

Customer's Perceptions towards Service Quality and Influence of their Referrals for a Reputed Catering Company in Chennai

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Abstract

Cultures, clans, families, and the identity of some individuals are shaped by the foods they select and the ways they prepare and serve them. Food industries nowadays play a major role in choosing ways to prepare and serve them. The study was conducted in order to study the service quality perception, the influence of customer referrals boost sales volume to a great extent at a reputed Caterer in Chennai. Descriptive Research Design was applied and an undisguised structured questionnaire was used to collect primary data from the customers. . The outcome of the study would enable the catering organization to improve the service quality to suit the customer's expectation.

KEY WORDS: Service quality, Customer referrals, Catering

1.1INTRODUCTION:

Catering is the business of providing food service at a remote site or a site such as a hotel, public house or other location. A catering unit would be in charge for a successfully catered event. A successful catered event does not rest solely on the quality of the food served. The key is a combination of good planning, excellent service, quality food and stylish presentation. Catering is a multifaceted segment of the food service industry. There is a niche for all types of catering businesses within the segment of catering. Catering management may be defined as the task of planning, organizing, controlling and executing. Each activity influences the preparation and delivery of food, beverage, and related services at a competitive, yet profitable price. These activities work together to meet and exceed the customer's perception of value for his money.

The research aims to find the service perception about the caterer, customer referral and due to that sales volume has been to a great extent. However results suggest that advertisement will play a bigger role in order to find a bigger reach.

2. Review of Literature:

Zi Tang, 2014. Influencing Factors of Catering and Food Service Industry Based on Principal Component Analysis. Advance Journal of Food Science and Technology, 6(2): 191-197- Scientific analysis of influencing factors is of great importance for the healthy development of catering and food service industry. This study attempts to present a set of critical indicators for evaluating the contribution of influencing factors to catering and food service industry. The result showed that three principal components were extracted out of ten indicators, which can be synthesized respectively as comprehensive strength of catering and food service industry,

development of social and economy and residents' consumption willingness to catering services. **V. Kumar, J. Andrew Petersen, Robert P. Leone (2010) Driving Profitability by Encouraging Customer Referrals: Who, When, and How. Journal of Marketing: September 2010, Vol. 74, No. 5, pp. 1-17.** - Many firms are now using referral marketing campaigns to harness the power of word of mouth and to increase referrals to acquire new customers. Prior research has identified a method of computing the value of referrals using only a customer's actual past referral behavior to compute customer referral value (CRV). In this study, the authors develop and test a new approach to compute CRV and determined the behavioral drivers of CRV and then identify the most effective methods of targeting the most promising customers on the basis of their customer lifetime value (CLV) and CRV scores. They find that to maximize profitability, it is critical to manage customers in terms of both their CLV and CRV scores and that understanding the behavioral drivers of CRV can help managers better target the most profitable customers with their referral marketing campaigns.

Florian v. Wangenheim, Tomás Bayón, Journal of the Academy of Marketing Science, June 2007, Volume 35, Issue 2, pp 233-249. The chain from customer satisfaction via word-of-mouth referrals to new customer acquisition - word-of-mouth (WOM) can contribute significantly to a firm's success in a variety of ways. Here, we analyze the functional linkage between customer satisfaction, WOM, and new customer acquisition. Results indicate that the satisfaction-WOM link is non-linear and is moderated by several customer involvement dimensions.. **Francis A. Buttle Journal of Strategic Marketing, Volume 6, Issue 3, 1998, Word of mouth: understanding and managing referral marketing** - Marketing practitioners and theorists routinely cite the power of the personal referral on customer behaviour. However, relatively few companies have tried to harness the power of word of mouth (WOM). This study integrates that research into a contingency model and attempts to identify researchable gaps in our knowledge.

Nick Johns, Antony Howard, (1998) International Journal of Service Industry Management, Vol. 9 Iss: 3, pp.248 – 265, Customer expectations versus perceptions of service performance in the foodservice industry - This study examines qualitative and quantitative differences between service expectations and perceived performance in the foodservice industry, using the profile accumulation technique. The study demonstrates that it is possible to obtain and analyse customers' expectations and perceptions without making pre-assumptions about them, and will therefore be of interest to managers and marketers of restaurants and other services. **Julian Villanueva, Shijin Yoo, and Dominique M. Hanssens Journal of Marketing Research: February 2008, Vol. 45, No. 1, pp. 48-59. The Impact of Marketing-Induced Versus Word-of-Mouth Customer Acquisition on Customer Equity Growth**- Companies can acquire customers through costly but fast-acting marketing investments or through slower but cheaper word-of-mouth processes. Their long-term success depends critically on the contribution of each acquired customer to overall customer equity.

Albert Caruana, (2002), European Journal of Marketing, Vol. 36 Iss: 7/8, pp.811 – 828

Service loyalty: The effects of service quality and the mediating role of customer satisfaction - Service loyalty, with its final effect on repurchasing by customers,

appearsto have received relatively little attention. Results indicate that customer satisfaction does play a mediating role in the effect of service quality on service loyalty.**J. Joseph Cronin Jr , Michael K Brady, G. Tomas M Hult, Journal of Retailing, Volume 76(2) pp. 193–218, ISSN: 0022-4359, Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments-** The study synthesizes and builds on the efforts to conceptualize the effects of quality, satisfaction, and value on consumers’ behavioural intentions. findings are reported including the empirical verification that service quality, service value, and satisfaction may all be directly related to behavioural intentions when all of these variables are considered collectively. The results further suggest that the indirect effects of the service quality and value constructs enhanced their impact on behavioural intentions.**Steven A. Taylor, Richard Spreng, Linda Shi ,Advances in Consumer Research**Volume 32, © 2005 , **An assessment of the relationship between service quality and customer satisfaction in the formation of consumers' purchase intentions** - Service quality and customer satisfaction are widely recognized as key influences in the formation of consumers' purchase intentions in service environments. The study suggests that consumer satisfaction is best described as moderating the service quality/purchase intention relationship.

3. Hypothesis Formulated:

- There is no significant difference between the factors of Catering organization compared to that of their competitors.
- There is no significant difference between attributes which influences you to recommend the Caterers to your friends.
- There is significant difference between low pricing increasing orders and low pricing affecting quality.

4. Analysis and Interpretation:

CHI-SQUARE TEST:

- There is no significant difference between the factors of Catering organization compared to that of their competitors.

Factors	Very High	High	Medium	Very Low	Total	Oij
Price	28	114	90	30	262	26.2
Quality	16	93	40	65	214	21.4
Brand Image	4	60	58	70	192	19.2
Taste	128	87	82	18	315	31.5
Timeliness	0	51	82	62	195	19.5

Chi-square table:

26.2	21.4	19.2	66.8
31.5	19.5	-	51
57.7	40.9	19.2	117.8

Oij	Eij	(Oij-Eij) ²	{ (Oij-Eij) ² / Eij }
26.2	32.71	42.25	1.29
21.4	23.1	2.89	0.12
19.2	10.8	70.56	6.53
31.5	24.9	43.56	1.74
19.5	8.3	125.44	15.11
-	8.3	68.89	8.3
Chi – Square Value χ^2			33.09

Chi – Square Value $\chi^2 = 33.09$

Table Value: 5.991

Calculated Value Table Value
 33.09 < 5.991

- **Accept H₀:** There is no significant difference between the factors of Catering organization compared to that of their competitors.

kolmogrov – Smirov (KS) Calculations:

Factors	1	2	3	4	5	6	7	Total	Oij
Brand Image	105	48	100	96	30	30	28	437	15.6
Price	98	72	150	36	72	40	11	479	17.1
Quality	210	246	95	52	24	12	3	642	22.9
Customer Responsiveness	42	54	55	80	78	68	14	391	13.9
Time Management	49	96	55	124	39	52	16	431	15.3
Taste & Flavour	266	162	85	44	51	6	7	621	22.1
Ethical Values	70	42	70	64	54	62	24	386	13.7

$$G = \sum O_{ij} = 120.6$$

$$E_{ij} = \frac{\sum o_{ij}}{n}$$

$$= \frac{120.6}{7}$$

$$E_{ij} = 17.2$$

Oij	Cum.Oij	$P_i = \frac{\text{Cum.Oij}}{G}$	Eij	Cum.Eij	$P_i = \frac{\text{Cum.Oij}}{G}$	pi - qi
15.6	15.6	0.12	17.2	17.2	0.14	0.02
17.1	32.7	0.27	17.2	34.4	0.28	0.01
22.9	55.6	0.46	17.2	51.6	0.42	0.04
13.9	69.5	0.57	17.2	68.8	0.57	0
15.3	84.8	0.70	17.2	86	0.71	0.01
22.1	106.9	0.88	17.2	103.2	0.85	0.03
13.7	120.6	1	17.2	120.6	1	0

$$KS = \max \{ | pi - qi | \}$$

$$= 0.004$$

The table value of KS for n=5 and $\alpha = 0.05$ is 0.486

Calculated Value Table Value
 0.004 < 0.486

Accept H₀: There is no significant difference between attributes which influences you to recommend the Caterers to your friends.

Mann-Whitney U-test Calculations:

Low pricing increases order	31	39	36	4	10
Low pricing affects the quality of food	31	41	23	25	0

Low pricing increases order	31	39	36	4	10
Rank1	5.5	8	7	1	2
Low pricing affects the quality of food	31	41	23	25	0
Rank2	5.5	9	3	4	-

$$n_1 = 4$$

$$n_2 = 5$$

$$R_1 = 1 + 2 + 5.5 + 7 + 8 = 23.5$$

$$R_2 = 3 + 4 + 5.5 + 9 = 21.5$$

$$U_1 = n_1 n_2 + \frac{n_1(n_1 + 1)}{2} - R_1 \quad ; \quad U_1 = (5)(5) + 5 \frac{(5+1)}{2} - 23.5$$

$$U_1 = 16.5$$

$$U_2 = n_1 n_2 + \frac{n_2(n_2 + 1)}{2} - R_2 \quad ; \quad U_2 = (5)(5) + 5 \frac{(5+1)}{2} - 21.5$$

$$U_2 = 18.5$$

$$U = \min(U_1, U_2)$$

$$U = 18.5$$

$$\mu_u = \frac{n_1 n_2}{2} \quad \mu_u = \frac{(5)(5)}{2}$$

$$\mu_u = 12.5$$

$$\sigma_u = \sqrt{\frac{n_1 n_2 (n_1 + n_2 + 1)}{12}} \quad ; \quad = \sqrt{\frac{(5)(5)(5+5+1)}{12}}$$

$$\sigma_u = 4.78$$

$$|Z| = \frac{U - E(U)}{\sigma_u}$$

$$= \frac{18.5 - 12.5}{4.78}$$

$$|Z| = 1.2552$$

Level of significance $\alpha = 0.05$

Table Value = 1.96

Conclusion:

Calculated Value Table Value
 1.2552 < 1.96

Accept H0:

there is significant difference between low pricing increasing orders and low pricing affecting quality.

Weighted Average Method Calculations:

Factors	1	2	3	4	5
Low Quality	24	32	29	23	12
Poor Service	19	43	25	22	11
Bulk Booking	41	14	27	18	20
Less Ingredients	22	21	13	38	26
Few Workers	6	16	33	27	38

To calculate the factors that lead to low price among competitors.

$$W. A. M = \frac{[(n1 \times W1) + (n2 \times W2) + (n3 \times W3) + (n4 \times W4) + (n5 \times W6)]}{(n1 + n2 + n3 + n4 + n5)}$$

Benefits	1	2	3	4	5	Total	Weight average	Rank
Low Quality	120	128	87	46	12	393	26.2	3
Poor Service	95	172	75	44	11	397	26.4	2
Bulk Booking	205	56	81	36	20	398	27	1
Less Ingredients	110	84	39	76	26	335	22.3	4
Few Workers	30	64	99	54	38	285	19	5

The weights are given by respondents to find the factors which leads to low price among the competitors. The majority of respondents feel low price is due to bulk bookings and the least factor is due to few workers involved.

Interval Estimation Test:

Table shows the concern people have for food they eat at functions.

Attributes	No. of Respondents	Percentage
Yes	115	95.833
No	5	4.166
Total	120	100

$$p = 115/120$$

$$q = 5/120$$

$$\text{Interval Estimation: } p \pm Z_{\alpha/2} \frac{\sqrt{pq}}{n}$$

$$\text{CI} = 0.95 \pm (1.96) \sqrt{(0.95)(0.04)/120}$$

$$= 0.949, 0.950$$

$$\text{CI} = 94.9\% \text{ to } 95\%$$

It was observed that, with 50% of confidence level between 94.9% to 95% of customers are concerned about the food they eat at functions.

Conclusion:

The study reveals that the Catering Organization has a good reputation when compared to its competitors. Their service quality, excellent taste and ethics have built its customer base to a greater extent. It also reveals that Customer retention exists with the company because its customers are satisfied to a greater extent. The main form of advertising done is through word of mouth advertising. The brand image of the company has to be built to a greater extent through other marketing means.

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