

## **Study of consumers satisfaction and demand for fast food chains: The case of Pizza Hut in Mongolia**

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**ABSTRACT:** *Nowadays fast food chains expanding to its largest around the world to provide consumer needs. In recent years, fast food chains started to migrate and claim its business in Ulaanbaatar. It is reported that consumers have mixed feeling towards newly opened chain retails. In particular, Pizza Hut was chosen out of other chain stores to investigate any challenges and strategies to bring up consumer satisfaction. According to the survey, diverse menu options, tidiness of the store and specials with fair price have a direct impact on consumer fulfillment. The study suggests Pizza Hut should focus on adopting new changes to create regular consumer base and reshape its strategies.*

**KEYWORDS:** *Consumer satisfaction, demand*

### **I. INTRODUCTION**

In the past decades, people eat foods solely for providing nutrients to the body and perform daily activities in life. Eating was not for pleasure but merely for getting rid of hunger due to the economy, availability, and convenience. Fast forward in 2018, eating is now a big culture, and people want more than just filling up their stomach. In fact, deciding where and what to eat for dinner can be complicated because of minor variables that need to be considered beforehand. Such as taste of food, healthy or not, price range, the atmosphere of the restaurant, repetition, and reviews of dishes they server, etc. It was not until recently Ulaanbaatar has adapted outdoor food culture and its growing more significant every year. Especially fast food chains seem to be providing the most demands for the consumers. It's time saving, inexpensive, tasty, convenient and there are many stores around the city. All these factors lead to the foundation of most famous and biggest franchised pizza company worldwide. Pizza hut now operates more than 6,100 it's chain stores solely in the United States and approximately 5,500 stores in 97 countries, providing jobs for 300,00 people, serving over 1.7 million pizzas per day to seven million consumers (Farhana, 2011). In Ulaanbatar, there are total of 3 outlets of Pizza Hut around the city and each stores have over 100 people capacity. Internationally, all Pizza Hut provides the same delicious taste, inexpensive price, and excellent consumer service. There are six main objectives that Pizza Hut work towards to meet consumer expectations. Those are (CHAMPS) stands for cleanliness, hospitality, accuracy, maintenance, product, and speed. This system helps improve the quality of service and product to ensure consumer satisfaction high. There was no previous study explicitly done on fast food restaurants in Ulaanbaatar. Therefore, this current investigation will help benefit both the consumers and those who are in the field of fast food industry.

### **II. OBJECTIVE OF STUDY**

The purpose of this study is to measure consumer satisfaction and demands. Also, we need to define what type of determinants can easily measure consumer satisfaction and to know demands. This study objective includes Price, Product quality, Taste, Menu variety, Environment, Location, Employee behavior.

- To propose a model for maximizing the satisfaction of fast food restaurant consumers
- To determine the most effective factor for consumer satisfaction of Pizza hut in Ulaanbaatar by applying regression analysis

### **III. LITERATURE REVIEW**

This study based on service quality and consumer satisfaction researches. Some kinds of several factors are most important for the lead to preference of a fast food industry for its consumers. The main objective of companies marketing research is the satisfaction of the consumer so a high level of satisfaction can create consumer loyalty (Anderson and Fornell, 1994). It can also influence the mass market more positively by connected marketing which means viral, buzz and word of mouth. ( J Kirby, P Marsden, 2006). Also, excellent service quality demands environmental factors most influence.

In the study of Asubonteng et al. (1996) have mentioned that in the view of fierce competition and intense concerns about environmental factors, service quality has become more critical. If service quality is to become the foundation of marketing strategy, the firms should be able to measure it and to make it possible; SERVQUAL has become a prevalent instrument. Marketing literature and the industry has been exposed very widely to it with an almost accurate analysis of service quality. In the study of Doyle (1984), it is consistent with their value conceptualization. Important abstractions have been noted that combines with price and also quality and produce value perceptions in the consumers making purchases at supermarkets. Such major abstractions are a convenience, time and freshness. Logical models have been used to verify the influence of consumer's perceived value on purchase intention in the retailing industry (Swait and Sweeney, 2000) On the basis of literature search it has been found that.

#### **IV. RESEARCH FRAMEWORK**

Figure 1 shows the theoretical framework of the study. There are two kinds of variables which is independent and dependent variables. Independent variables include price, product quality, taste, environment, locations, menu variety, employee behavior. Dependent variable includes only Consumer Satisfaction which dependency on independent variables.

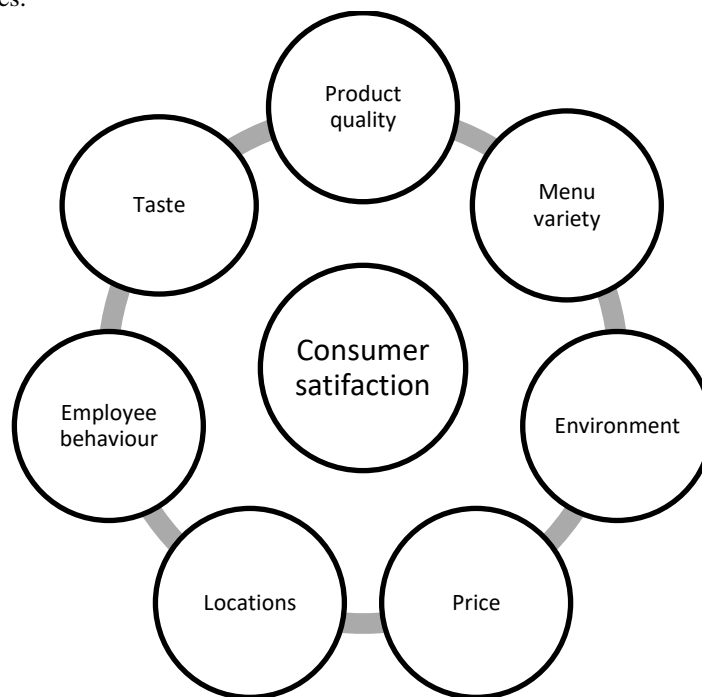


Figure 1: Customer Satisfaction Impacts

- Product quality impacts the perceived value
- Taste and menu variety has a positive impact
- Moreover the physical quality of the environment also significantly affects consumers perceived value Our variables are quality, environment, employee behavior. Literature has been collected on these variables.

#### **V. RESEARCH METHODOLOGY**

This study belongs to qualitative research based on scale data. The research data has been collected from secondary and primary sources. The secondary source included Pizza hut of Ulaanbaatar consumer satisfaction survey 2017. Also, the primary data has been surveyed through 315 consumers not separated by gender and age. The questionnaire was structured, and we choose a Likert type 5 point scale survey method from our respondents who are the present consumers of Pizza hut Ulaanbaatar, used the randomly select sample for choosing the respondents. We used to survey and personal interview technique. Out of the factors that influence consumer satisfaction, the following have been considered for the study purpose: price, product quality, taste, environment, locations, menu variety, employee behavior. The data were collected in 2018. Statistical Package of Social Sciences was used for analyzing the data. Also, try to show question answers by percentage graph. Variables: price, product quality, environment, locations, menu variety, employee behavior.

## VI. RESULTS AND ANALYSIS

The section shows analyzing result based on primary data and each results was expressed by figure and table with explanation to easy understand numerical values.

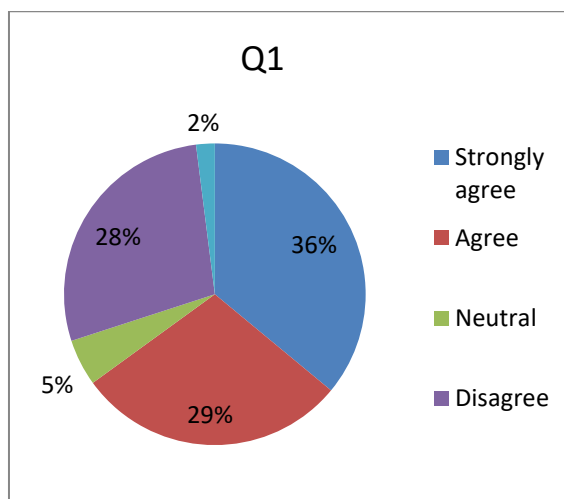


Figure 1: The measure of service quality Pizza Hut

The respondent answered by 5 points Likert scale, they satisfied Pizza hut of Ulaanbaatar service quality or not. The Figure shows us most of the consumers 65% answered they satisfied service quality of Pizza Hut.

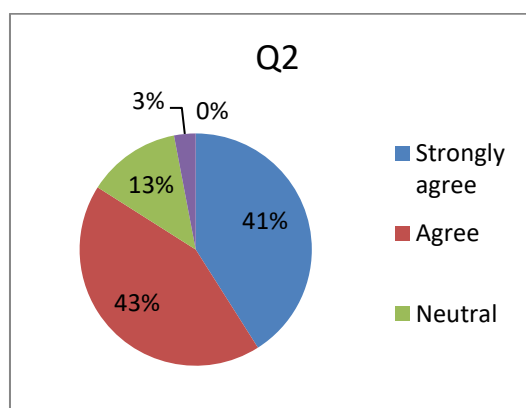


Figure 2: The price of Pizza Hut is reasonable and negotiable

The price of Pizza hut product seems for 84% of consumers like it, and they think that price is reasonable and negotiable. That means product and service quality equal to the prices.

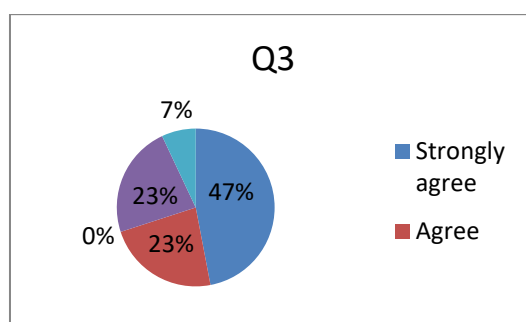


Figure 3: Pizza hut product quality measure

Pizza hut of Ulaanbaatar always serve same quality of products or not. The participants answered positively 70% of them and 30% of the negative mind with quality always the same.

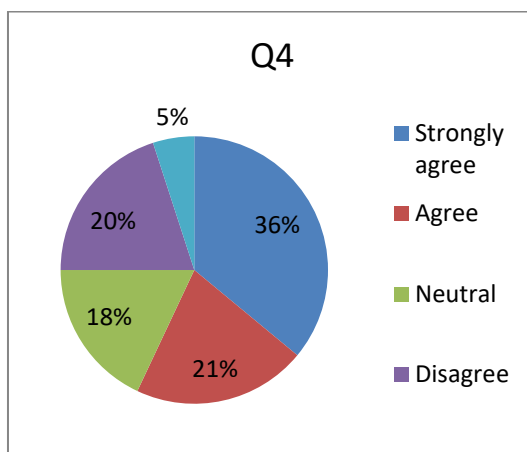


Figure 4: Pizza Hut located more convenient locations  
57% of respondents are Pizza hut locations more convenient and other 43% percent was not good enough. It means need to focus on locations to serve consumers.

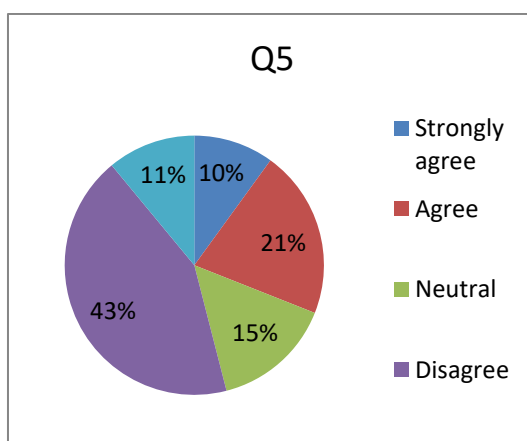


Figure 5: Pizza hut menu variety is good enough  
The most respondents think Pizza hut menu variety is not good enough. Only 31% of them agree with good enough, and otherwise, 69% of consumers think negatively minded. Pizza hut of Ulaanbaatar needs to arrange menu variety.

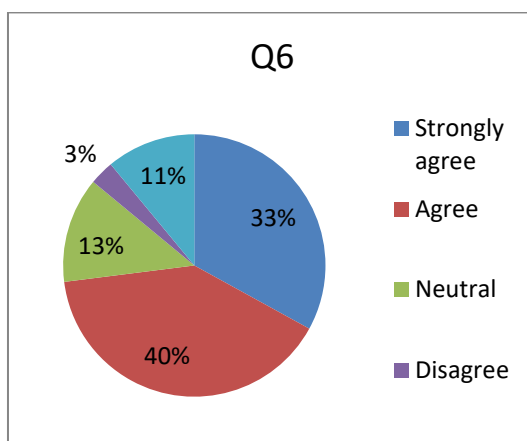


Figure 6: The taste of Pizza hut product is good  
Pizza hut of Ulaanbaatar has good enough taste products, and 73% of consumers agreed. Only 27% of consumers not satisfied with the taste.

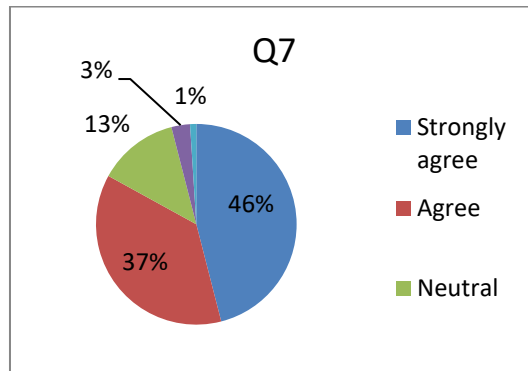


Figure 7: Interior design of Pizza Hut is quite good (Environment)  
83% of participants answered Pizza hut of Ulaanbaatar interior design is good enough. It means they like to come direct on Pizza Hut.

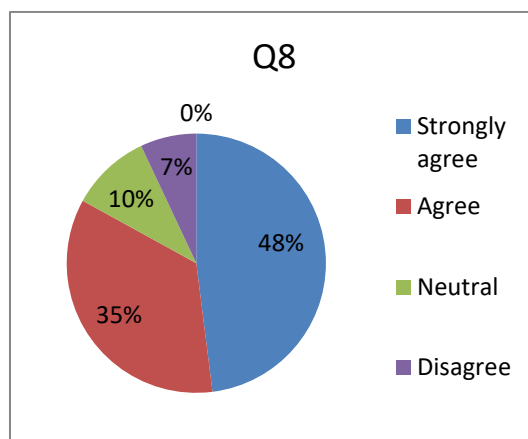


Figure 8: Pizza hut Employee behavior is good  
Strongly agree 48%, agreed 35% that means consumer very satisfied Pizza hut Employee behavior. That means no worry about employee behavior.

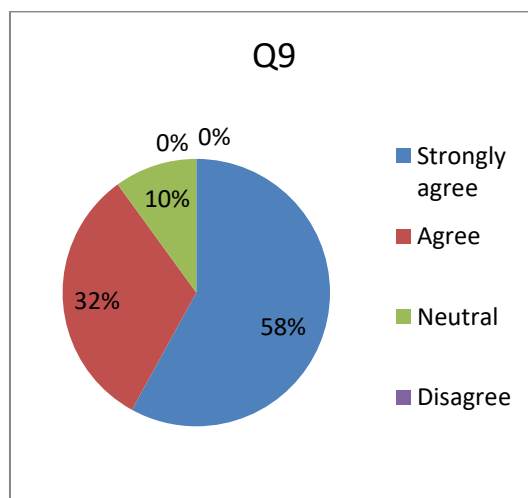


Figure 9: The Pizza hut stores always clean enough (Environment)  
Figure 10 shows the consumer expressed their view about the Pizza hut clean or not, most of them 90% satisfied inside environment. That means the consumers think that the cleanliness of outlets of Pizza Hut is satisfactory.

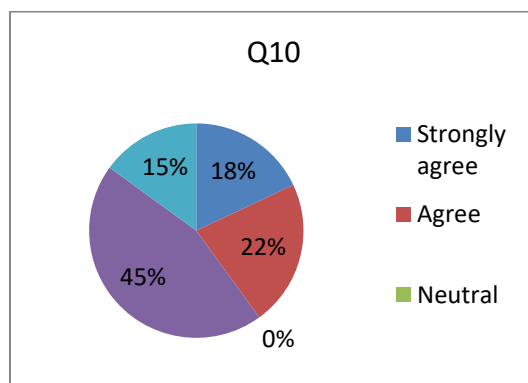


Figure 11: Pizza hut consumer seat always enough (Environment)

The survey participants have a negative attitude at consumer seat always enough. 60% of consumers not satisfied Pizza hut seat is not enough. It means Pizza hut need arrange and manage consumer seat always.

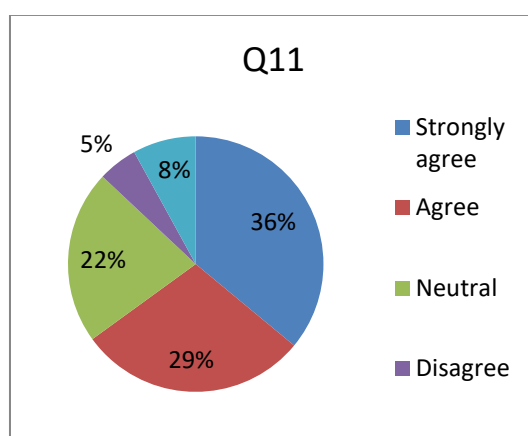


Figure 12 Pizza hut service quality and speed is good enough

Finally, 65% of consumers are satisfied with service quality and speed, but other 35% is rated not enough service quality. It means need more focus on service speed and quality.

## VII. ANALYSIS

Reliability test: The beneath table demonstrates the dependability of the information gathered from respondents. The accompanying scales demonstrate that the information gathered from that point is solid and respondents addressed precisely. Since the factors are surpassing from 70% which is the standard of acknowledgment for consistent quality.

Table 2: Reliability Test

Variables	Cronbach's Alpha
Consumer Satisfaction	0.741
Price	0.753
Product Quality	0.732
Menu variety	0.705
Taste	0.701
Environment	0.725
Locations	0.750
Employee behavior	0.711

The above table calculations suggest that the responses given by Pizza hut of Ulaanbaatar consumers are reliable. An overview of the hypothesis related to the relationship with consumer satisfaction and demands, Environment, Location, Product quality, Menu variety, Price, Taste of the product and Employee Behavior. On

the base of dependent and independent variables, for this study seven hypothesis has been developed given below.

- H1: Price is positively related to the consumer satisfaction on the purchase decision.
- H2: Product quality is positively related to consumer satisfaction in a purchase decision.
- H3: Menu variety and consumer satisfaction are also positively related.
- H4: Locations important role to the consumer satisfaction in a purchase decision.
- H5: Taste of product has a positive impact on consumer satisfaction
- H6: Employee behavior is positively related to consumer satisfaction
- H7: Environment also has a positive relation with consumer satisfaction

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.732 <sup>a</sup>	.535	.522	.25213

a. Predictors: (Constant), Environment, Location, Product quality, Menu variety, Price, Taste of the product, Employee behavior

In this table shows adjusted R-square .535 means dependent variable affects by 53.5% by independent variables (Environment, Location, Product quality, Menu variety, Price, Taste of the product, Employee behavior). It means this kind of factors positive influence for satisfying consumers.

Table 3: ANOVA Results

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	9.356	6	1.270	20.019	.000 <sup>b</sup>
Residual	5.831	89	.064		
Total	14.353	95			

- a. Dependent Variable: consumer satisfaction and demands
- b. Predictors: (Constant), Environment, Location, Product quality, Menu variety, Price, Taste of the product, Employee behavior

ANOVA table is showing the level of significance. Also, this table is clear that all predictors Environment, Location, Product quality, Menu variety, Price, Taste of the product, Employee behavior are related to consumer satisfaction and demands, that relationship between them is significant as 95% trust level, the alpha value is 0.05.

Table 4: Regression Co-efficient

Model	Unstanddardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.114	.225		4.340	.000
Price	.132	.065	.197	1.783	.059
Product Quality	.201	.065	.285	2.645	.006
Menu variety	.112	.089	.134	1.246	.010
Taste	.225	.081	.281	2.548	.006
Environment	.195	.088	.269	-2.149	.026
Locations	.176	.073	.238	2.498	.014
Employee behavior	.025	.016	.105	1.688	.028

- a. Dependent variable: Consumer satisfaction and demands

As Table 4 shows clear, every single factor is significantly related to ‘Consumer satisfaction and demands.’ Product quality, Taste, Environment, and Locations are most essential and effectively factors which Pizza hut of Ulaanbaatar consumers influences. Cause most high Beta coefficients factor was 0.285 which is Product quality, second high Beta coefficient factor was 0.281 which is Taste, the third one was 0.269 which is Environment (Cleaniless, Seat) and last effectively factor was 0.238 beta coefficient Locations. Hence there are three four factors that are responsible in order for consumer satisfaction and demands in fast food restaurants in the region

of Ulaanbaatar Mongolia. Other factors of the research have a weak impact on consumer satisfaction and demands which means price, menu variety, employee behavior.

### **VIII. CONCLUSION**

Finally, all kind of business industries main issues is how to know consumer demand, needs and how can keep consumer satisfaction. If keep consumer satisfaction, that will increase more loyalty consumers. As long as business companies need to pay more attention to what consumers are thinking, what factors influence them negatively, what factors we need change. Consumer satisfaction is the part of marketing and plays an important role in the market. Moreover, for measuring the customer satisfaction, this study was conducted and to examine the relationship between the customer satisfaction to Price, Product quality, Locations, Environment, Menu Variety, Taste of the product and Employee Behavior. Product quality, Taste, Environment, and Locations are the key determinants of consumer satisfaction and demands in the purchase of fast food chain industry. Also, companies which are working on in Fast food chain industries need to more focus on Price, Menu variety, Employee behavior

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