SERVICE INNOVATION AND CUSTOMER SATISFACTION AND
CUSTOMERS’ BEHAVIOURAL INTENTIONS IN QUICK SERVICE
RESTAURANTS (QSRS): EVIDENCE FROM ABA, NIGERIA.

*EKEKE, JOHN .NDUBUEZE.†
UBOEGBULAM, GIDEON CHUKWUNWEM‡

† Department of Hospitality Management & Tourism,
Faculty of Management Sciences, University of Port Harcourt, Choba, Rivers State, Nigeria.
‡ Author for correspondence Email: john.ekke@uniport.edu.ng ORCID ID: orcid.org/0000-0002-9067-3780.

Abstract:
The study examined the direct effect of service innovation on customer satisfaction and two behavioural intentions of customers in upscale Quick Service Restaurants (QSRS) in the commercial city of Aba, Abia State, Nigeria. The study adopted a descriptive survey research design which generated data from 150 customers who were found dining in the QSRS during the survey. A well-structured questionnaire with 13 scale items, with four demographic items was utilised to generate primary data. The result from the inferential analysis which used SPSS showed service innovation had positive significant effect on customer satisfaction and the two measures of customers’ behavioural intentions (repurchase intention and word of mouth communication) towards the upscale QSRS in the commercial city of Aba, Nigeria. Owners and managers of upscale QSRS in the hospitality industry are expected to build capabilities in service innovativeness based on the needs and expectations of their target market.

Keywords: Service Innovation. Customer Satisfaction. Innovativeness. Repurchase Intention. Word of Mouth Communications.

INTRODUCTION

The service industry accounts for a little above 70 percent of global Domestic Gross Product (Grzínič, 2007). Consequently, the world has become a service based economy which is argued to be occasioned by economic growth and advanced standard of living (Lee, Olson, & Trimi, (2012). The apparent implication is that service organizations are involved in intensive competition for the loyalty of customers especially in the hospitality and tourism industries.

In Nigeria, the Quick Service Restaurant (herein_QSR) has proven to be one of the fastest growing businesses in the country as well as being very lucrative. Many entrepreneurs adopt franchising as a business entry strategy to enter and expand the business. The Association of Fast Food and Confectioners of Nigeria (AFFCON) placed the worth of the QSR at over a trillion naira in 2016. Growing urban population (over 200 million), busy lifestyle of the people, growing urbanisation, and the rising profile of the mid-income group accounts for the growth of the QSR in Nigeria (Alex-Adedipe, 2020).

Several brands of QSR in Nigeria: Tantaliser, Mr Biggs, Chicken Republic, Genesis, Kilanmanjero, Sammies’, etc., are involved in intensive competition. To achieve competitive advantage in this regard, owners/managers of QSR are expected to adopt only those marketing strategies that are capable of satisfying the customers and engender positive behavioural intentions such as repurchase intention, brand loyalty and positive word of mouth communication. The essence is to position the QSR brand with appropriate blend the marketing mix elements in order to deliver experiential value to their target market. The ability to capture value in return from both current and potential customers is dependent on the delivery of memorable experience to customers (Kotler & Armstrong 2010; Schmitt, 1999; Pine, & Gilmore, 1998; Brakus, Schmitt, & Zarantonello, 2009).

For a typical QSR using a product-service mix as the principal marketing mix element for positioning requires the crafting of appropriate service innovation strategy. Such service improvement should be capable of promoting memorable dining experiences so as to enhance the level of tourist/visitor/customer satisfaction and consequently induce customer behavioural intentions such as positive word of mouth communication and revisit intentions (Liat, Nikhashemi & Dent, 2020; Mahmoud, Hinson & Amin 2017; Senbabaoglu, 2017; Igwe & Kalu 2017). The attributes of a QSR that could enhance satisfaction and behavioural intentions is bundled into DINESERV factors (convenience, food quality, price and value, atmospherics, and service quality) as proposed by Stevens, Knutson, and Patton, (1995).
In extant literature, the effect of service innovation on consumers’ behavioural responses have been studied in various market contexts such as destination in Malaysia (Liat, et al, 2020), telecommunications in Ghana (Mahmoud, et al 2017), shopping sites in Turkey (Senbabaoglu, 2017) and hotels in Nigeria (Igwe & Kalu 2017). There seems to be lack of empirical evidence that paid attention to service innovation in a restaurant context. This current study is an attempt to close this gap in literature. Accordingly therefore, this current study is designed to investigate the effect of service innovation on customer satisfaction and customers’ behavioural intentions in the context of QSRs operating in Aba, Nigeria.

Theoretical Foundations

Means-End Theory

The marketing managers of service brands are conscious of their customers’ expectations that changes with the trend of events in the society. They are also aware that even when a new approach towards service delivery is adopted, the consumers will remain the final and ultimate arbiters. This current study is anchored on the Means-End Theory (MET) because consumers as goal-oriented decision-makers will normally select consumption actions that seem most likely to yield a more desirable end for them. The implication being that an innovative service delivery process by a QSR the delights the target market will be attractive to diners. This explain why Olson and Reynolds (2001, p.3) noted that, MET is based on the fact that, “decision makers choose courses of action (including behaviours such as purchase of particular brands) that seem most likely to achieve important outcomes” as its basic foundation.

Conceptual Review

Service Innovation

Innovativeness serves as a basic tool of firm strategy used in developing new and enhancing existing process, products, and services with the purpose of penetrating markets, and expand market share. Service innovation is a value creating activity (Slater &Narver, 1995) because it involves the adaptations of existing services or newly launched services, and adjust or evolve the processes to deliver and maintain these services (like improved service delivery rates), to meet the customer’s needs with the goal to influence the customers perceived value of the offering (Mahmoud, et al 2017, p. ….)

Kandampully and Duddy, (1999) argues that innovating services by service providers, is what enhances the company’s competitive advantage as innovativeness enables them to meet the needs of their present and future customer’s needs and thus adds to their customers’ perceived value. What service innovation does is to transform the state of customers. Rust and Kannan (2003) posit that firm innovativeness is aimed at increasing the level of customer experience which enhances the satisfaction of the customer and consequently leads to higher profits. Wang and Yen (2012) found in a study that innovativeness and performance among Taiwanese small and medium enterprises SMEs in China are positively related. In the view of Idowu (2013) innovativeness drives and promotes new products process, which may result in increased customer patronage and loyalty.

In extant literature, several empirical studies have been carried out to examine the relationship between service innovation and customer satisfaction on one hand and customers’ behavioural responses in on the other in various market contexts of the global economy (Kanwal, and Yousaf, 2019; Mahmoud, et al 2017; Senbabaoglu, 2017; Igwe & Lalu 2017)

Customer Satisfaction

Customer satisfaction is the most important concept to academics (authors), marketers and consumers. For the marketers, Nemati, Khan, and Iftikhar, (2010, p.300) observed that they are interested in customer satisfaction because it helps them to evaluate, “how much a product or service supplied by company has been able to satisfy or please the customer”. To buttress this viewpoint, He, Li and Harris (2012) noted that anytime brand’s performance meets the expectations of the consumer, they easily become satisfied. This explain why Tse and Wilton (1988, p. 204) defined the concept of customer satisfaction as “consumer’s response to the evaluation of the perceived discrepancy between prior expectation and the actual performance of the product as perceived after its consumption”. In their own contribution, Anderson, Fornell and Lehman (1994) claim that when a firm meets the expectations of customers through their offerings, they will be satisfied with the consequence of repeat patronage and enhanced profitability.

Oliver (1997) is of the view that the concept of customer satisfaction describes the customers’ state of fulfillment from consumption which they consider pleasurable. Cronin, Jr., Brady and Hult (2000), provided the factors that play critical role in consumer buying and behavioural intentions to include: quality (product quality and service quality), service value and satisfaction. In the context of restaurants, Stevens, et al, (1995) noted that, even though marketers cannot ascertain correctly whether satisfied customers will revisit a restaurant for repeat patronage, there is almost a near certainty (90 %) that those customers that are dissatisfied will not come back to the restaurant for repeat patronage. Consequently, ensuring customers are satisfied through appropriate mix of service marketing mix elements becomes the primary responsibility of restaurateurs

Customers’ Behavioural Intentions

Customer behavioural intentions describe the responses of customers towards brands in the marketplace. It should be emphasised that such consumer response which is towards their market offerings could be either favourable/unfavourable and positive/negative (Zeithaml, Berry, & Parasuraman, 1996; Ladhari, 2009). The general
view in extant literature, tend suggest that behavioural intentions are principal indicators used in determining whether a current customer will like to remain with a particular brand/organization or brands witch (Alexandris, Zahariadis, Tsrbatzoudis, & Grouios, 2004; Kang, James, & Alexandris, 2002). From the foregoing customer behavioural intentions could be described as behavioural activities of consumers in the area of promoting the brand, repurchase of the service/product, complaints and price point’s comparisons (Jhamb, Mittal & Sharma, (2020, p.363).

Zeithaml et al (1996) and Cronin and Taylor (1992) categorised customer behavioural intentions into four principal dimensions: purchase intention, word-of-mouth communications, price sensitivity, and complaining behaviour of consumers. The measures of customers’ behavioural intentions use for this current study are repurchase intention, and positive word of mouth communication in the context of a QSR.

**Repurchase Intention:** This represents the behavioural intention of customers to repurchase a particular brand (Hellier, Geursen, Carr, & Rickard, 2003; Ebrahim, Ghoneim, Irani, & Fan, 2016). Young, Clark, and McIntyre (2007, p.92) defined the concept as “the likelihood that a current customer of a restaurant expects to return in the future for a dining experience”. In practice marketers develop a relationship with repeat customers. In the banking industry customer relationship managers are assigned to high net worth customers with a view to maintaining the customers to avoid brand switching. Return customers are considered very important in an organisation because they represent a sign that the customer is satisfied with the products/services of the brand and it is determined by several factors. It is therefore considered as one of the most valuable behavioural outcome of customers in the marketplace by marketers (Pharm & Train, 2014).

**Word of Mouth Communication (WOMC):** Word of mouth communication is defined by Sen and Lerman (2007, p.77) as “a face to face conversation between consumers about a product or service experience”. Its unique characteristics are: independent nature of the source, face to face conversation, essentially private, and conversation between two parties that constitute the source of the information and the receiver (Gilly, Graham, Wolfinbarger & Yale, 1998). Buttner and Goritz (2008) observed that those who are involved (source and the receiver) in WOMC are usually acquaintances, friends or relatives. The credibility of WOMC is higher than firm-generated information due to the fact that the source does not have any commercial interest in the message.

**EMPIRICAL REVIEW AND HYPOTHESES DEVELOPMENT**

Kanwal, and Yousa (2019) appraised the linkage between service innovation (SI), customer value creation (CVC), and customer satisfaction (CS) with brand equity moderating the relationship in the context of Pakistani banking sector. In addition, the study evaluates the moderating role of brand equity (BE) fit between SI and CS. The survey used a sample size of 250 customers patronising commercial banks in Pakistan. The statistical results revealed that CVC mediates the relationship between SI and CS which implies that SI is expected to create value for their customers in order to enhance CS. Brand equity was also found to have a partial positive moderation effect on the relationship between SI and CS.

In the context of Ghanaian telecommunication market Mahmoud, et al (2017) investigated the relationships amongst service innovation, customer value creation (CVC) and customer satisfaction (CS). The research design adopted for the study was the positivist philosophical approach together with a quantitative data analysis technique, using a sample 510 registered adult customers who make use of at least one telecommunication network in Ghana. The study findings showed that a service firm’s ability to achieve CS is dependent on how telecommunication operators deploy and harness their service innovation activities. Also, CVC mediated the relationship between service innovation and CS. The implication of the finding stipulates that to enhance customer satisfaction, service innovation must create value for customers.

In the context of online shopping sites in Turkey, Senbabaoglu, (2017) investigated the effect of service innovativeness on multiple constructs of overall service quality, customer loyalty and perceived customer value. The findings showed that website service innovativeness had positive effect customers’ behavioural intentions in terms of perceived overall service quality, customer loyalty, and perceived customer value.

Igwe and Kalu (2017) in the hotel context of Port Harcourt examined the effect of service innovativeness and customer satisfaction of four-star hotels in Rivers State. The findings showed that service innovativeness has a strong and positive effect on customer satisfaction. As argued by Igwe and Kalu (2017) service Innovativeness as demonstrated in service process and service outcome is a proven marketing tool for satisfying customers by service provider in the hospitality industry.

Based on the foregoing, we hypothesise that.

**H1:** Service innovation significantly affects customer satisfaction in upscale QSRs in Aba, Abia State, Nigeria.

**H2:** Service innovation significantly affects repurchase intention in upscale QSRs in Aba, Abia State, Nigeria.

**H3:** Service innovation significantly affects word of mouth communication in upscale QSRs in Aba, Abia State, Nigeria.
RESEARCH METHODOLOGY

Research design: Survey descriptive design was adopted for this current study. The idea behind the choice stems from the fact that the study required the collection of data which bothers on the respondents’ attitude, preferences, behavioural responses as well as their perception of upscale QSRs brands in terms of service innovation and its consequences.

Sample and data collection: The current customers of four upscale QSRs operating at the commercial city of Aba in Abia State constituted the population for this current study. Freund and William’s formula for sample size determination for large and unknown population was used to determine the sample size of 150 customers. Those who participated in the survey were the current customers of the four QSRs that were found dining at the various upscale QSRs at the time of questionnaire administration. A convenience sampling technique was adopted to gather data using a 13 item well-structured questionnaire. Out of the 150 questionnaires distributed only 103 were found useful and consequently used for data analysis.

Demographic Profile of Respondents: The analysis of the respondents’ profile showed the following: Gender distribution: 60 respondents (58.3%) were male and 43 respondents (41.7%) were female; Age brackets distribution, 6 respondents (5.8%) <20 years were, 33 respondents (32%) were between 20-29 years, 44 respondents (42.7%) were between 30–38 years, 20 respondents (19.5%) were > 39 years. Those within the age bracket of 30-38 were in the majority. Level of education, were as follows; only 2 (1.95%) had first school leaving certificate, 61 (59.2%) had senior secondary school certificate (SSCE/GCE) while 38 (36.9%), had Higher National Diploma and Bachelor degree (HND/B.SC), only 2 (1.95%) had MA/MSC/MBA and PhD (0%). Secondary school certificate were of the majority. Length of years of patronage: less than 2 years were; 34 (33.00%), 2-4 years were 45 (43.69%), 5-8 years, 17 (16.51%), 9 years and above had 7 (6.8%). Those who patronised the QSRs between 2 and 4 years were in the majority with the implication that their responses proved to be very good.

Measurement Instrument and Questionnaire design

A well-structured questionnaire was used as the major instrument for data collection, while the measurement items were measured with a five-point Likert-type scale anchored by: Strongly Disagree [SD](1). Disagree [D](2), Agree [A](3), Agree fairly strongly(4) and Strongly Agree [SA](5). The sources of all the items were from extant literature. Service innovation was measured using items adapted from Fan, Chen, & Miao, (2018). Customer satisfaction items were three and modeled after Oliver 1980, while customers’ behavioural intentions (repurchase intention(4 items) and customers’ word of mouth communication(3 items)) were adapted from Jiang, Yang, and Jun (2012) and Ryu, Lee, and Kim, (2012) respectively.

RESEARCH RESULTS

Reliability Analysis

<table>
<thead>
<tr>
<th>Table 1 Reliability Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach's Alpha</td>
</tr>
<tr>
<td>.993</td>
</tr>
</tbody>
</table>

The reliability test for the research instrument was conducted with the result of a Cronbach Alpha of .993. The result as contained in Table 1 has ascertained the reliability of the research instrument because the value is above the threshold of .7 as suggested by Nunnally and Bernstein (1994). Consequently, the research instrument can be said to be internally consistent and therefore useful in measuring opinions of customers of upscale QSRs concerning the effect of service innovation on customer satisfaction and customers’ behavioural intentions.

Discriminant Validity

<table>
<thead>
<tr>
<th>Table 2 Correlation Matrix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Innovation</td>
</tr>
<tr>
<td>Service Innovation</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
</tr>
<tr>
<td>Repurchase Intention</td>
</tr>
<tr>
<td>Word of Mouth</td>
</tr>
</tbody>
</table>

Table 3 above represents the output for correlation matrix which is used for the confirmation of discriminant validity. Hair Jr, Black, Babin, and Anderson, (2010, p.126) posit that discriminant validity is the “the degree to which two conceptually similar concepts are distinct”. Fornell and Laiker (1981) proposed that discriminant validity can be determined through a correlation matrix only if the diagonal elements are higher than all the off-diagonal elements in their columns and rows. In line with this standard, the correlation matrix satisfies this condition and therefore confirming the discriminant validity of the measurement instrument.
### Sampling Adequacy

#### Table 3 KMO and Bartlett's Test

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>.814</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td>725.733</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>6</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

The result of the Exploratory Factor Analysis (EFA) performed on 13 exploratory items of determinants of the consequences of service innovation is presented in Table 3. From the Table KMO measure of sampling adequacy is .814 and it greater than the minimum level (0.5) as suggested by Kasser (as cited in Wong & Musa 2010, p. 3417), while the Bartlett’s Test result shows that Bartlett’s test of sphericity is significant at pv=.000.

### Data Analyses and hypotheses testing

To ascertain the effect of service innovation on customer satisfaction and customers’ behavioural intentions, the hypothesized relationships were subjected to statistical analysis using simple regression analysis.

#### Testing of hypotheses 1, 2 and 3

**Decision Rule**

- If $PV < 0.05$ = Hypothesis is supported
- If $PV > 0.05$ = Hypothesis is not supported

**Hypothesis one**

Table 4 describes the summary of the simple regression analysis showing the effect of service innovation on customer satisfaction

**Table 4. The simple regression analysis for the influence of service innovation on customer satisfaction.**

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Independent Variable</th>
<th>Beta(β)</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>Service Innovation</td>
<td>.900</td>
<td>20.768</td>
<td>0.00**</td>
</tr>
</tbody>
</table>

**Notes:** $P \leq 0.05; R=.900; R^2=.810; Adjusted R^2=.808; F=431.319; P=0.000$

From the Table, the following results are shown: un-standardized beta ($β$) of service innovation ($β = 0.900$), adjusted $R^2 = 0.808$, $F = 431.319$ and $p=.000< 0.05$. This specifies that service innovation explains 81.0% variation in customer satisfaction in QSRs in Aba, Abia State, Nigeria. The outcome of analysis show that service innovation had positive significant effect on customer satisfaction to the QSRs ($β = 0.900, p=0.000 < 0.05$). Hypothesis one was therefore supported.

**Hypothesis two**

Table 5 provides summary of the simple linear regression analysis indicating the effect of service innovation on customers’ repurchase intentions

**Table 5. The regression analysis for the influence of brand personality on brand satisfaction**

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Independent Variable</th>
<th>Beta(β)</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchase Intention</td>
<td>Product Innovation</td>
<td>.983</td>
<td>54.310</td>
<td>0.00**</td>
</tr>
</tbody>
</table>

**Notes:** $P \leq 0.05; R=.983; R^2=.967; Adjusted R^2=.967; F=2949.597; P=0.000$

Table 5 above indicates the following statistical results; standardized beta ($β$) of service innovation ($β = 0.983$), adjusted $R^2 = 0.967$, $F = 2949.597$ & $p=.000< 0.05$. This shows that service innovation explains 96.7% variation in repurchase intentions of customers in QSRs in a Aba, Abia State, Nigeria.

The statistical results show that service innovation had positive significant effect on repurchase intentions of customers to the QSRs ($β = 0.983, p=0.000 < 0.05$). Hypothesis two is thus supported.

**Hypothesis three**

Table 6 indicates the summary of the simple linear regression analysis showing the effect of service innovation on word of mouth communication.

**Table 6. The simple regression analysis for the influence of service innovation on word of mouth communication.**

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Independent Variable</th>
<th>Beta(β)</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Word of Mouth Communication</td>
<td>Service Innovation</td>
<td>.890</td>
<td>19.658</td>
<td>0.00**</td>
</tr>
</tbody>
</table>

**Notes:** $P \leq 0.05; R=.890; R^2=.793; Adjusted R^2=.791; F=386.454; P=0.000$

From Table 6 above, the following statistical results are shown; standardized beta ($β$) of service innovation ($β = 0.890$), adjusted $R^2 = 0.793$, $F = 386.454$ & $p=.000< 0.05$. The value of $R^2$squared (0.793) specifies that service innovation explains 79.3% variation in customers’ word of mouth communication in QSRs in Aba, Abia State,
Nigeria. The outcome of the statistical analysis show that service innovation had positive significant effect on word of mouth communication of customers to the QSRs \((\beta = 0.890, p=0.000 < 0.05)\). Therefore, hypothesis three is supported.

From the foregoing, all the hypotheses (H1, H2, & H3) were all supported.

**DISCUSSION OF RESULTS**

The statistical analysis used in testing **Hypothesis 1** indicates a positive significant effect of service innovation on customer satisfaction to the QSRs \((\beta = 0.900, p=0.000 < 0.05)\). This shows that H1 is supported. This finding is consistent with the findings of Igwe and Kalu (2017), Senbabaoglu (2017), Mahoud, et al (2017) and Kanwal and Yousaf (2019)

**Hypothesis 2** posited a significant effect of service innovation on repurchase intentions of customers to the QSRs. With \(\beta = 0.983, p=0.000 < 0.05\), the effect is deemed significant. This result is consistent with the prediction of H2 and is therefore supported. Thus, a higher level of service innovation in terms of new improved methods of service provided by QSRs the higher the propensity by customers to return to the QSRs repeatedly for patronage. This finding is consistent with the findings of Senbabaoglu (2017).

**Hypothesis 3** posited a significant effect of service innovation on customers’ word of mouth communication to the QSRs. With \(\beta = 0.890, p=0.000< 0.05\), the effect is considered significant and therefore consistent with the prediction of H3, the hypothesis is therefore supported. Thus, a higher level of service innovation in terms of new improved way of service delivery by the QSRs is associated with a high propensityby customers to recommend the QSRs to their acquaintances. This finding is consistent with the findings of Senbabaoglu (2017).

**CONCLUSION AND IMPLICATIONS**

This current study investigated the effect of service innovation on customer satisfaction and customers’ behavioural intentions (repurchase intentions and word of mouth communication) at QSRs in the hospitality industry in the commercial city of Aba, Abia State, Nigeria. The statistical results supported the three research hypotheses positively and significantly. The fact that service innovation in QSRs explain up to 81.0 % in customer satisfaction, 98.3 % in customers’ repurchase intention and 79.3 % in customers’ word of mouth communication indicates a very important outcome of the study. The reasons for the robust results may not be far-fetched, as it could be ascribed to the fact that an average customer who patronise a QSR will feel satisfied when the service delivery is a touch of class and possibly with frequent improved versions of service delivery in a QSR.

The research effort could therefore be concluded by stating that this research outcome indicates that service innovation in terms of new improved ways of service delivery is an important determinant of customer satisfaction and customers’ behavioural intentions (revisiting the QSRs for re-patronage, and influencing acquaintances through positive word of mouth communication). The implication of the study calls for owners and managers of QSRs to build improved and innovative service delivery capability based on the attributes of their target market.

**LIMITATIONS AND FUTURE RESEARCH**

Despite how useful the research findings prove to be, it is still limited in some areas. Data for the study was collected from a cross section of Nigerians who patronised many brands of QSRs in the commercial city of Aba in Abia State, Nigeria. The quest to generalize the outcome of this study could be achieved if it is replicated in many cities in Nigeria and ensure nationals of many nations are involved as respondents.

**REFERENCES**


