

**CONSUMER PERCEPTIONS OF THE FAST FOOD INDUSTRY IN SWEDEN.
A QUANTITATIVE RESEARCH STUDY**

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ABSTRACT

The fast food industry is one of the important and growing segments of the overall restaurant industry. At the same time, it is a very dynamic and competitive business where too many vendors are chasing too few clients. To maintain sustainable growth and long-term success it is crucial to meet consumer needs and offer value to them. In order to achieve this, fast food providers must first evaluate customer satisfaction level to determine the extent of satisfaction with given products and services, as well as identify the key attributes of value for consumers and evaluate consumer behavior. Eventually, satisfaction with market transaction leads to repeat purchases which benefits the business operators and helps to build loyal consumer base.

This paper seeks to investigate perception of the fast food industry by exploring consumer behavior, determining key attributes of perceived value and by assessing customer satisfaction level.

To successfully achieve the purpose of the study a quantitative research design was applied to collect the data. I entailed utilizing the survey method which was used to collect the statistical evidence regarding the objects of the study.

The results revealed that consumers of local fast food outlets are overall satisfied with their fast food restaurant experience. The primary purpose of a visit to a fast food outlet is for social activities such as friends get together, for convenience or for change and fun. Additionally, consumers exhibited high importance towards certain attributes such as quality and nutritional value of products, cleanliness and hygiene of the dining premise, quality and speed of the service handling, menu variety were amongst perceived important value attributes.

Consequently, it is recommended that fast food providers focus on the key attributes of value for consumers and systematically review the customer needs and expectations in order to

increase customer satisfaction and deliver value. Moreover, for maintaining loyal consumer base and increasing customer retention, it is important to direct resources towards improving and strengthening the relationship marketing strategy.

Keywords: quick service restaurants; fast food industry; consumer behavior; consumer perceptions; attributes of perceived value; customer satisfaction.

CHAPTER 1. INTRODUCTION

This chapter provides a summary of the thesis. The chapter begins with the background of the study, followed by the problem statement, the significance of the research, the purpose of the study, and research questions. The chapter concludes with the structure of the thesis.

1.1 BACKGROUND OF THE STUDY

Restaurant and hospitality industry is undoubtedly one of the significant industries in the Swedish economy. It is reported that in Sweden restaurant industry generates over 56 billion Swedish kronas in annual turnover, and employs over 75,000 people (The Local, 2006). However, this number rose to 117 billion kronas in December, 2015 (SCB, 2015). As Stockholm is Sweden's capital city, it dominates the industry. The report indicates that on average a person spends 6,196 kronas per year for dining-out while in Stockholm this number rises to 10,146 kronas per person. Fast food restaurants make up the significant share of the overall restaurant industry. In March of 2016, the Swedish Statistics Bureau reported that for the corresponding month fast food restaurants observed a rise in volume of sales by 9.1% while another segment of restaurants such as hotel restaurants experienced an increase of 3.6% and entertainment restaurants only experienced a 1.6% increase in sales. Clearly, fast food is one of the profitable and growing segments of the restaurant industry.

Arguably, the history of the first fast food restaurant in Sweden dates back to 1932 when a butcher shop owner Oscar Lithell decided to launch a hot dog shop called "Sibylla". However, the first international fast food restaurant opened in the country was McDonalds. Its first outlet opened in Sweden in 1973. Since then many famous international fast food chains such as Burger King and Subway have opened numerous outlets in the country. Nevertheless, there are

also many local varieties of fast food establishments. Founded in 1968, Max's Hamburgers is the local nationwide popular family-owned fast food chain with 120 restaurants and 5,400 employees worldwide. It is one of the most profitable restaurant business with 220 million EUR turnover (Maxburgers.com, 2016). According to the corporation's statement, it is outperforming McDonald's and Burger King in terms of sales volume.

KFC first opened its outlet in Sweden in 1981 but it was closed due to poor profitability. However, because of raising consumer demands and growing success of the fast food industry it was reopened in 2015. In the same year, another famous fast food chain Dunkin' Donuts opened its first outlet in Sweden. The fast food industry is predicted to grow by expanding their outlets further, i.e. both chains are predicted to expand their networks. Allegedly, KFC is intended to increase its outlets across the country and open four to six outlets each year (Euromonitor, 2016). However, just like in many other successful industries there is also a fierce competition in this industry. Dynamic business environment and growing competition among market players force fast food operators to sustain competitive advantage, utilize their resources and enhance their operation. And one way to achieve that is to constantly strive for improvement, keep up with changing customer needs, perceptions, habits, and retain market share through a carefully built marketing strategy.

1.2 PROBLEM STATEMENT

'As quick-service restaurant (QSR) managers move into the 21st century, they face an unprecedented challenge: too many food outlets chasing too few patrons' (Swanger, 1998, p.1). By the increasing customer demands and expectations, competition among market players gets even tougher. Furthermore, several studies (Enz, 2010; Parsa, Gregory & Terry, 2011; The

Florida International University Hospitality and Tourism Review, 2006; Wood, 2015) claim that the restaurant industry has the highest business failure rates among other service industry sectors. Parsa et al (2011) further notes that poor performance and business failures are the consequence of misapprehension of the growing customer demands, needs and expectations. In addition, offering insufficient value in market transactions have also negatively impacted food service providers.

These challenges present a serious problem to food service operators. Customers expect to receive sufficient value from their transactions while having their demands and needs met. Failure to do so may result in undesired consequences, such as lower customer satisfaction level, high customer defection rate and reduced profits. This research paper will be exploring and defining the basis of consumer perception and why fast food business owners will need to use this type of information to continue to satisfy customers. It is critical for restaurant business owners/managers to be aware of customer perceptions and systematically review consumer behavior to determine the criteria of importance in consumers' purchase behaviors, in order to offer sufficient value on those criteria while meeting growing customer demands.

1.3 SIGNIFICANCE OF THE STUDY

This study will provide valuable insight about consumer perceptions and current demands, key criteria of perceived value, and dining habits of the fast food industry patrons. In such a competitive industry, marketers and business owners will need to be up to date with consumer perceptions of many aspects of their business. Once the business owners can see their image through the eyes of consumers, they can easily appease them through strategies designed

with these conclusions in mind. Moreover, the study will provide recommendations to managers to enhance their business performance.

1.4 PURPOSE OF THE RESEARCH

The purpose for conducting the study is to investigate the consumer perception of the fast food industry using survey data from Sweden, in order to enrich the knowledge in this field and provide recommendations for outlet owners/managers. To live up to the purpose of the study, it is aimed to assess the overall customer satisfaction level amongst fast food consumers, to analyze consumer behavior in terms of frequency of restaurant visits, restaurant selection criteria, sources of immediate influence on customers' decisions, etc., and to determine key attributes of perceived value for consumers, e.g., quality of food, variety of menu, etc.

1.5 RESEARCH QUESTIONS

The study investigates the consumer perception of the fast food industry and therefore, will be guided by the following research questions:

R.Q. 1: What attributes consumers perceive valuable for choosing a dining premise?

R.Q. 2: How satisfied are the customers with their experience of fast food restaurants?

R.Q. 3: What behavior do consumers exhibit in terms of frequency of visits and reasons for dining in fast food restaurants?

R.Q. 4: What areas need improvement to increase customer satisfaction?

STRUCTURE OF THE THESIS

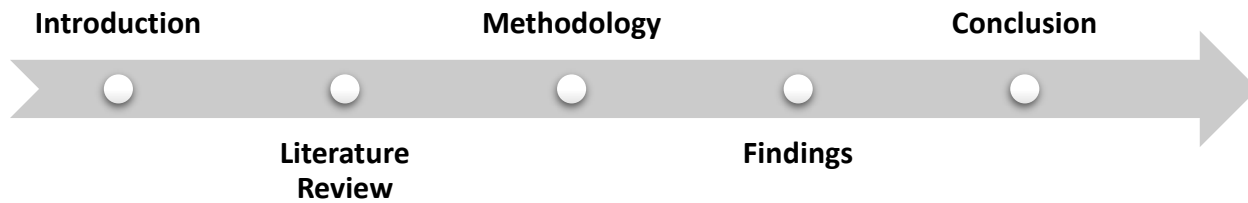


Figure 1: Thesis Structure

- Chapter 1** Provided an introduction to the research, beginning with the study background, specifically about the significant role the restaurant industry plays in Swedish economy, and some historical chronology about the establishment of fast food premises operating in the country. The chapter further included sections on the problem statement, significance of the study, purpose of the research, and concluded with the research questions.
- Chapter 2** Presents the discussion of the corresponding literature and provides theoretical foundation to the study. Included is the review of the literature on the classification of restaurants and their operational structures, fast food industry in specific, and discussion of the gap present in the research literature.
- Chapter 3** Describes the methodology applied to address the research questions. The chapter additionally presents research design, data collection and analysis methods, validity and reliability of the study. It concludes with the discussion of limitations and ethical considerations of the research.
- Chapter 4** Presents research findings and descriptive analysis of the gathered data.
- Chapter 5** Provides a summary of the research, a discussion of the findings in light of the literature, recommendations for further research and implications for the management of the fast food establishments to enhance their operations and improve customer relationship.

CHAPTER 2. LITERATURE REVIEW

This chapter presents a review of the related literature on the research topic. The chapter begins with the background literature concerning the classification of the restaurants, followed by the overview of the literature on fast food industry. The chapter further provides a theoretical foundation and concludes with the discussion of the research gap.

2.1 CLASSIFICATION OF RESTAURANTS

Restaurants differ based on a variety of attributes such as menu style, experiences they offer, price structures, food quality, service type and atmosphere created on the premises. Wood & Brotherton (2008) divided the restaurants into two categories: full-service and limited-service restaurants. Full-service restaurants offer complete table service to customers, whereas, in limited-service restaurants minimal table service is offered. *Full-service* restaurant category includes ‘fine/formal dining (e.g. Michelin-starred restaurants), casual dining (e.g., family restaurants)’ (Chen, 2014, p. 9), dinner houses, while the *limited-service* restaurant category is represented by quick-service restaurants (e.g. fast food restaurants, catering trucks, salad bars), ‘fast-casual dining (e.g. cafés)’ (Chen, 2014, p. 9), cafeterias and buffets. This paper focuses on the latter category, specifically fast food restaurants.

Fine dining restaurants are upscale dining premises which offer full table service and target up-market clientele. They provide the highest service level by well-trained serving staff and meals made of high-quality food ingredients which results in high-priced menu items. According to Wood & Brotherton (2008) this segment of restaurants sets itself apart with top class décor and visually appealing food portions.

As opposed to fine dining restaurants, literature suggests that, *casual dining* restaurants are usually family-friendly establishments which offer full table service, and wide range of menu selection for moderate prices. The dining environment of the restaurant is casual and relaxed (Chen, 2014; Wood & Brotherton, 2008)

Conversely, quick-service restaurants (QSR) are characterized by minimum or rare table service, limited menu choices, and low cost meal options. Bujisic, Hutchinson & Parsa (2014) describes ‘customer-self-service, low labor costs, finished good inventory, process driven technology, development of habit forming purchases and advertising effectiveness’ to be among the unique characteristics of QSRs (p. 1272).

According to literature another major type of restaurant segment is *fast-casual* dining premises. Fast casual restaurant is a category between casual and fast food restaurant. It doesn’t offer full table service. However, it offers food made with higher quality and more nutritious ingredients than fast food restaurants, and as anticipated, the menu is priced accordingly. But, as in a fast food restaurant, the customers wait in line to place their orders, pick up their own food and locate their own sitting table (Albala, 2015; Smith, 2013). Smith (2013) further explains that, fast casual restaurants usually focus on ethnic foods, salads and bakery products, which has influenced fast food restaurants to modify their menus to include salads, smoothies, premium coffee, sandwich wraps and so on.

Besides the various types, restaurants also differ in terms of their legal/operational structures. Literature classifies restaurants into four types of management/ownership structure, which are sole proprietorship, partnership, limited liability company (LLC) and corporation; (Chen, 2014; Parpal, 2015). In a sole proprietor restaurant one person owns and runs the establishment; partnership restaurants operate based on partnership agreement between two or

more individuals; LLCs combine characteristics of partnership and corporation, and governed by a partnership agreement where one partner is in charge of the establishment while other members can serve in management board. LLCs are usually comprised of many small to mid-sized or family-owned restaurants; corporate restaurants are independent legal entities whose operation is separate from its shareholders. They usually include large chain restaurants or reserved for franchises. According to Lesonsky (2012) and Cannon (2005) in chain restaurants all of the locations are owned, and all operations are handled by one parent company through central management system, whereas, in a franchise structure, a parent company sells the rights to use its trade name, brand concept and business formula to the investor(s). According to Payne (2014) quick-service restaurants are usually associated with chain or franchise structure.

2.2 FAST FOOD INDUSTRY

According to Akira & Saunier (2009) industrialization and global capitalism has encouraged the emergence of a new global cuisine. The implied type of cuisine is fast-food. Payne (2014) describes fast food as a category of food which is cooked and served within minimal time. Brehm (2015, p. 288) goes further by suggesting that ‘fast food refers to inexpensive food that is prepared and served quickly and easily and sold in restaurants and at snack bars’. A fast food restaurant is a type of quick-service premise that serves fast food cuisine and provides no table service, though it may provide a seating area (Payne, 2014). Food served in fast food restaurants is typically prepared in bulk ahead of time and kept warm/cold until purchased; packaged and served to customer for takeout or take-away. Payne (2014) mentions that fast food restaurants usually belong to a franchise or restaurant chain, which uses standardized foods, flavors, cooking methods, and/or partially prepared produces which are

shipped to each restaurant from central supply networks to avoid the handling costs, preparation time, and to ensure the consistency of product quality.

Literature review reveals that modern fast food industry is relied highly on standardized procedures and production techniques which mainly utilizes on soft technology and requires less skill (Funnell & Rogers, 2011; Jones, 2002). Numerous research studies indicate that simplicity of the service, uniformity in terms of content and preparation, consistency of quality and value, standardization of procedures is the integral part of the success of fast food industry (Croslin, 2010; Funnell & Rogers, 2011; Hogan, 1999; Tannock, 2001). Similar to the findings presented by other researchers, Croslin (2010) views consistency as a key to customer return in the fast food industry. His research indicates that customers expect the value and quality of the food to be consistent in all vendors. Otherwise, the transformative value of the product is lost, and customer may not return.

Menus in most fast food outlets are usually comprised of burgers, fried potatoes, fried chicken pieces, sandwiches, carbonated soft drinks, coffee, along with healthier options such as salads, fruit juices, grilled chicken, and baked potatoes. Food is usually served in plastic or carton boxes, or paper wrapping in order to reduce the operational costs. This type of packaging keeps food warm for a longer time, avoids the transfer of bacteria, promotes easy storage and transportation (Payne, 2014; Schlosser, 2001). According to Smith (2011) and Lodha (2014) many multinational fast food corporations have modified their menu to match the local dietary preferences. For instance, vegetarian burgers are offered on menus in India, pork is not served in Muslim countries, instead halal food is offered to customers, salmon sandwiches appear on menus in Norway, and a number of fast food restaurants offer kosher items on their menus in Israel.

However, the industry is subject to a passionate and controversial debate. Opponents of fast food are concerned with its dietary shortcomings while others criticize it for ‘destroying local culinary values’ (Smith, 2013, p. 625). Some critics associate fast food with less healthy diet and obesity (Donkersloot, 2002; Etingoff, 2014; Ferry, 2011; Keller, 2008; Schlosser, 2001). Donkersloot (2002) argues that fast food is not nutritionally balanced, and contains a lot of fat and calories, which affect our health negatively. Similar to Donkersloot (2002), Keller (2008) considers that overconsumption of fast food can lead to greater risk of chronic diseases. However, Johansen (2012) shares the opposite view on the subject, and claims that fast food is not the only culprit of society’s health issues. According to the author, the industry in general offers quality products safe for consumption. Additionally, the author considers fast food industry as a positive force in society which creates many jobs, and revenues towards local economies. Furthermore, the study conducted by Ferry (2011) indicates that despite all the criticism, fast food consumption has significantly increased over the years.

Today fast food is a multibillion-dollar industry spread to every corner of the world. Leading fast food chains such as McDonald’s, Burger King, KFC are multinational businesses with outlets across the globe (Schlosser, 2001). Schlosser (2001) reports that ‘Americans now spend more money on fast food than on higher education, personal computers, computer software or new cars. They spend more on fast food than on movies, books, magazines, newspapers, videos, and recorded music-combined’ (p. 3). Likewise, Jones (2002) views fast food industry as an important segment within a state economy: *“today the fast food industry generates large revenues for its providers and a valuable contributor to government income, economic growth, the balance of payments and employment”* (p. 201). Ultimately, these studies

reveal the significance fast food industry holds within the global economy and people's consumption choices.

2.3 RELATIONSHIP MARKETING PARADIGM. CUSTOMER SATISFACTION AND RETENTION

Every company is looking for ways of retaining existing customers and attracting new ones while remaining competitive and profitable. As consumers today have more choices than ever before, they are more flexible in their decisions, and are always looking for new experiences. In order to build profitable and lasting relationship with customers, it is important for the management of the service companies to understand the attributes which customers perceive as valuable, and consider important when making decisions (Walter, 2011).

Fast food restaurants operate in highly competitive and dynamic environment. Therefore, in order to survive it is important to gain competitive advantage and long term success. This can be achieved by maintaining lasting relationships with customers, meeting their needs and creating value for them (Mason, Jones, Benefield, and Walton, 2011). *Relationship Marketing (RM)* (sometimes called 'customer relationship management' (Baron, Conway & Warnaby, 2010, p. 5)) is a concept that focuses on attracting, maintaining and enhancing customer relationships (Brink & Berndt, 2008; Hennig-Thurau & Hansen, 2000; Shaw & Reed, 1999). It is a new shift in marketing school of thought which emerged in 1980s (Baron, Conway & Warnaby, 2010). Gronross (1990) who is one of the leading writers and researchers in services marketing and management, defined the term of relationship marketing as 'establishing, maintaining, and enhancing relationship with customers and other partners, at a profit, so the

objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises' (p. 138 as cited in Sheth, Parvatiyar & Shainesh, 2008, p.5).

Allison (2010, p. 31) states that relationship marketing underlines the importance of building long-term relationship with customers as opposed to the individual transaction perspective, and involves understanding the customers' needs as they go through the life cycle. Brink & Berndt (2008) share the similar view and add that RM is designed to provide increased value to the customer, which ultimately yields a lifetime value for the marketer (p.13). According to Buttle (1996) RM initiative is particularly suitable for service sectors such as hospitality, health care, banks, etc.

Across the literature, there is wide agreement on the importance of customer loyalty for the success of relationship marketing. Many researchers (Brink & Berndt, 2008; Buttle & Maklan, 2011; Cahill, 2007; Hennig-Thurau & Hansen, 2000; Malekian, 2009; Mason et al., 2011; Shaw & Reed, 1999) consider *the customer loyalty* to be the primary target of relationship marketing. According to Malekian (2009) customer loyalty is very significant element for the financial wellbeing of a company and 'potentially the greatest source of competitive advantage' (p. 6). The researchers claim that customer loyalty brings more certainty and stability to the business, increases revenues and reduces costs over time, moreover, it is less costly to maintain already existing customer base than acquiring new ones. A review of literature shows that, in addition, there are other benefits of customer retention. Brink & Berndt (2008), Malekian (2009) and Cahill (2007) mention numerous factors that cause loyal customers to be more profitable than occasional customers. With that being said, the authors indicate that loyal customers tend to purchase more frequently from the same vendor, they are more likely to provide word-of-mouth advertising (verbal referral), furthermore, Malekian (2009) adds that loyal customers tend to be

more willing to try other products/services offered by a vendor, this group of customers reduce operational costs- since they are familiar with the brand less expenditure is required on advertising, moreover, retaining customers increases the market share of a company.

Customer satisfaction is defined to be the key to customer retention and loyalty, and is one of the main techniques of relationship marketing (Brink & Berndt, 2008; Hennig-Thurau & Hansen, 2000; Mason et al., 2011; Mckenna, 1993; Velnampy & Sivesan, 2012). Naturally, the more satisfied and happier the customers, the more sustainable is the relationship. And as long as this lasts, the business continues to make a profit. McKenna (1993) adds that keeping customers satisfied, prevents them from switching over to competitors and encourages repeat transactions.

Therefore, in order to be competitive and successful, it is crucial for the companies to be customer-conscious and to have knowledge about their customers. Ultimately, acquiring and continuously updating knowledge about customer needs, motivation and behavior helps to improve business performance. It leads companies to build durable relationship with customers and deliver high satisfaction (Gronroos, 2007; Mckenna, 1993; Shaw & Reed, 1999).

2.4 RESEARCH GAP

Consumer perceptions has been the subject of increasing interest, especially in the service industry. An abundance of research has been produced on the subject. Since fast food industry makes up the significant share of the service industry and the restaurant market, it has been at the center of attention of scholarly inquiry. The substantial amount of research studies has been carried out to investigate the service quality, satisfaction factors, perceived value and consumer behavior in the fast food industry.

Mason et al. (2011) have analyzed the consumer perception of quick service restaurants in the USA. The researchers have studied the behavioral intention of college students. The study was designed to acquire better understanding of consumer perception of value in quick service restaurants. However, the findings are limited exclusively to college students and to particular geographical area.

Similar study was conducted by Goyal & Singh (2007) among young consumers to explore the consumer perception of fast food restaurants located in India. However, the survey population was limited only to “young unmarried population” as stated by the authors (Goyal & Singh, 2007, p.194).

Additionally, Bujisic, Hutchinson & Parsa (2014) analyzed the influence of ambience, food and service quality on the consumer intention of return in QSRs and upscale dining premises. Nevertheless, the study focuses only on specific attributes of influence.

Although these studies yield valuable contribution towards literary knowledge, there are still some limitations, i.e. age group or occupational background of survey population. Therefore, this study provides valuable insight for the fast food operators in terms of consumer behavior, perception of value attributes, satisfaction factors from the consumer perspective and moreover, it contributes to the enrichment of the research literature on this subject. In addition, this study seeks to include people of different age groups and of different occupational backgrounds. Moreover, as many countries adhere to varied cultural and philosophical beliefs, consumers will act and behave different in different settings.

Lastly, despite the significance of this industry within Swedish economy, little research has been conducted exploring consumer perception of fast food restaurants in Sweden.

CHAPTER 3. METHODOLOGY

The purpose of this research was to analyze the key factors that contribute to the success of fast food industry, to highlight the criteria which consumers value the most while selecting dining premise, to measure customer satisfaction and to apply the knowledge to enhance business operation, improve marketing strategies and increase the customer satisfaction and retention within the fast food industry. The following sections describe the rationale for the application of methodological procedures used to design the study, to collect and analyze the data, to determine the sample. Additionally, limitations, validity, reliability and ethical considerations of the study will be addressed. The research is guided by the following questions:

R.Q. 1: What attributes consumers perceive valuable for choosing a dining premise?

R.Q. 2: How satisfied are the customers with their experience of fast food restaurants?

R.Q. 3: What behavior do consumers exhibit in terms of frequency of visits and reasons for dining in fast food restaurants?

R.Q. 4: What areas need improvement to increase customer satisfaction?

3.1 RESEARCH DESIGN

Quantitative research design was employed since the primary goal of the paper was to identify and measure the factors which consumers perceive to be important. It is said that “you can’t manage what you can’t measure”. In order to manage customer relationship which is a route to success, it is important to identify and measure its key aspects. Therefore, quantitative research is best suited for this purpose. It allows collecting information from a large number of population in a standardized way, which in turn enables the information to be treated, analyzed

and interpreted statistically (Nykiel, 2007). Nykiel (2007) justifies the adoption of quantitative design and claims that it is the most useful approach from a marketing perspective, since it allows to collect ‘measurable information that can be tracked over time’ (p.55). Therefore, quantitative research approach was employed as the research seeks to study the behavior, opinion and attitude of a larger population and generate statistically conclusive results.

3.2 DATA COLLECTION

The research involved two types of data collection method: primary and secondary. The primary data were collected through the survey and the secondary data were collected from books, journals, magazines and etc. The two approaches of data collection complement each other and improve the validity and reliability of the data.

3.2.1 SURVEY

A survey research technique was employed as the primary type of data collection method. It was used as the major tool to collect quantitative data. The survey contained eleven structured and close-ended questions. The survey questions were established based on the literature review and academic publications of the similar nature, i.e. Goyal & Singh, 2007; Mason et al., 2011. Review of the corresponding literature served as the foundation for establishing, guiding and utilizing the survey questions. The survey was pilot-tested to assess the clarity, consistency and quality of the questions. Later, it was distributed to target audience through social media and on-spot locations such as shopping malls and fast food outlets. One of the advantages of using survey is that it gives respondents a sense of anonymity which encourages honest and critical responses (O’Leary, 2010). Moreover, the role of online survey is indispensable in reaching a

large number of population. Hence, Google Forms online surveying tool was used by the researcher. Currently it is one of the widely used survey tools in academia.

The quantitative data were collected for one month, from July 1st, 2016 until August 1st, 2016. Dimensions of the survey questions included the demographic characteristics of respondents such as their age, current occupation, gender; behavioral intentions, such as frequency of visiting fast food outlets; overall satisfaction level, and questions related to key drivers of satisfaction such as restaurant selection criteria, and etc. Data were collected through multiple choice questions, three and five points Likert type summative rating scale. A sample of one hundred and fourteen respondents was surveyed based on convenience sampling technique. The population of this survey was the fast food consumers and the customers of fast food restaurants.

3.3 VALIDITY OF THE RESEARCH

The quality of a research study is primarily assessed based on two criteria which are validity and reliability (Bryman & Bell, 2015; Kumar, 2011; Muijs, 2010; Pellissier, 2008; Smart & Paulsen, 2011). According to Kumar (2011) validity refers to ‘a situation where the findings of your study are in accordance with what you designed it to find out’ (p. 186). In other words, it means, whether the research instrument is measuring what it is devised to measure. Validity is divided into two categories: internal and external.

3.3.1 EXTERNAL VALIDITY

External validity refers to the extent which study's findings are generalizable to an entire population (Berg & Latin, 2008; Macnee & McCabe, 2008; Smart & Paulsen, 2011). According to Berg & Latin (2008) to ensure a high degree of external validity, ‘it is important that the

subjects be the representatives of the population' (p. 212). Gathering sufficient data, undertaking measures to reduce non-response and ensuring standardized procedures for data collection can assist in reducing the threat to external validity.

It is claimed that the research is externally valid, and it can be generalizable to the entire population. Because the study collected a considerable amount of data from a large number of sample who is conceivably a good representation of the target population. Furthermore, in order to reduce the threat to external validity the researcher has taken several steps towards minimizing a researcher bias, avoiding non-return of the questionnaire by asking the respondents to fill it out on the spot, and standardizing the data collection instrument and procedure.

3.3.1.1 A RESEARCHER'S BIAS

Smart & Paulsen (2011) considers that 'the researcher's bias needs to be confronted before claiming to make the valid research' (p. 61). The researcher bias was largely reduced by the use of the survey, especially online survey as a data collection tool. Since there was no close interaction between the researcher and the respondents the risk of bias was minimized. Crooks & Baur (2016, p. 35) argue that 'filling out a form affords greater anonymity than facing an interviewer, subjects might be considerably more likely to answer questions honestly, with minimal distortion ... Finally, because most written questionnaires can be evaluated objectively, their data are less subject to researcher bias than are data from interviews'.

Other step taken towards reducing the researcher's bias was the randomization of the survey population. In order to increase the validity of the study, the survey was conducted in different days and times, and in different locations. To ensure the random selection of survey population, the researcher approached every customer waiting on the queue line of the outlets.

Only those who agreed to take part were given the survey. However, those who were willing to take part were reminded that if they are under 18, they are not eligible for participation in this study.

Nevertheless, there is a slight possibility of a researcher bias. It may have been present in terms of word choice or rephrasing of the questions.

3.3.1.2 PARTICIPANTS' BIAS

Likewise, there could have been a possibility of participant bias or external factors which could have affected the effectiveness of the assessment. The participant reluctance of answering questions honestly for different reasons such as mood, outside influence, or being in a rush could have decreased the effectiveness of the assessment.

Moreover, there could have been a possibility of different interpretation of “fast food” by survey population. However, the researcher believes that the consumer understanding of “fast food” was shaped by the environment surrounding them. Since the survey was distributed mostly on fast food outlets, it is believed that consumers have the same definition of “fast food” as intended in the survey by a common sense. Moreover, several examples of fast food were given on the survey paper in order to reduce the misinterpretations.

3.3.2 INTERNAL VALIDITY

‘Internal validity refers to the confidence we have that the results of a study accurately depict whether one variable is or is not a cause of another’ (Rubin & Babbie, 2010, p.157).

Threat to independent variable refers to things which can affect or manipulate the results of the study, i.e. instrumentation changes, historical events, maturity or passage of time-the change in

subject's behavior, attitude or opinion over the time (Macnee & McCabe, 2008; Rubin & Babbie, 2010, etc.).

In order to minimize threats to internal validity of the study, all research participants were administered the same standardized survey instrumentation. However, there are factors which might have affected the internal validity that cannot be controlled by the researcher, such as extraneous events which can affect the opinion of the respondents. However, most of the threat identified in the research literature doesn't extensively apply to this study, since it is a short term study and isn't of the experimental character.

3.4 RELIABILITY OF THE RESEARCH

Reliability refers to the ability of the study to produce consistent measurement and replicable results each time (Kumar, 2011; McBride, 2012; Pellissier, 2008). Kumar (2011, p.186) explains that, 'when we administer an instrument under the same or similar conditions to the same or similar population and obtain similar results, we say the instrument is 'reliable' - the more similar the results, the greater the reliability'. In fact, previous studies which have been done in a similar setting yielded results more or less similar to the ones obtained from this study. Therefore, undoubtedly if conducted in similar environments under the same conditions the similar results can be achieved.

3.5 GENERALIZATIONS

Since the study focused on the restaurant industry, consumer perception of fast food restaurants, and aspects of customer satisfaction, the findings were generalizable only to similar settings and hospitality establishments. Choosing Sweden as a study scope and fast food industry in particular as a research subject was deliberate and explicit. Therefore, generalizations may

apply to similar restaurant segmentation, but it may not extend to additional hospitality establishments or restaurant industry segmentation which operate in opposite setting and within different environments.

The term “fast food” has been used for particular restaurants in the industry, so a generalized notion that my survey sample interpreted questions in their intended meaning is believed. The questions were designed to focus on specific aspects within common fast food settings.

3.6 DATA ANALYSIS

The data analysis procedure was guided in accordance with quantitative research design. The raw data were analyzed using IBM SPSS Statistics v.24.0 software. Data collected from on-spot locations were manually inserted into the data analysis software. Further, both types of data (online and on-spot survey data) were combined for analysis. Out of 114 sample size only 103 were valid for analysis.

3.7 LIMITATIONS

A few limitations were encountered during the research process. Firstly, the research was limited to a particular geographical area (south of Sweden) which to some extent affected the generalizability of the study to similar environments. Second, survey technique was used to collect the data. However, surveys are generally susceptible to limited number of questions. Moreover, surveys are incapable of revealing the motives behind the particular behavior or opinion (Mitchell & Jolley, 2013).

3.8 ETHICAL CONSIDERATIONS

This research study was conducted strictly in accordance with ethical standards and principles. Participation in the study was voluntary and it was carried out with the consent of the participants. All prospective participants were informed about the nature of the study and they were reminded that it was optional to take part in the survey. If agreed, they could proceed to survey questions. The respondents were able to withdraw from participation at any time without any risk or fear of reprisal.

The survey didn't require respondents' personal information such as names, phone numbers or email addresses. All collected data were stored in the Google Forms survey database and were kept under password protection. Confidentiality and anonymity of research participants were maintained at all times.

CHAPTER 4. FINDINGS AND DISCUSSION

The research was conducted with customers of fast food restaurants and the results addressed their patterns of visiting fast food outlets, consumption habits, satisfaction level, main attributes of influence on their choice of restaurant and perceptions of the industry. The obtained results outline the behavioural intentions, consumer perception and satisfaction level among the customers of the fast food industry. The descriptive analysis and results of the survey are presented in the following subsections. A total of one-hundred and fourteen (114) respondents were surveyed in this study, however, eleven (11) response papers were eliminated for being invalid. The data were subjected to statistical analysis to achieve a meaningful outcome.

Demographics of participants

The data was collected in regards with three variables of demographic segmentation of respondents, i.e. age (18-25 years, 26-35 years, 36-45 years, and 46+ years), gender and occupation (full-time employed, part-time employed, unemployed, student, and pensioner). Based on the statistical analysis of the data, it was found that majority of the respondents were males. Out of the total of 103 respondents 54.4 % were males and 45.6 % were females. A total of 47.6% of respondents were between the age of 18 and 25, with the following largest group being between age of 26-35 years (33%), followed by the 36-45 years (12.6 %) and 46+ years (6.8%). In respect to occupation, unsurprisingly, most of the respondents identified themselves as “student” (40.8 %), while 27.2 % identified as full-time employed, 22.3 % part-time employed, 8.7% unemployed and only 1% identified himself as a pensioner (See Table 1). Demographic information is the basis of many marketing strategies at a macro and micro level so establishing this information first is important.

Table 1. DEMOGRAPHICS OF THE RESPONDENTS

Demographics		Number of respondents	Percentage %
Gender	Male	56	45.6 %
	Female	47	54.4 %
Age	18-25 years	49	47.6 %
	26-35 years	34	33 %
	36-45 years	13	12.6%
	46+ years	7	6.8 %
Occupation	Student	42	40.8 %
	Full-time employed	28	27.2 %
	Part-time employed	23	22.3 %
	Unemployed	9	8.7 %
	Pensioner	1	1%

Consumer behaviour

This set of questions were asked in order to identify the consumer behaviour. Knowing how consumers behave is crucial for businesses for developing successful marketing strategies to meet organizational objectives and gain competitive advantage (Samli, 2013; Hawkins & Mothersbaugh, 2012). According to Samli (2013) in order to sustain competitive advantage and influence consumer decision, studying consumer behaviour is extremely important. The author further notes that ‘successful international marketing is based on knowing consumer needs and catering to these needs’ (Samli, 2013, p.16). Therefore, a set of questions was asked to

understand the consumer behaviour in respect to the frequency of visits, purpose of the visits, factors influencing the visits and restaurant selection criteria.

Statistical analysis of the data presented in figure 2 indicates that consumers visit fast food restaurants one to two times in a week (46.6%) or in a month (38.8%). Based on response ratings, 34% of participants indicated that they mostly dine at fast food outlets for friends get together and while 24.3 % dines for convenience. By contrast, 3.9 % indicated “other” as a reason for dining at fast food outlets, some specifying it as “working there”. (See Table 2)

In order to understand the reasoning behind consumer behaviour when it comes to visiting a restaurant, they were asked to pick a factor which influences their decision the most. The vast majority of consumers (47.6%) reported that their preference of particular restaurant visit was mostly influenced by their friends, followed by 19.4% was influenced by family members, while 13.6% have been influenced by advertising/media, and the rest of the participants were influenced by children (8.7%) and other (10.7%) reasons, some relating it to “particular cuisine”, etc. (See Table 3)

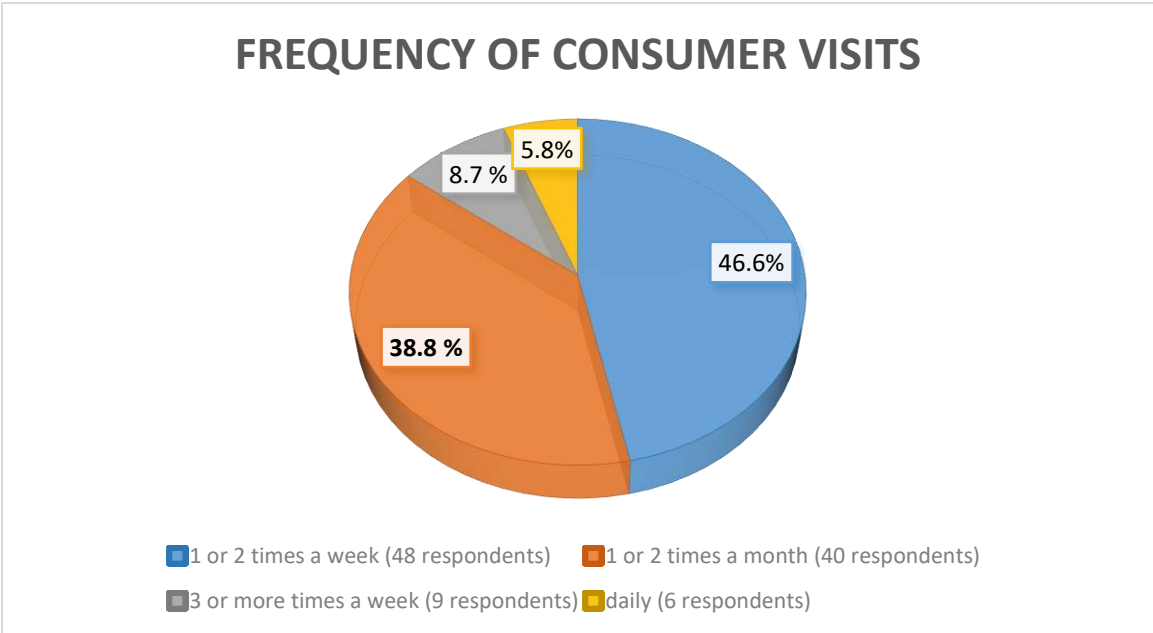


Figure 1. Frequency of consumer visits to fast food outlets

<i>Reasons for visiting a fast food outlet</i>	<i>Number of respondents</i>	<i>Percentage %</i>
<i>Friends get together</i>	35	34%
<i>For convenience</i>	25	24.3%
<i>For fun</i>	14	13.6%
<i>For change</i>	13	12.6%
<i>Family Outing</i>	12	11.7%
<i>Other</i>	4	3.9 %

Table 2. Consumer reason for visiting a fast food outlet

<i>Source of influence</i>	<i>Number of respondents</i>	<i>Percentage %</i>
<i>Friends</i>	49	47.6%
<i>Family members</i>	20	19.4%
<i>Advertising/Media</i>	14	13.6%
<i>Children</i>	9	8.7%
<i>Other</i>	11	10.7%

Table 3. Source of influence on consumers' decision of restaurant visit

Restaurant Selection Criteria

Furthermore, the study assessed the criteria which consumers perceive most valuable for selecting a restaurant. Mason et al. (2011) explains that consumers' perception of value in any transaction is based upon consumers' expectations on perceived important criteria being realized during the transaction. The author further notes that 'the ability of quick service restaurant establishments to satisfy these criteria ultimately leads to the level of customer satisfaction, which promotes repeat business and drives profits' (p.111).

Thus, in order to identify these criteria Likert scale questions were established based on restaurant characteristics mentioned in the service literature which might be potentially important to consumers. A list of nine characteristics was established. Then, respondents were asked to rank those characteristics from most important (5) to least important (1). Each level of importance was assigned a weighted value (the most important = 5 points, important= 4 points, neither important nor unimportant = 3 points, etc.). Then weighted average score was calculated for each criterion separately (See Calculation Method). Lastly, the weighted average score for each criterion was compared in order to identify the level of importance from one criterion to another. The results indicate that consumers place higher importance on the quality & taste of food (4.62), cleanliness & hygiene (4.46), and quality of service (4.03), followed by the menu variety (3.64), service speed (3.52), location (3.31), price (3.17), ambience/interior (3.15) and brand name or reputation of the restaurant (2.81) (See Table 4). Some of these findings are in line with the findings of other research works (Goyal & Singh, 2007; Mason et al., 2011).

Table 4. Criteria of Perceived Value for Restaurant Selection

Criteria	Not important				Very important	Weighted Average Score
	1	2	3	4	5	
Quality & taste of food	1	1	6	20	75	4.62
Cleanliness/Hygiene	1	3	13	17	69	4.46
Quality of service	3	12	9	34	45	4.03
Menu variety	2	12	26	44	19	3.64
Service speed	5	10	32	38	18	3.52
Location	11	12	32	30	18	3.31
Price	10	22	29	25	17	3.17
Ambience/Interior	8	24	30	27	14	3.15
Brand name/Reputation	23	17	32	19	12	2.81

Likert Scale Calculation Method:

In order to calculate the weighted average score, firstly, number of votes were multiplied by the assigned weight of the importance level. Second, multiplication products were summed up. And lastly, the sum was divided by the total number of votes (see Table 1).

Note that Price's weighted average score is 3.17. Here is the formula:

(Number of votes * Weighting for column 1) + (Number of votes * Weighting for column 2) +
Number of votes * Weighting for Column 3) + (Number of votes * Weighting for column 4) +
(Number of votes * Weighting for column 5) / Total Number of Votes

Here is the equation for Price:

$$(10 * 1) + (22 * 2) + (29 * 3) + (25 * 4) + (17 * 5) / 103 = 3.17$$

Customer satisfaction level

Keeping customers satisfied is the number one goal of any profit organization. Therefore, it is important to assess the satisfaction level of consumers in order to improve the quality of the products and/or services offered. Satisfaction from any transaction leads to repeat behavior which results in profit for businesses. 'Satisfied customers form the foundation of any successful business as customer satisfaction leads to repeat purchase, brand loyalty, and positive word of mouth' (Angelova & Zekiri, 2011, p.232).

Numerous questions were established in order to determine the satisfaction level amongst the consumers. As shown in Table 5, the majority of research participants indicated that they are overall satisfied with their dining experience at fast food premises. It is a predictor of the future transactions, which indicates that they are more likely to return and make repeat purchases. 63.1 % of survey respondents were positive about their QSR dining experiences. According to Mason

et al. (2011) if consumers' dining experience meets or exceeds their expectations, they are likely to be satisfied and return.

Table 5. Customers' Dining Satisfaction

Overall, I am satisfied with my dining experience at fast food restaurant, and my expectations are met

	<u>Number of respondents</u>	<u>Percentage %</u>
<i>Strongly Disagree</i>	2	1.9 %
<i>Somewhat Disagree</i>	10	9.7 %
<i>Neither Agree nor Disagree</i>	26	25.2 %
<i>Somewhat Agree</i>	46	44.7 %
<i>Strongly Agree</i>	19	18.4 %

Consumers were further asked to evaluate the perceived value of their transaction with the quick service restaurants (aka fast food restaurants). 64.1 % of respondents indicated that the value of their transaction is worth equal of the money they paid for this experience. 18.4 % stated the value of the transaction to be worth more than the amount they had paid, while 17.5% considered the value of transaction to be less than the amount paid for it. The overall results show that consumers primarily perceive the value of their transaction with fast food restaurants as valuable. The chart in Figure 3 illustrates the consumers' perceived value of dining transactions in percentages.

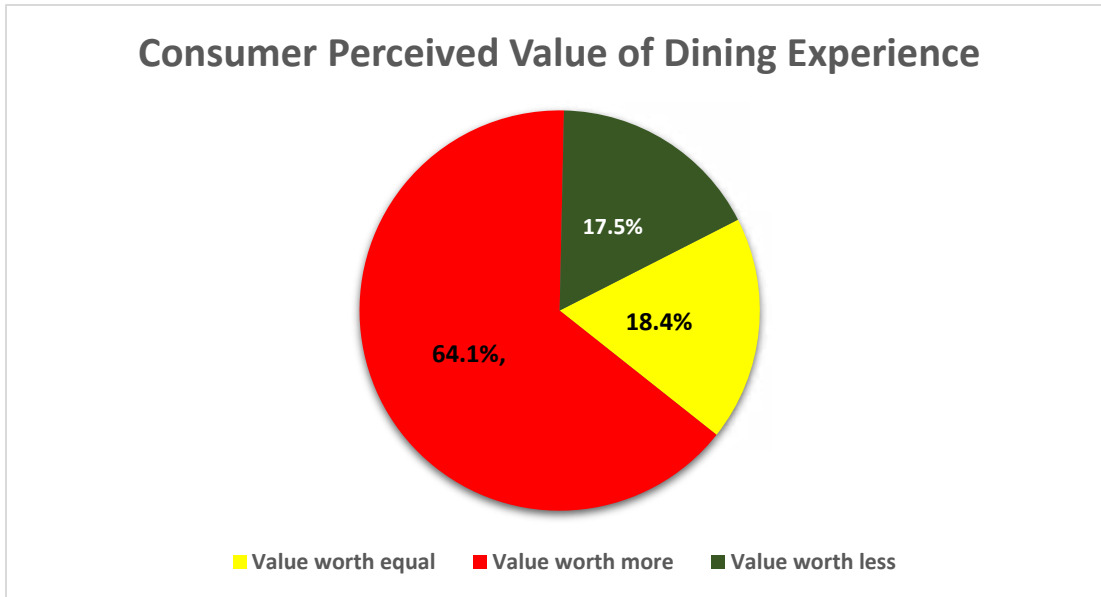


Figure 3. Consumer perceived value of dining experience

The next survey question was designed to assess the consumers' satisfaction level in respect to different dining criteria, i.e. price, speed of service, service quality, menu variety, etc. Based on the statistical analysis of survey results, majority of subjects expressed high satisfaction with different variables such as location of fast food outlets (63.1 %), service speed (53.4 %), price (52.4 %), cleanliness (51.5 %), etc. However, comparatively low percentage of consumers expressed dissatisfaction with number of criteria among which were menu variety (30.1%), seating space, the interior of the premise (16.5%), brand name (15.5%), etc. (see Figure 4) Unquestionably, identifying the customer satisfaction level for each criterion gives business owners an opportunity to recognize and improve those areas which are less likely to please customers.

Obviously, numerous speculations around fast food industry makes its reputation vulnerable. However, catering to the changing eating habits such as offering plentiful vegetarian

menus, increasing the number of healthy options, using quality ingredients can help improve the image of fast food brands in the mind of consumers.

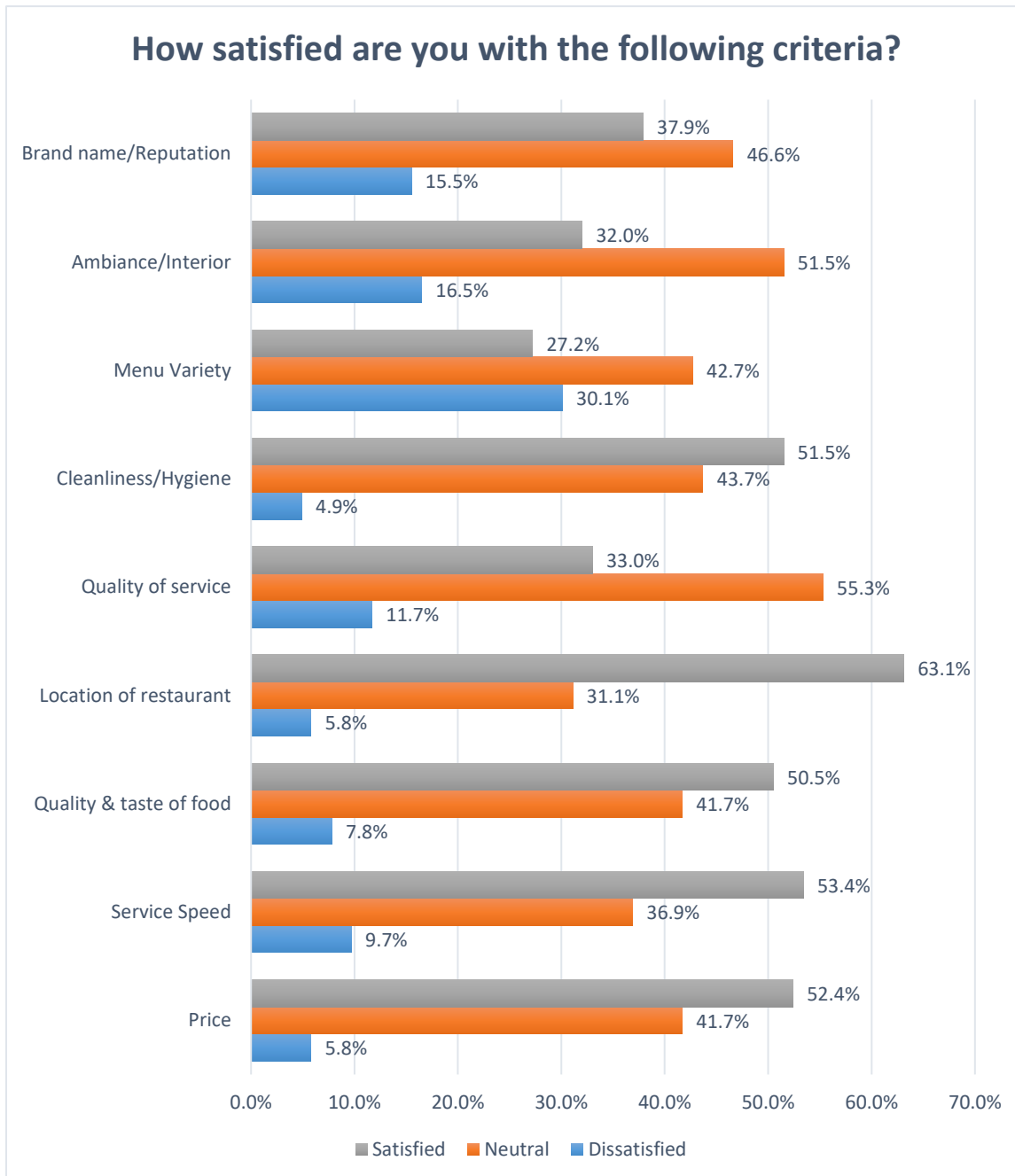


Figure 4. Consumer satisfaction level with dining criteria

Implications for improvement

Survey was finalized by having consumers provide implications about the areas where they desire to see improvements. Allowing consumers to provide suggestions for improvement enables businesses to identify the areas which consumers perceive important and helps them to serve customers better by improving those areas. The vast majority of survey respondents suggested to increase the number of healthier menu options (58.3 %). The rest suggested to increase the variety of menu items (34 %), improve seating space (32 %), indicate the nutritional value of items (29.1%), increase the number of services (i.e. home delivery) (30.1 %), offer ethnic/local food options (20.4%), and 6.8 % suggested other improvements, such as adding vegetarian menu options, etc. (See Figure 5)

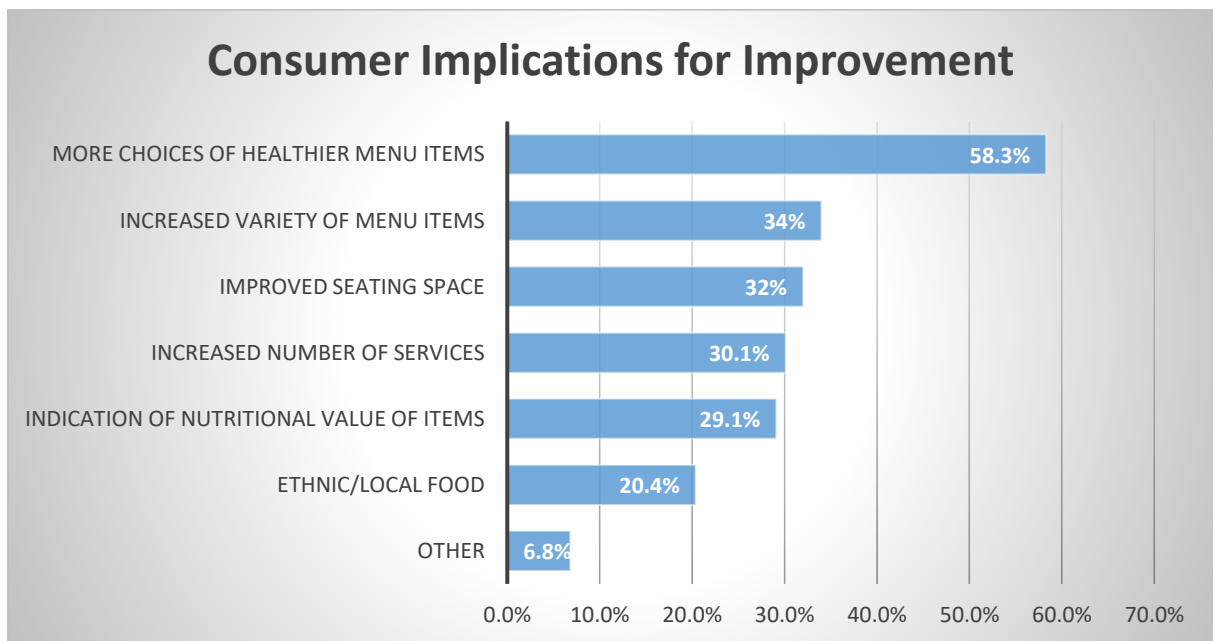


Figure 5. Consumer Implications for Improvement

CHAPTER 5. CONCLUSION

Chapter 4 presented the research findings and descriptive analysis of the quantitative data used in this research study. The primary purpose of this study was to examine the consumer behaviour and the perception of the quick service restaurant industry, in particular fast food segment. The quantitative data was analyzed in terms of demographics, consumption habits, factors that influence on decision making, customer satisfaction level, frequency and purpose of restaurant visit and consumer implications concerning the future improvements. Moreover, the findings also helped to address the research questions set in the beginning of the study. A cross platform and generalized approach of asking questions within the greater fast food industry ensures that these are concerns in many establishments.

The results revealed that while choosing a restaurant consumers value the quality and taste of the food in the first place, along with the cleanliness and hygiene in the food production as well as in the dining area. Consumers also give importance to the quality of service and menu variety along with a service speed (speedy handling of orders). It implies that fast food vendors principally need to focus on those parameters besides other service attributes. Even though the vast majority of customers expressed satisfaction with their dining experience at fast food premises, the results clearly show that consumers don't visit these premises only for food, but for fun, for change and for social activities such as meeting friends, for convenience, for fun and change. When asked what improvements they would like to see, the majority of consumers reported seeing more choices of healthier menu options, as well as improved seating space, indication of the nutritional value of items, increased menu variety and vegetarian meal options. Therefore, in order to maintain sustainable growth and competitive advantage, it is necessary for fast food providers to consider the consumer desires and expectations. Consequently,

successful restaurants are perceived to be the ones which deliver value to customers on key factors of perceived value. Knowing what customers value the most can lead to increase in satisfaction level, sales and raise in the brand value.

5.1 MANAGERIAL IMPLICATIONS

Customer satisfaction is considered the ultimate path to a firm's profits and is significant element in establishing marketing relationship (Mason et al., 2011). It involves fulfilling customers' demands (needs/expectations) and offering value on the perceived important product and service attributes. Peterson (1995, pp.278-281) states that 'consumers enter into a marketing relationship because they expect to receive positive value from their participation'. The study revealed that even though majority of consumers are content with many service and product parameters such as outlet locations, price and menu deals, nevertheless, they desire to see more of menu items made with quality and fresh ingredients, fast service speed, increased variety of meal options such as vegetarian and/or vegan meals, improved seating space, etc. Therefore, it is recommended that fast food providers pay special attention to these factors. It is also suggested to keep consumers abreast of cleanliness/hygiene conditions and nutritional value of items. It will help to increase the trust between the food providers and the consumers. Taking steps towards strengthening ties with customers will lead to higher customer satisfaction and retention rate, enhanced market share, brand equity, and loyal customer base which are the core of the successful relationship marketing strategy. Once customers feel welcomed, they can expand their reasons for visiting these establishments.

5.2 RECOMMENDATIONS FOR FUTURE RESEARCH

This research has investigated the consumer perception of fast food industry in terms of behavioral intentions, customer satisfaction and attributes of perceived value within a specific geographical area. It is recommended that future research studies expand to cover a larger geographic area and increase the number of participants. Further recommendation is made in the light of previously mentioned major recommendation, about applying a mixed method approach, i.e. using both qualitative and quantitative data to bring depth and utility to the study. It is not possible to find out the underlying reason behind certain consumer decision by using quantitative survey alone. Therefore, mixed method study would be favorable for further investigations in terms of understanding the rationale behind consumer reasoning, attitude and opinion.

Lastly, it would also be beneficial to conduct a study focusing on the individual fast food brands, since this study focused on the perceptions of fast food industry in general.

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APPENDIX A: SURVEY

Evaluation of consumer perception within fast food industry

Welcome!

Thank you for agreeing to take part in this important survey!

Your thoughts and opinions are valuable contribution towards evaluating consumer perception & customer satisfaction within fast food industry. The survey should only take 2-3 minutes to complete. Be assured all the information provided will be kept in the strictest confidentiality. Please, proceed to questions.

Fast food – hamburgers, fried chicken, cheeseburgers, French fries, etc.

Fast food restaurants – e.g. Mc Donald's, Burger King, Subway, Max, etc.

What is your age?

- 18-25 26-35 36-45 46+

Please, state your gender:

- Male Female

What is your occupation?

- Full-time employed Unemployed Pensioner
 Part-time employed Student

How often do you visit a fast food restaurant?

- daily 1 or 2 times a week
 3 or more times a week 1 or 2 times a month

Which of the following influence your restaurant choice the most?

- Friends Family Other _____
 Children Advertising/Media

How important are the following criteria to you for selecting a restaurant?

	Not Important				Very Important
	1	2	3	4	5
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Service Speed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality & Taste of food	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Location of a restaurant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of a service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cleanliness/Hygiene	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Menu Variety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ambience/Interior	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand Name/Reputation of a restaurant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What is your reason for dining at fast food restaurant?

- Friends get together For fun Family outing
 For change For convenience Other _____

How satisfied are you with the following criteria?

	Not Satisfied	Neutral	Satisfied
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Service Speed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality & Taste of food	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Location of a restaurant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of a service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cleanliness/Hygiene	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Menu Variety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ambience/Interior	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand Name/Reputation of a restaurant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Overall, I am satisfied with my dining experience at fast food restaurant & my expectations are met.

- Strongly Disagree Neither Agree nor Disagree Strongly Agree
- Somewhat Disagree Somewhat Agree

How would you evaluate the value of your transaction?

- Value worth more
- Value worth equal
- Value worth less

What improvements would you like to see in the future?

Note: You can select more than one option

- Improved Seating Space
- Indication of nutritional value of items
- Increased variety of menu items
- More choices of healthier menu items
- Ethnic/Local food
- Increased number of service (for ex. Home delivery)
- Other_____