



**GAP ANALYSIS OF SERVICE QUALITY IN FAST FOOD RESTAURANT COMPANY USING
'SERVQUAL' MODEL – A STUDY WITH SPECIAL REFERENCE TO McDonalds' IN NAVI MUMBAI**

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ABSTRACT

Customer satisfaction is one of the most important parameter for any service company. With increasing competition day by day, top priority goal for food restaurant companies is to create & retain their customer base. Customer satisfaction is directly proportional to this goal and hence it is essential to analyses this parameter. In this paper, we aim to measure the service quality offered by McDonalds', Mumbai & Navi Mumbai with the help five factors of SERVQUAL model developed by Parasuraman et al. The five factors used to quantify the quality of service provided are tangibility, reliability, responsiveness, assurance and empathy.

Entire research is based on primary data collected from a total of 150 current customers of McDonalds' who were surveyed with the help of questionnaire. The objective of this research is to analyze the difference between expectations and actual services offered (Gap Analysis) by McDonalds', Mumbai & Navi Mumbai.

This research can help McDonalds' and similar other fast food restaurants to improve the services they provide to their customers by focusing on the important parameters according to findings of this paper.

KEYWORDS: SERVQUAL, service quality, fast food Restaurant Company, McDonalds, tangibility, reliability, responsiveness, assurance, empathy, customer satisfaction, gap analysis, gap model.

INTRODUCTION

Gap Analysis method, also called as SERVQUAL model, is most widely used model for evaluating the quality of services offered by the companies. This is a simple model which measures the gap between customers' expectations from the service and what they actually receive.

Definition 1: According to Merriam-Webster online dictionary, fast food is defined as “designed for ready availability, use, or consumption and with little consideration given to quality or significance”.

Definition 2: In Data Monitor's (2005) survey the fast food market is defined as “the sale of food and drinks for immediate consumption either on the premises or in designated eating areas shared with other food service operators, or for consumption elsewhere”.

Definition 3: According to Bender and Bender (1995), fast food is “general term used for a limited menu of foods that lend themselves to production-line techniques; suppliers tend to specialize in products such as hamburgers, pizzas, chicken, or sandwiches”.

Fast food restaurant sector is growing exponentially in India and is expected to grow at a CAGR of 10% FROM 2016-20. According a report by KPMG on food service industry in India, four factors are majorly responsible for the unprecedented growth of this industry [1]

- i. Large share of young population
- ii. Increasing disposable income levels
- iii. Changing consumer lifestyle
- iv. Increasing urban working women population

Other reasons apart from the above mentioned could be increase in one-person households (OPH), students moving out of their home town for studies, etc. Reasons could be many but due to the growing potential this industry has attracted many players making the competition intense. In such conditions, one factor that becomes essentially important for companies to differentiate from its competitors is the service quality.

LITERATURE REVIEW

Quality in service is very important especially for the growth and development of service sector business enterprises (Powell, 1995). It works as an antecedent of customer satisfaction (Ruyter and Bloemer, 1995).

Previously, quality was perceived to be associated only with the tangible products. But today with ever increasing contribution of service sector to Indian economy, the quality of service has gained importance. Various tools and standards have been set in order to measure and control the quality, one of them being ISO standards. According to ISO standards, quality is defined as the sum of characteristics & features of the product, process or service.

Many researchers have developed and proposed models on the service quality.

According to Christian Grönroos (1984), customer's perception about the service quality is necessary to construct & structure advertising and marketing strategies and service companies should consistently try to minimize the gap between the expected service and the perceived service. Further he says that, functional quality is a vital component of the perceived service. Functional quality refers to "how" the consumer receives the service whereas "technical quality" refers to "what" the consumer receives.

Zeithaml, Parasuraman, and Berry [2] proposed a service quality model (SERVQUAL), an instrument that has 5 dimensions of service quality: reliability, responsiveness, assurance, empathy and tangibles. This instrument is extensively used in the studies to understand consumer behaviour, customer satisfaction, consumer preference, etc. [3]. The five dimensions of this model mentioned above are generally described with the help of total twenty-two variables and the respondents are asked to rate against each of these variables. It is a five-class scale ranging from 'Not Important' (1) to 'Very Important' (5). Based on the input from the respondents on these twenty-two variables, quality of service is quantified in terms of a quality score.

There have been many questions asked and arguments on the practicality of this model due to various reasons. But, the model is still widely used across industries and is proving helpful to measure the service quality. Some of the doubts raised on this model are as follows:

- Whether SERVQUAL is a reliable measure of service quality or, indeed, whether it is measuring service quality at all?
- Are the dimensions of service quality the same regardless of service category?
- Are the five dimensions of service quality identified by Parasuraman, Berry, and Zeithaml generic?
- Does the SERVQUAL instrument measure the determinants of perceived service quality in all service industries?

However, in contrary to all the above claims, SERVQUAL has maintained its position as a pioneering tool used by service providers in the search for consumer data even today.

The key research **hypothesis** that is considered is:

"H1: For a fast food restaurant like McDonalds, the 'Security' and 'Empathy' dimensions are the key contributors to the quality evaluation of the provided services".

Dimensions	Variables
Reliability	Promises to do something by certain time and does so
	Sincere interest in solving a problem of the customer
	Performing service right first time
	Provides service exactly as promised
	Insists on error free record
Responsiveness	Tells customer exactly when the service will be performed
	Provides prompt service to customers
	Has employees who are always willing to help customers
	Has employees who are never busy to respond to customers' requests
Security	Has employees who instils confidence in customers
	Make customers feel safe in transaction
	Has employees who are consistently courteous with customers
	Has employees who are unable to answer customers questions
Empathy	Has employees who treat customers as individuals
	Has operating hours convenient to all customers
	Has employees who give customers personal attention
	Has clients best interest at heart
	Understand specific needs of the customers
Tangibility	Has modern looking equipment
	Has physical facilities that are visually appealing
	Has employees who are neat appearing
	Has communication material like brochure that are visually appealing & useful in decision making

Fig 1: SERVQUAL MODEL by Zeithaml, Parasuraman, and Berry (1988)

- In India, according to a report from KPMG, food service industry can be classified into four major segments:
 - i) Full-service restaurants (56.6%)
 - ii) Fast food (16.3%)
 - iii) Streets kiosks stalls (14.6%)
 - iv) Cafes and Bars (12.5%)

RESEARCH METHODOLOGY

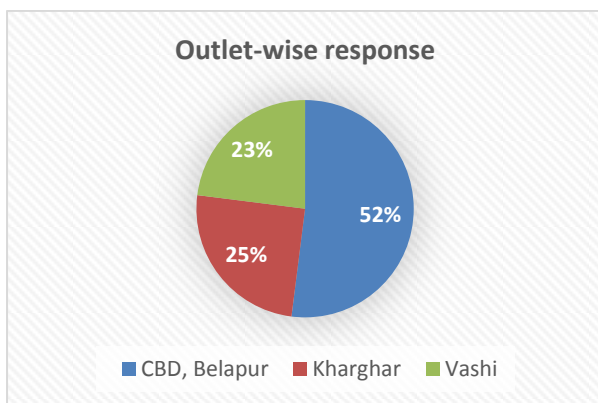
The aim of this research study was to measure and analyses the service qualities provided by the McDonald's Stores in Navi Mumbai. To collect the data, a questionnaire was developed based on the SERVQUAL model. The questionnaire contained a total of 42 questions and was dividing in to 4 sets. First set was to know about the demographic profile of the people surveyed, second set has generic questions related to 5 parameters of the model, third set was about the customers' expectations

and the last set was regarding the customer’s perception. Entire questionnaire was formed with closed ended questions. During the design of this questionnaire, an appropriate and targeted structure was considered to make it effective and easy for respondents to answer. The process of collecting the data from respondents was carried for 2 months from August 2017 to September 2017 and a total of 172 responses were collected. After filtering the responses to ensure the quality responses for the research, 166 responses were taken in to consideration to draw conclusions. Mixed sampling method was used to conduct the research (convenience sampling + judgement sampling)

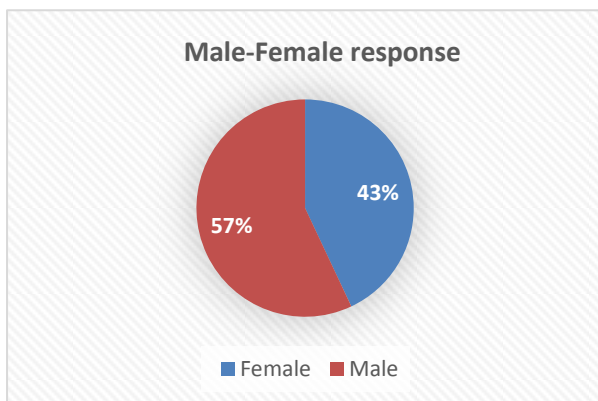
DATA COLLECTION & ANALYSIS

Please consider the below charts to get an understanding about the sample that was researched.

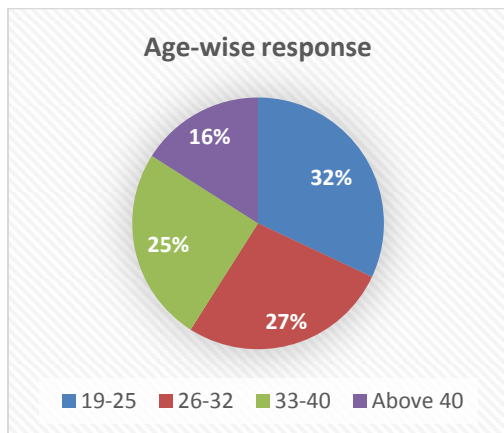
PART 1: DEMOGRAPHIC PROFILE



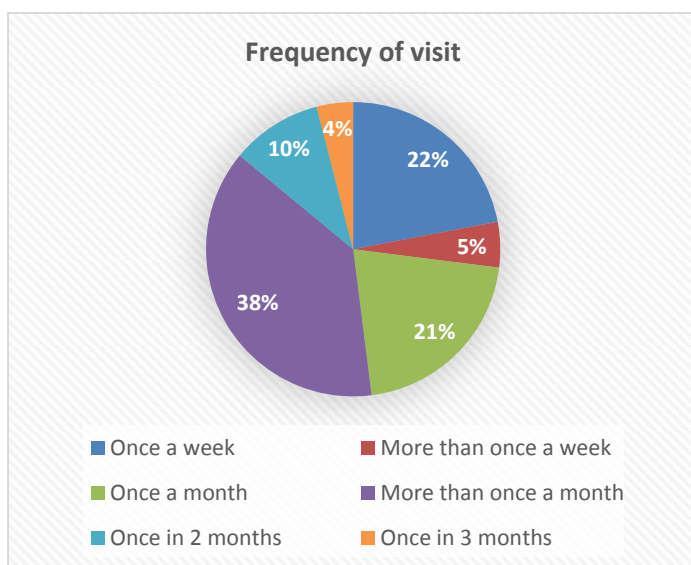
Outlet	No. of people
CBD Belapur	86
Kharghar	42
Vashi	38
TOTAL	166



Gender	No. of people
Male	95
Female	71
TOTAL	166



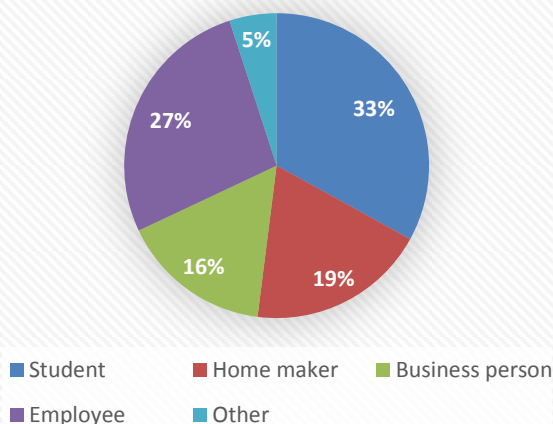
AGE (years)	No. of people
19 to 25	53
26 to 32	45
33 to 40	41
Above 40	27
TOTAL	166



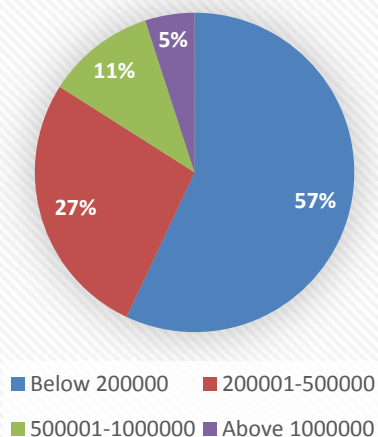
Frequency of visit	Number of people
Once a week	35
More than once a week	8
Once in a month	36
More than once in a month	63
Once in 2 months	17
Once in 3 months	7
TOTAL	166

Profession	No. of people
Student	54
Home Maker	31
Business person	27
Employee	45
Other	9
TOTAL	166

Profession wise response



Income-wise response



Income / Annum	No. of people
Below 200000	94
200001-500000	45
500001-1000000	18
Above 1000000	9
TOTAL	166

PART 2: GENERIC QUESTIONS ON PARAMETERS OF SERVQUAL

In this section, respondents were asked about their view on significance of each factor in service industry. They were given a 5-point scale to rank these parameters according to their importance. The questions included in this section were like “Rank the following parameters according to importance when it comes to customer service (Parameter with highest importance to be ranked 1st and lowest importance to be ranked 5th)”. Following are results that were observed from this section:

PARAMTERS	FREQUENCY (PERCENTAGE)					MEAN
	Very low	Low	Medium	High	Very high	
Reliability	1 (0.6)	2 (1.2)	50 (30.12)	60 (36.14)	53 (31.92)	3.97

PARAMETER	% OF SIGNIFICANCE
Reliability	20.20%
Security	18.72%
Responsiveness	22.18%
Empathy	20.25%
Tangibility	18.62%

Security	0 (0)	6 (3.6)	56 (33.73)	78 (46.98)	24 (14.45)	3.68
Responsiveness	2 (1.2)	6 (3.6)	24 (14.45)	42 (25.3)	94 (56.62)	4.36
Empathy	0 (0)	8 (4.81)	32 (19.27)	80 (48.19)	46 (27.71)	3.98
Tangibility	2 (1.2)	10 (6.02)	60 (36.14)	74 (44.57)	22 (13.25)	3.66

According to the findings, 'Responsiveness' is viewed as an important parameter by the respondents with a mean of 4.36 followed by 'Empathy' and 'Reliability' with a mean of 3.98 and 3.97 respectively. Security and tangibility are comparatively less important with a mean of 3.68 and 3.66. However, the least important parameters also cannot be avoided.

By further calculations of the numbers, the percent of significance of these parameters according to the mean are as follows:

PART 3 & 4: CUSTOMERS EXPECTATIONS & CUSTOMERS PERCEPTION

In the last two sections, the questions asked were more detailed than the part 2. The questions were designed in such a way that respondents feel relatable to them. In **section 3**, the respondents were given a point scale from 1 to 5 to rate the question on particular parameter. In **section 4**, the respondents were given 5 options from strongly agree to strongly disagree or 5-point scale to rate i.e. 1 to 5, depending on the nature of the question. Trap questions were also designed to ensure that all the respondents were fully attentive and filled the responses with complete understanding.

All the questions from the questionnaire were explained to the respondents before filling out the questionnaire. Every parameter was divided in to number of questions to gain accurate & sufficient information pertaining to that parameter.

Perceived Score: In simple words, perceived score is that score which is dependent on the actual perception of the customers about that service. In this research, it is the perception of a customer visiting McDonalds about a service quality like offering free Wi-Fi, Delivering the order on time, Addressing queries, Physical assets, etc.

Expected Score: This score represents the score that a customer expects. It varies from customer to customer. Every customer is different and so are the expectations from them. For example, one customer may rank tangibility very high and other might rank security very high.

Following are the findings drawn from the data collected:

Param.	QUESTIONS	PERCEPTION SCORE	EXPECTATION SCORE	GAP SCORE
RELIABILITY	McD deliver's your order within the promised time	3.198	3.748	- 0.55
	Employees at McD take a sincere interest in addressing your query or solving your issue	3.596	3.463	0.133
	How often is your order not delivered right in the first attempt	3.180	3.451	- 0.271
	McD provides service as per the promise given	3.608	3.415	0.193
TANGIBILITY	You believe in the McD employee	3.650	3.391	0.259

	addressing you			
	You trust the bill provided by the McD employee	3.963	3.915	0.048
	Employees at McD are always polite and respect you	3.602	3.493	0.109
	McD employees often call their seniors to answer your questions	3.608	3.536	0.072
RESPONSIVE NIFCC	Employees at McD tell you the exact time in which your order will be served	3.789	3.807	-0.018
	Employees at McD are always ready to help you	3.626	3.403	0.223
	You have to wait for some time before your query is addressed by employee	3.915	3.981	- 0.066
EMPATHY	Employees at McD are never unfair/baised	4.216	4.114	0.102
	McDonalds is open/working whenever you need it	3.879	3.506	0.373
	Employees at McD pay special attention to you	3.801	3.584	0.217
	McD is a highly customer focused fast food restaurant	3.728	3.481	0.247
TANGIBILITY	McD uses modern looking equipment's in their business	4.108	3.572	0.536
	Rate the interior design of the McD on a	4.138	3.493	0.645

	scale of 1 to 5 (1 being very bad & 5 being very good)			
	Employees at McD are always neatly dressed and well groomed	3.53	3.463	0.067
	McD has menu displayed in an interesting way & helps you in making decision	4.04	3.722	0.318

According to the results obtained, following are the negative gaps:

- McD deliver's your order within the promised time (gap: - 0.55)
- How often is your order not delivered right in the first attempt (gap: - 0.271)
- Employees at McD tell you the exact time in which your order will be served (gap: - 0.018)
- You have to wait for some time before your query is addressed by employee (gap: - 0.066)

Similarly, highest positive gaps observed are as follows:

- You believe in the McD employee addressing you (gap: 0.259)
- McDonalds is open/working whenever you need it (gap: 0.373)
- McD uses modern looking equipment's in their business (gap: 0.536)
- Rate the interior design of the McD on a scale of 1 to 5 (1 being very bad & 5 being very good) (gap: 0.645)
- McD has menu displayed in an interesting way & helps you in making decision (gap:0.318)

After getting the gap score for each & every dimension of this parameters, we calculated the 'Quality Score (QeS)' which is based on following formula given below:

$$\therefore QeS = W1 \times (A1 + A2 + A3 + A4) + W2 \times (B1 + B2 + B3 + B4) + W3 \times (C1 + C2 + C3) + W4 \times (D1 + D2 + D3 + D4) + W5 \times (E1 + E2 + E3 + E4)$$

Where,

QeS : Quality Score

W1 to W5: % of importance of each parameter (Reliability, Security, Responsiveness, Empathy, Tangibility)

A1 to A5: Gap scores linked to every question of Reliability

B1 to B5: Gap scores linked to every question of Security

C1 to C5: Gap scores linked to every question of Responsiveness

D1 to D5: Gap scores linked to every question of Empathy

E1 to E5: Gap scores linked to every question of Tangibility

$$\begin{aligned} \text{QeS} = & 20.20*(-0.55+0.133-0.271+0.193) + 18.72*(0.259+0.048+0.109+0.072) + \\ & 22.18*(-0.018+0.223-0.066) + 20.25*(0.102+0.373+0.217+0.247) + \\ & 18.62*(0.536+0.645+0.067+0.318) \end{aligned}$$

$$\text{QeS} = 20.20*(-0.495) + 18.72*(0.488) + 22.18*(0.139) + 20.25*(0.939) + 18.62*(1.566)$$

$$\text{QeS} = -9.999 + 9.13536 + 3.08302 + 19.01475 + 29.15892$$

$$\text{QeS} = + 50.39235$$

CONCLUSION & FINDINGS

According to the findings that we obtained from the research, it is seen that customers value 'Responsiveness', 'Empathy', & 'Reliability' more than other parameters. For a fast food chain like McDonalds we tend to assume that security must be of top priority as compared to other parameters, but the research shows the opposite. Although the percentage of significance or importance for each of these parameters differs marginally, it is essential for McDonalds to understand the order of importance so as to improve their overall service quality.

From the table of percent of significance, we can see that 'Reliability' & 'Responsiveness' are among the top valued parameters by the customers. After collecting the data and applying the SERVQUAL model to the data obtained, we found that the difference between perceived quality & expected quality i.e. gap score, is negative for two of the dimensions of the 'Responsiveness' & 'Reliability'. McDonalds are lacking exactly where its customers expect more value. Therefore, they should focus on these parameters specifically to improve their overall service quality.

The **quality score** (QeS) that we calculated is **+50.39235**, which is low than par score, but can be improved. The major reason for low quality score is negative gap score for 'Responsiveness' & 'Reliability'. Apart from this, McDonalds must also focus at improving the dimensions of the parameters where the gap score is positive but very small. For example, in the dimensions of 'Reliability' & 'Responsiveness' where the gap scores are positive but very small. McDonalds should also try to tackle these dimensions.

Possible suggestions to improve Responsiveness and Reliability can be:

- Promise the customer time in which the service will be delivered & keep up the promise
- Addressing employees even when they do not have a query (Example: Asking for water or any other help)

- Do it right first time (DIRFT). For example, one of the common complaints that customers had was that in spite of placing an order for coke float without ice, they were served coke float with ice in it. McDonald’s need to take care of this specially to improve the reliability factor.
- Employees should address the query of a customer within no time. Most of the customers that were researched had a complaint that they had to wait for few minutes before their query was addressed by an employee. It is observed that the employee taking orders from the customers are also responsible to address the queries of a customer who might just be asking a doubt (not necessarily in a queue to place order). Because of this reason McDonalds should have specific employees assigned only to address the query of its customers.

Limitations that can be identified in our study are as follows:

- The data that is collected from the customers have been collected in a particular time period i.e. 2 months, which may or may not give a complete picture of the customer’s perception.
- SERVQUAL model is process-oriented i.e. it focuses on the process of how the service is performed and not on what is the outcome of the service performed.
- The dimensions that are used in this model (Reliability, Security, Responsiveness, Empathy, and Tangibility) can be modified. In other words, the number of parameters is not fixed and can differ from industry to industry.

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