if consumers feel satisfied with a product, it will create a positive attitude towards the brand of food so that consumers will repurchase or even can create brand loyalty product. Furthermore, consumer with brand loyalty will recommend to others about the merits of the product in accordance with their experience. Many empirical studies explained about the importance of product quality in determining customer satisfaction.

Jahanshani et al (2011), Razak et al (2016), found that excellent product quality could made customer satisfied and initiate to make repurchase in that product. Suchanek et al (2017) confirms close relations between customers' quality perception, their satisfaction and the level of fulfilment of their demands in food business. Khan et al. (2016) found that there is positive relationship between product, service quality and attitude base loyalty and find positive relationship between product, service quality and behavior base brand loyalty in quick service restaurants. The result of those previous studies indicates consistency with the theory underlying the research, that there is relationship between product quality, customer satisfaction, and consumer loyalty to the brand. According to Musmedi and Prasodjo (2015), the ability of imported franchised restaurants in Jember Regency has met the expectations of consumers and has been able to build brand loyalty to its customers. The results of research on the effect of product quality on customer satisfaction and brand loyalty or the influence of product quality on consumer behavior is still limited because consumer behavior is only constructed by two variables, namely consumer satisfaction and brand loyalty. In fact, the concept of consumer behavior is constructed or formed by many variables. Therefore, to complement the result of the theoretical research, the influence of product quality on customer satisfaction and brand loyalty to be more comprehensive, this research is done with focus on the behavior of imported franchise restaurant consumers in Jember district. This study aims to : 1) analyse the motives of customers in buying imported franchise restaurant's product in Jember district, 2) analyse the factors affecting customers to consume the product of imported franchise restaurant in Jember district, 3) analyse the external factors affecting and forming consumer behavior of imported franchise restaurant in Jember district, 4)analyse the internal factors affecting and forming consumer behavior of imported franchise restaurant in Jember district, 5) analyse the dynamics of consumer behavior of imported franchise restaurant in Jember district.

## 2 RESEARCH METHOD

The study was conducted on consumers who have purchased and tasted the product of Kentucky Fried Chicken (KFC) and

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California Fried Chicken (CFC) in Jember district consisting three main subdistricts : Kaliwates, Patrang, and Summersari. The type of the research is descriptive research utilizing phenomenology approach. To explore consumer behavior, we performed interviews and distributed questionnaires to the informants. As many as 50 consumer of Kentucky Fried Chicken (KFC) and California Fried Chicken (CFC) in Jember district were selected as respondents and determined using purposive sampling. We used primary data and secondary data to answer the research question. Primary data were obtained through questionnaire answers from the respondents. Secondary data were obtained in the form of statistical data, official documents, and so forth that can be obtained from various sources or agencies. The data will be collected and categorized as material for analysis and then we interpreted its meaning.

### 3 RESULT AND DISCUSSION

Consumers of KFC and CFC restaurant are dominated by young consumers with age  $\leq 25$  years (80%) with 49.74% of high school education level and 19.44% of undergraduate education level. The percentage reflects the presence of young consumers who are still looking for variations of satisfaction through products from various restaurants as well as looking for a form of self actualization realization of buying products in restaurants that promise better quality with luxurious image

#### The Process of Purchasing at Imported Franchise Restaurant in Jember District.

In the process of purchasing or transacting in the imported franchise restaurant in Jember District, the consumer is initiated by many parties, it could be himself, family members, friends or maybe all of them. The role of consumer's friend recommendation strongly influences the purchase, both initiative and decision making to make a purchase. While in the initiative to purchase, the role of the consumer himself and all the purchasing participants also have strong role. In addition to consumer's friends, family members and all purchasing participants provide support and demonstrate solidarity and tolerance among consumers. This finding supports the research by Lautiainen (2015) which said that recommendation from family, friends, and someone close to the consumer could cause the prejudice towards the brand, affect decision-making process, and become dominant reason to consume a product. Bearden et al., (1989) and Lachance et al., (2003) also stated that reference group, including parents, co-workers, teachers, and peers, influence product selection, information processing, attitude formation, and shopping behavior. Table 1 below shows the parties that initiates the consumer's purchasing behavior.

**Table 1. The Parties who Affects Purchasing Decision**

Process of Purchasing	Source of Recommendation				Total (people)
	Consumer	Family Member	Friend	Combination	
Initiating	11	4	24	11	50
Decision Making	11	10	19	10	50

Source : processed, 2017

The role of family members in limited purchasing initiatives is due to numerous purchases made by young adults who are

still not married with the majority of invited their colleagues. Buying food, for consumers, is sometimes responded positively or negatively by some parties. However, for purchases at imported franchised restaurants, consumers get positive response by both family members and consumer friends. Average expenditures per customer in every purchase is Rp.35.000, - (the smallest is Rp.10.000, - and the largest is Rp.50.000, -). The amount of each transaction is not always perceived affordable or expensive. We found that consumer's perception about imported franchise restaurant is fair (70%) and the rest give expensive assessment about the price. The reasonable price perceptions in the restaurant support the results of research indicating the existence of consumers who belong to the up-grade class. In addition, price perceptions are expensive as a result of consumers who have limited money because they have not worked.

**Table 2. Main Reason Why Consuming KFC/CFC Products**

Main Reasons	Total	
	Response	%
No response	2	4
Fast and practice service	18	36
Favourite food	8	16
Convenient place	8	16
Children recommendation and togetherness	7	14
Emergency situation/hunger	7	14

Source : processed, 2017

Consumers in purchasing food in KFC and CFC are based on varied reasons. Based on Table 2, the existence of a quick and practical service factor shows the strongest reason. This is based on the consistency of imported franchised restaurants in fast-food services. Some of the other rational reasons are decent location as well as tasty product. There are some irrational reasons in purchasing, namely the recommendation from their children and emergency situations (hunger). Another reason to buy food at KFC and CFC, whose proportion is so small, is that of treats from a friend and because of the affordable price.

#### Consumer Behavior: Consumer Perceptions of Product Quality in Imported Franchise Restaurant in Jember District.

The interest of consumers to make purchases at imported franchised restaurants can not be separated from the product quality strategy that has been developed by its managers. The marketing strategy of the imported franchise restaurant applied refers to the product quality strategy consisting of; performance, employee interaction, reliability, durability, timeliness and amenities, aesthetics, and brand awareness. The results of consumer perception on the quality of imported franchise restaurant products are presented in table 3.

**Table 3. Consumer Assessment on The Product Quality**

Dimension of Quality	Score (from worst to best)										$\Sigma$ Resp
	1	2	3	4	5	6	7	8	9	10	
Performance	-	-	-	-	1	9	20	18	2	-	50
Employee interaction	-	-	1	3	7	3	19	15	2	-	50
Reliability	-	1	-	-	6	6	19	13	4	1	50
Durability	-	-	-	2	5	9	24	5	5	-	50
Timeliness/ amenities	-	-	2	2	2	10	11	18	4	1	50

Aesthetics	-	-	-	2	2	8	16	18	3	1	50
Brand awareness	-	-	-	-	3	10	19	13	4	1	50

Source : processed, 2017

Based on the Table 3 above, the consumer assess the product quality with good score, because as many as 49 respondents give score 6 or higher and only 1 respondent who gives score 5. Thus, consumer ratings to the quality of the product along with its dimensions gives an idea that the products sold by the imported franchise restaurant in Jember district are in accordance with the expectations of consumers. The quality of product is perceived well by consumer because of menu presented is in accordance with quality standard, including conformity with which is promoted; good food menu, good dish, fast service, and taste satisfactory. Interaction among employees is considered good because of cohesiveness when serving and friendly, professional and communicative behavior. The consistency as an international class restaurant made the presentation of the food menu is interesting, neat, clean, and varied. Service consistency of imported franchise restaurants has also been tested through the timeliness of service, but for the purchase of additional or secondary menu spend relatively long time. The aesthetics of the franchise restaurant has also been considered good because of the physical appearance of the restaurant and the convenient location. The employees also show good appearance and the food menu is well presented. Consumers feel that the brand of imported franchised restaurants is good in the mind of consumers because of the consistency of the quality presented which, including the suitability between the promoted product and the reality.

#### The Role of External Environment as Factor Affecting Consumer Behavior

The external environment affecting individual consumer in their purchasing decision in imported franchised restaurant consists of many factors. External environmental factors can be in the form of (Swasta and Handoko, 2000:64) ; (1) social class, (2) reference groups, such as groups of people, neighbors, close friends; (3) families, such as husbands, children and other family members; (4) culture, such as the habitual behavior of people who are constantly buying in restaurants. The results of external environment affecting consumer behavior in consuming KFC/CFC product are shown on the Table 4 below.

**Table 4. External Factors Influencing Consumer Behavior**

External Factors	Number of Respondents	
	People	%
Social Class	2	4
Reference group	20	40
Family	6	12
Culture	3	6
Social class and reference group	6	12
Reference group and family	8	16
Social class, group, and family	3	6
Other factors	2	4
Total	50	100

Source : processed, 2017

Based on the Table 4 above, most of respondents were influenced by their reference group in making purchasing decision, such as friends, colleagues or co-workers (40%). It

supports the findings from Lautiainen (2015) who found that social factors such as reference groups, family, role, and status affect consumer behavior. The reference group provides some points of comparison to consumers about their behavior, lifestyle, or habits. Usually there are many smaller reference groups which are formed by family, close friends, neighbors, work group or other people that consumers associate with. The groups to which a consumer does not belong yet can also influence. (Kotler and Armstrong, 2009:164). Bearden and Etzel (2001) also found that marketers have generally accepted the reference group construct as important in at least some types of consumer decision making. Wood and Hayes (2012) argued that people might be influenced by relationship partners and valued groups through concerns about understanding the costs and benefits of reality (e.g., merits of a certain product), about relating to others (e.g., a close relationship partner), or about maintaining a positive self-identity (e.g., physically fit person). It made sense that reference group play vital role in recommending the merit of KFC and CFC product quality because most of their consumers are young people who still like gathering with their friends and have much time for socialize.

#### The Role of Internal Environment as Factor Affecting Consumer Behavior

Theoretically, the consumer behavior model is not only influenced by external environment factors, but also influenced by individual environmental factors. According to Swasta and Handoko, (2000:66), consumer decision of shopping in restaurants are also influenced by internal factors; (1) trust in the information received; (2) following their self-experience, either knowing from other people or after seeing the appearance of food at KFC/CFC or after purchasing; (3) strong motivation arising from the consumers; (4) their personality which made them interested in purchasing at KFC / CFC; (5) the belief that food and service at KFC / CFC are worth to buy ; (6) the influence of strong external recommendation so that consumers dissolve in that purchasing stimuli.

**Table 5. Internal Factors Influencing Consumer Behavior**

Internal Factors	Number of Responses	
	People	%
Trust in the information received	2	4
Following their self-experience	7	14
Strong motivation	2	4
Personality	5	10
The belief that food and service at KFC / CFC are worth to buy	5	10
The influence of strong external recommendation	10	20
Combination of factors	19	38

Source : processed, 2017

All of the respondents were also influenced by internal factors in making purchasing decision. Most of them were not only affected by one internal factors, but more than one or the combination of it. Those internal or psychological factors influenced the purchasing decision stage of consumer: need recognition, information processing, evaluation of alternative, decision making, and past purchase behavior (Kotler and Armstrong, 2009:224). But the influence of strong external recommendation which affects their psychological aspect also

dominate the internal factors. It means that there few people who consume the product purely from themselves. This result was in accordance with Rahmat and Maolana (2017) who found that internal factors stimuli can caused consumer behavior only by 15%, the rest of 85% were from external factors.

### Consumer Satisfaction and Repurchase Intention

The result of research on building customer satisfaction showed that after enjoying the product and service in the restaurant, 93% consumers felt satisfied and 7% of them felt not satisfied. Consumer satisfaction was caused by the tasty food, friendly and fast service, and convenient location. While those who were not satisfied caused by the consumer perception about the limited variations of food and the expensive price. Consumer satisfaction is one of the stages that franchise restaurant service has been able to implement the strategy to create customer satisfaction. The satisfaction that will happen will help many marketers to improve the good service so that in the future the service should be getting better. In addition, if there is a lack of service, marketers can criticize the shortcomings, so improvements will soon be made and expected to attract more consumers. Building customer satisfaction is also beneficial for marketers because satisfaction is the first step for consumers to become customers through repeated purchases. After purchasing or enjoying the quality of the product at the restaurant, theoretically, the consumer will re-purchase if they feel satisfied. The results also show that 92% consumers have initiatives to repurchase as a result of satisfactory service. Conversely, 36% consumer who felt not satisfied still have hope to repurchase with a limited proportion. The potential for a lot of repurchase gives an indication that the imported franchise restaurant has been able to build loyalty and create a wider market potential. The broad market potential is a good tool for marketers to re-affect consumers so that the market potential can be realized to be loyal customers. Consumers who are satisfied with the purchase of a franchise restaurant will not only have a repeat purchase. As many as 60% of consumers have already recommend it to other people, 58% of them have done it at least 2 times. Conversely, disgruntled consumers would potentially notify others with a substantial proportion (62%). Satisfaction is the level of feeling, in which a person expresses the result of the comparison between the service performance received and the expected. The overall activity of the company will ultimately lead to value or customer satisfaction. Customer is a person who continuously and repeatedly comes to the same place to satisfy his desire through the ownership of the product or service and pay for the goods or services. Serving customers with high satisfaction is the aim of every company in order to ensure the existence of the company. Consequences of the level of satisfaction received by customers will affect the pattern of behavior. The implications of customer satisfaction give a good impact for marketers, because the consumer's chances of making repeat purchases are bigger and may become a loyal customer. As a result of the growing number of customers, marketers will be able to increase the cost efficiency per unit of product sold through the efficiency of production and distribution costs (Lupiyoadi, 2001). Based on those result, the behavior of imported franchise restaurant customers like KFC and CFC can already be built either by their managers through the operational product quality strategy. The condition needs

to be sought by the those restaurant to always maintain its success. High customer satisfaction and a large consumer opportunity to repurchase are opportunities that should not be wasted. Improving product quality strategies to seize greater market opportunities in turn opens opportunities for imported franchised restaurants to perform cost efficiencies per unit of products sold.

### 4 CONCLUSION

The consumer purchasing process is more initiated by the customer's friend, even though the consumer himself and his colleague also play a role in deciding the purchase. Consumers in groups of 2 - 4 people dominate in every purchase (> 80%) and spend the time of purchase and consume in restaurants between 1 hour - 1.5 hours. Consumer give good assessment about the product quality, it means that product sold by imported franchise restaurants in Jember Regency is in accordance with consumer expectations. The performance of quality of product was perceived good by consumer because of menu presented was in accordance with quality standard, including conformity with the promotion; tasty food menu, good dish, and fast service. Interaction among employees is considered good because of cohesiveness when serving, friendly, professional, and communicative service. In making purchase decision, consumers were influenced by both external factor (social class, reference groups, families, and culture) and internal factors (trust, self-experience, motivation , personality, and belief) which then establish consumer behavior. The most dominant external factor is the recommendation from reference group. The most dominant internal factor is the combination between 2 or more factors. Related to the service of imported franchise restaurant, the consumers already felt satisfied because of the tasty food, friendly and fast service, and convenient location. After purchasing or enjoying quality products at franchised restaurants, consumers have the initiative to repurchase as a result of satisfactory service.

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