CAN CUSTOMER RELATIONS EDIFY THE PURCHASE INTENTIONS? AN ASSESSMENT WITH SERVICE QUALITY IN RESTAURANT

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ABSTRACT

The paper intends to determine the role of Customer Relationship Management (CRM) practices on Consumer Buying Intentions with association of Service Quality in Pakistan. In this quantitative study, online questionnaire survey (n=160) was collected through "GOOGLE Forms" from people visiting restaurants in Pakistan by random sampling. The Value Discipline Model and ServQual Model were theoretical underpinning. The Validated scales were adopted and adapted for all constructs. The AMOS 20 and IBM SPSS 20 were used to apply Structural Equation Modeling (SEM). Customer Relationship Management activities (B=0.37) and Service Quality (r=0.35) positively affected on customer buying or purchase intentions. The study provided a sound understanding about the importance and strategic role of customer relations in Pakistan, which lead to a research platform for future researches. Moreover, the study can be replicated in cross- cultural context for better results.

INTRODUCTION

Customer Relationship Management (CRM) played noteworthy part while structuring , organizing and establishing strong and robust brands (Kim *et al*., 2016). In developed countries there have been enough literature regarding, strategic role of Customer Relationship Management (CRM) in service industries especially hospitality industry. But there is also need to understand CRM strategies practicing in developing country especially in Pakistan, where there is lack of study available. Many restaurants have changed their look along with the variations in consumer lifestyle to strengthen their brand, in that way they emphasize their attractiveness, competitiveness and effectiveness as well as better recognizable (Kim and Kim, 2005). In service base business wherein, customers/consumers are fundamental, restaurant customers gauge different points of expectations based on their direct/indirect experiences, prior knowledge, and temperament. Equally if overall nutrition, food or service value is better and consumers are fulfilled, and may shift to alternative brands (Park and Jang, 2014). The robust growth has been observed through promotional expenses as per business environment of chain restaurants converts ever more modest (Hyun *et al.,* 2011). Firms are currently became a chunk of connections and interactions with customers also improve individuals' commitment over the co-creation of the value. "Value co-creation, the joint creation of value between a company and its customers finds particular significance in the tourism and hospitality context given its inherent nature as a potentially proactive service provider" (Diffley *et al*., 2018).

Thus, this study has been designed to focus on research agenda of enhancing services of restaurants along with variation of Customer lifestyle defined by (Kim and Kim, 2005), service quality impacts on customer satisfaction (Park and Jang, 2014) and co-creation value of customers given by (Diffley *et al*., 2018), in dimensions of developing countries *i.e.* Pakistani business environment. Thus, this study has been designed to focus on research agenda of enhancing services of restaurants along with variation of Customer lifestyle defined by (Kim and Kim, 2005), service quality impacts on customer satisfaction (Park and Jang 2014) and co-creation value of customers given by (Diffley *et al.,* 2018) in dimensions of developing countries i.e. Pakistani business environment. Globally, businesses spending excess of $12 million per annum, at Customer relationship management towards knowing the target customers along with selling to consumers at numerous relationship levels with them (Zhang *et al*., 2016). So, the targeted CRM campaigns increases 35% usage of particular product or services among the targeted customers and 10% rise while practicing those who aren't directed (Ascarza *et al*., 2017). (Kanaracus, 2012) stated In 2012 the world wide CRM revenue has been grown 12.5 percent to $18 billion.

The past literature based on the context of developed countries has depicted a robust and a

firm/strong customer relation bring advantageous facts (Verhoef *et al*., 2002), CRM has been gauge in consumers fulfillment, their belief and their loyalty with the brand (Yim *et al*., 2008), Service quality (Yang and Chao, 2017), determining organization performance through customer orientation, CRM organization, knowledge management, and technology based CRM (Abdul *et al*., 2013). The paper focuses on strategic role of customer relationship management (CRM) in Pakistani business environment, and its influence on the re-purchase customer's intentions and also to determine the general understanding of CRM and Service quality of people visiting restaurants in Pakistan.

Growth rate of services sectors in Pakistan is 6.43 % in last two years, whereas, large scale manufacturing has observed 6.13% which is higher in last ten years (EOP, 2017-18). The contribution of services and manufacturing sectors in GDP growth rate of Pakistan observed as 3.85% and 0.84%, respectively (EOP, 2017-18). However, the fast food industry is considered as 2nd largest industry of Pakistan and people are food loving, admiring new things offered to them this might be a reason that international restaurants are motivated to run their operations in Pakistan (Memon, 2016). It also comes under the umbrella of service-based business wherein customer relations are the core of success. The business state in Pakistan also fluctuates where sometimes it's shifting after bad to worse but quiet have an additional space as well as tractability and flexibility for quick manufactured food businesses. The people residing in Pakistan likes to eat as well as they do appreciate newly developed things that are being presented or offered them and that's the core purpose that numerous worldwide brand stays enthusiastic towards opening franchises in Pakistan also have established channels in main cities, capital of Pakistan e.g. Hardees, KFC & McDonalds that are few of the famous successful fast food chains in Pakistan (Memon, 2016). Therefore the aim of study is to determine the influence of Customer Relationship Management (CRM) on customers' purchase/buying intentions along with the association of Service quality on customer retention.

Presently, this area is under researched in Pakistan. There is lack of study available that has found to explore the effect of customer relationship management along with Service quality and its impact on consumer buying intentions in Pakistani business context. Therefore, the present study would be helpful for the researchers in Pakistan to answer the long standing question of how the managing relationships with the customer can be able to enhance overall business strategies and how organizations through these strategies could attain the level of customer retention. The study also provides better insights for Pakistani marketers, practitioners and managers to develop strategies, designing policies and also to implement them in competitive business environment for better results.

There is an aggressive competition in restaurants' business and retention of existing consumers and are dynamic foundation for continuous modest improvements and benefits above other industries (Jung and Yoon, 2012). Many restaurants have changed their look along with the variations in consumer lifestyle to strengthen their brand, in that way they emphasize on their keenness and better identified (Kim and Kim, 2005). In service base business wherein, customers/consumers are fundamental, restaurant customers gauge different points of expectations (Park and Jang, 2014). The robust growth has been observed through promotion overheads by means of business environment of chain restaurants become ever more modest (Hyun *et al*., 2011). The relationship marketing (RM) is a set of approaches which objective is to develop and maintain durable and mutually profitable relationships with customers (Wes, 2015). To increase customer fulfillment and improve effectiveness, lodging houses must emphasis while executing, a CRM approach that intends to find, collect and accumulate the correct evidences and share that info through the whole business, then utilize that at different administrative ranks to develop modified, exceptional experience of customers (Sigala and Connolly, 2004; Olsen & Connolly, 2000; Sigala, 2005). SERVQUAL delivers an expertise for gauging and handling service quality (SQ). SERVQUAL Model appears to be a valuable means aimed at evaluate physical activities programs with regard to contributors' satisfaction, through SERVQUAL fundamental dimensions to analyze its core reliability and its structures in these sort of situations (Santos *et al*., 2015).

The consumers' expectations have an associated part among pre-buying and post-purchase stages. Hope and expectations are used as performance assessment standards with expectations,

So, by considering above this study will discuss the role and importance of Customer Relationship on Consumer Purchase/ Buying intentions and the impact of service quality on customer purchase/buying intentions (Kim, *et al*., 2009).

H1: There is a strong relationship between CRM and Customer Buying intention.

H2: Service Quality has strong impact on Customer Purchase/Buying intentions.
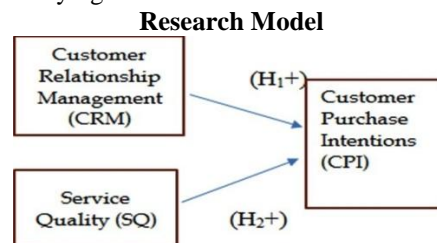
Research Model

Figure-01. Model of Impact of CRM on SQ and CPI

MATERIAL AND METHODS

As per requirement of the study post-positivism research paradigm approach has been adopted for the study. The online survey through google forms, as well as physical survey was conducted in this quantitative study. Both of the survey techniques were adopted for the study in order to get maximum, reliable and valid result so that it would easily be generalized. Convenient Sampling Technique has been adopted to collect data from the population associated with restaurants especially the fast food restaurants in Pakistan. Convenient Sampling Technique has been adopted to collect data. The Contrived and cross-sectional responses' opinion, gather information from the respondents of the study. Few responses (n=100) were rejected on the basis of incompleteness. Thus, 160 responses were used for further statistical analysis. The Sample size is appropriate for SEM would be applied for more than 150 (Hair *et al.*, 2010). There were total 160 female and 90 male respondents. The responses rate of female is 59.4% whereas, male is 40%, out of them 45% respondents belongs to age between 20-30 years, 45% respondents belongs to age between 31-40 years, 10% respondents belongs to age between More than 40 Years. The survey questionnaire was measured through three constructs i.e. Customer Relationship Management, Service Quality obtained from SERVIQUAL Model and Customer Purchase/Buying intentions. The Construct CRM measured from seven items has been adapted (Liao and Chuang, 2004). Second Construct, Service Quality adopted through SERVIQUAL Model defined by (Parasuraman *et al.*, 1985). Both of mentioned construct has been taken as independent whereas, consumer purchase/buying intentions measured by three items (Cyr *et al.*, 2009; Kim *et al.*, 2009). All the items used five points Likert Scale where 1= strongly disagree to 5= strongly Agree.

RESULTS & DISCUSSION

Table-01. exhibit demographic data for 160 respondents including 40% male and 59.4% female. 88.1% of the respondents comprises between age limit of 20 to 30 years out of them 45% are students that means that fast food restaurants target young segment of the social order. Wherein, 65% having income level in between 25000-50000 and 28.1% of the participant of study preferred McDonald.

Measurement Model: The measurement model was evaluated by using confirmatory factor analysis (CFA), and hypothesized structural equation models were verified through AMOS 20.0 statistical tool. Numerous fit directories used to evaluate model fit, a comparative fit index (CFI), Tucker-Lewis index (TLI), and incremental fix index (IFI). Values of 0.90 or higher and a root mean square error of approximation (RMSEA) values of 0.08 or less were used as pointers of a good model fit (Anderson and Gerbing 1988; Hair *et al.*, 2006). The result from the measurement model shows a good fit to the data: χ^2/ Degrees of freedom = 149, p<0.5, IFI= 0.898, TLI= 0.882, CFI=0.897 which is approximately good. Where the CRM has positively regressive (0.37) over dependent variable Consumer Purchase/Buying intentions, similarly, Service Quality also has positively regressive (0.35) on consumer purchase/buying intentions. The composite reliability of each construct outdid the 0.7 edge suggested by (Hair *et al.*, 1998), these shows reasonable concept consistency.

Table-01: Demographic information of respondents.

Age	Frequency	Percent
Between 20 to 30 Years	141	88.1
Between 31 to 40 Years	13	8.1
More than 50 Years	4	2.5
Total	160	100.0
Gender		
Male	64	40.0
Female	95	59.4
Total	160	100.0
Favorite Fast Food Chain		
KFC	17	10.6
McDonald	45	28.1
Hardees	22	13.8
Pizza Hut	16	10.0
Burger King	5	3.1
Domino's	11	6.9
Other	43	26.9
Total	160	100.0
Occupation		
Public Employed	27	16.9
Private Employed	39	24.4
Self-Employed	14	8.8
Student	73	45.6
Unemployed	4	2.5
Total	160	100.0
Income Level		
25,000-50,000	104	65.0
51,000-75,000	23	14.4
76,000-100,000	11	6.9
More than 100,000	18	11.3
Total	160	100.0

Testing Structural Modeling: Afterwards recognizing a good measurement model, the associations between pragmatic and dormant constructs, were evaluated by SEM. The outcomes of extreme probability approximation presented a good fit to data i.e. χ^2 / Degrees of freedom = 149, p<0.5, IFI= 0.898, TLI= 0.882, CFI=0.897. As per Table-03. an investigation of

path estimations exposed that customer relationship management (CRM) and service quality (SQ) had significant direct effects on customer buying intentions (CPI) supporting H1 and H2. These findings indicate that CRM and SQ has direct and significant relationship.

Table-02: CFA Items and their loadings.

CRM	Standardized Loading
The Environment is being friendly and helpful to customers.	1.21
The Management is Approaching customers quickly.	0.98
The Staff is Asking good questions and listening to find out what a customer wants.	0.83
Restaurant is Being able to help customers when needed.	0.76
Restaurant is pointing out and relating products/services features to a customer's needs.	0.63
Restaurant is Suggesting products/services, customers might like but didn't think of.	0.67
Restaurant is Explaining the products/services features and benefits to overcome a customer/s objections	0.90
Service Quality	
The Restaurant has up-to-date equipment.	0.87
Physical facilities are visually appealing.	0.95
The Management often produce new services, methods or procedures.	0.87
The Employees are well dressed and appear neat	0.87
When the Restaurants promises to do something by a certain time, it does so.	0.78
When you have problems, The Management is sympathetic and reassuring.	1.00
The Management is dependable.	0.85
The Management provides its, services at the time it promises to do so.	0.73
You can trust employees.	0.83
Customer Purchase Intentions	
I am likely to purchase the products(s) from my favorite restaurant/s.	0.75
I am likely to recommend this Restaurant to my friends.	0.84
I am likely to make another purchase from this restaurant if I needed the product/ services that I will buy.	0.91

Table-03: Standardized Parameters

Hypothesis:	Path Direction	Estimated	T	p	Results
H1:	CRM → CPI	0.37	4.60	.000	Supported
H2	SQ → CPI	0.35	5.19	.000	Supported

The paper sought towards uncovering role of Customer Relationship Management (CRM) with respect to how individuals in Pakistan recognized CRM practices which evokes customer purchase intentions? And how well the service quality (SQ) encourages customer revisit/ purchasing process.

Present study depicts, CRM in fast food restaurant business require a more momentous and progressive impact on customers' purchase intentions than service quality. This perhaps can best be explained that consumers have an extra progressive reaction towards CRM activities presented through any fast food restaurants that arouses the quality of the relationship. When restaurants interrelate with its customers then they tend to recognize its requirements thus, loyalty of the customer is shaped. So, by managing and maintaining CRM more effectively, hotels can satisfy their customers and achieve operational excellence *i.e.* responsiveness, being helpful and friendly, encouraging customer feedback, addressing customer's needs and wants etc.

Therefore, customer retention and productivity will be improved and complemented the previous literature on CRM.

Presently, the area is untapped and understudied in Pakistan's fast food sector. This study critically theorized the concept of CRM in highly competitive Fast Food industry of Pakistan. Provided sound understanding of different antecedes of Customer Purchase intentions among fast food restaurants and found comparative insights about customer relationship and Service quality and its impact on consumer buying intentions. Therefore, the findings will be helpful to answer the long standing question of the managing relationships with the customer can be able to enhance overall business strategies and through these strategies, an organization could attain the level of customer retention. The study provides better insights of knowledge for academicians, marketers, practitioners and managers about the concept and will be fruitful for the managers to develop strategies and policies and also to implement them in competitive

business environment. Managers can be able to take decisions and implementation of the concepts more effectively and efficiently. The study recommends to establish Marketing strategies with regards to maintain, endure as well as retain customers in highly modest marketplace to the managers and academician especially for developing country like Pakistan.

As the CRM is one of the largest topics to cover, that is why many concepts in CRM are still intact. By studying all these aspects in detail the importance of the CRM in business practices in Pakistan and other under developing countries can be more effectively driven and hence the purpose of marketing that is to satisfy the customer needs can be achieved and managing long lasting relationships with customers. Due to constrained sample size and lack of resources the study is limited to the city of Lahore that might not be generalized. But this study will be looking forward to explore more horizons of research in the field of CRM.

Conclusions: As the CRM is one of the largest topics to cover, that is why many concepts in CRM are still intact. By studying all these aspects in detail the importance of the CRM in business practices in Pakistan and other under developing countries can be more effectively driven and hence the purpose of marketing that is to satisfy the customer needs can be achieved.

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