Expectation towards McDonald's Malaysia: A Study on Service Quality

N. K. Y. Yunus

Universiti Pendidikan Sultan Idris, Malaysia

Mohd Zulkeflee Adb Razak

Azleen Ilias

Department of Marketing & Entrepreneur Development, UNITEN Campus, Malaysia

E-mail: zulkeflee@uniten.edu.my

Abstract

This study measured the impact of FIVE (5) SERVQUAL determinants and THREE (3) considering determinants which is, offer low food prices, short service time and convinient location. In this study, the researchers are very keen looking into the ability of McDonald's (McD's) fullfiling the customers demand and wants. Therefore, the researchers investigated the expectation performance towards McDonald's (McD's). The empirical results of this study can provide support and latest evidences to the Parasuraman's SERVQUAL (1985) thus providing significant values to new service quality scenarios especially when the tested THREE (3) considering determinants are taken into consideration.

Keywords: Service quality; customer demands; expectation performance.

1. Introduction

1.1 Food services industry in Malaysia

High consumer confidence level in Malaysia boosted sales for the overall consumer food service market. In 2010, consumer foodservice saw a 5 percent increase in current value terms, reaching RM27.5 billion. The majority of players in consumer foodservice were impacted by increased consumer spending in 2010. As a result of increasing consumer confidence in Malaysia, higher value growth was posted by various types of foodservice providers in Malaysia, such as full-service restaurants, fast food restaurants, and cafés/ bars. With consumers' increased willingness to spend, full-service restaurants will benefit from the boost in the economy. Full-service restaurants are dominated largely by casual dining full-service restaurants as the price offered is affordable to many consumers. Therefore, a few players, such as Tony Roma's and Italianni's showed significant improvement in their performances, both increasing value shares in 2010. Chained North American full-service restaurants saw a significant 16 percent increase in value during 2010. Burger fast food also fared better, recording value growth of 20 percent in 2010. This is an indication of how the economy has recovered from recession and that consumers are spending more on eating out. However, street stalls/ kiosks recorded value growth of only 5 percent in 2010, suggesting that consumers prefer to dine-in at a restaurant equipped with proper seats and a nice ambience than eat standing next to the kiosk or random street hawker (Euromonitor International, 2011a, August).

Consumers are gradually seeking more convenience services provided by various foodservice operators. Delivery services became a trend which drove the sales of service foodservice providers. 100 percent home delivery/take away provided consumers with the convenience of having food delivered to their doorsteps, and in 2010, this category recorded 17 percent growth in total value sales. Chained pizza 100 percent home delivery/take away contributed a large portion to the total value sales of Pizza 100 percent home delivery/takeaway. Chained pizza 100 percent home delivery/takeaway players like Domino's, Pizza Hut and Canadian 2 for 1 Pizza benefitted from the increased popularity of delivery services. Those pizza foodservice operators continuously communicated with consumers, offering meal deals and discounts. Domino's Pizza, for example, distributes discount coupons to residential and office areas.

The company's strategy is to attract customers by directly competing with its competitors on price. The combo meals that Domino's Pizza offers to customers are expected to help in gaining more value shares as consumers think the combos offer good value-for-money. Delivery services also impacted other foodservice providers such as fast food as well as full-service restaurants. McDonald's was one of the parties impacted by increasing demand for delivery services. McDonald's value shares among burger fast food increased to almost 84 percent in 2010. Despite the large geographical coverage that McDonald's has by positioning its outlets strategically, it increased the area of delivery services provided as well. Besides that, McDonald's has no minimum purchase requirement for home delivery. This enabled customers to call for delivery services without any concern about a minimum purchase. Bakery products fast food provider, O'Brien's, started a delivery service in 2010 to offer a value-added service to its customers. On top of this, full-service restaurant chain, Nando's, also provided a delivery service nicknamed, Peri Medics. The Nando's delivery service was rolled out nationwide during 2010. This value-added service is believed to have helped Nando's to capture a larger value share.

The company recorded value growth of 13 percent in 2010. Aside from home delivery services, customers in Malaysia increasingly demand convenience provided by drive-thru outlets. Major drive-thru outlets in Malaysia belong to fast food restaurants, such as McDonald's, KFC, A&W, Burger King and even Carl's Jr. In 2010, chained chicken fast food experienced 5 percent growth in current value terms; during the same year, KFC had 32 drive-thru outlets nationwide which indicates the significance of the drive-thru trend in Malaysia. Besides that, Burger King which focuses on the drive-thru concept, had over seven drive-thru outlets in Malaysia. Carl's Jr set up its first drive-thru outlet in The Mines Shopping Mall during 2010. Following the rising trend of the drive-thru concept, several players, including Starbucks, KFC and Pizza Hut, set up shop in a township called Setia Alam which is located in Klang Valley. This was Starbucks' second drive-thru outlet in Malaysia (Euromonitor International, 2011b, August, p.2).

1.2 Fast food chains in Malaysia

In 2010, fast food experienced 11 percent value growth as compared to 6 percent in 2009. Several factors explained the high value growth in fast food. Malaysians are increasingly time-poor due to longer working hours and hectic social lives, so fast food offers them convenience. In addition to that, the vast majority of consumers in Malaysia are still undisturbed by the increasing trend of obesity and continue to opt for fast food (Euromonitor International, 2011a, August, p.1).

Burger fast food showed the fastest value growth, recording a 19 percent increase in value sales in 2010. One of the factors driving the value growth of burger fast food was the FIFA World Cup 2010. The main burger fast food chain in Malaysia, McDonald's, which recorded RM1.0 billion in value sales during 2010, was an exclusive partner and only official restaurant in Malaysia for the World Cup. Total value sales gained during the period of the event definitely boosted the annual value sales for McDonald's in 2010 (Euromonitor International, 2011b, August, p.1).

Fast casual dining was a new concept within Malaysia. Fast casual dining provided an all-new experience to customers by offering made-to-order dishes and delivery of dishes to customers in a short time. Spaghetti Farm and PastaMania were some examples of fast casual dining restaurants which provide pasta and pizza. PastaMania specialised in a quick serving time for pasta and pizza, of five minutes and seven minutes, respectively. The uniqueness of the quick service they provide tempted large crowds to try out the restaurant (Euromonitor International, 2011c, August, p.1).

Eat-in accounted for 65 percent of fast food value sales in 2010, which was slightly less than 2009. On the other hand, take-away saw a marginal increase in its percentage to 35 percent in 2010. This was largely due to the trend of delivery and take-away services that have arisen within Malaysia. Consumers with urban lifestyles usually live at a fast pace with little time to spend on dining. Hence, they increasingly prefer to call for delivery from fast food operators like McDonald's. On top of that, McDonald's, KFC and Burger King, which all have large numbers of drive-thru outlets in Malaysia, plan to expand their businesses further through opening more drive-thru outlets. KFC aims to open 12 new drive-thru outlets in 2011 on top of the existing 35 drive-thru outlets in 2010 (Euromonitor International, 2011d, August).

Fast food players will continue to invest in advertising to raise awareness among Malaysian. Various combos offered by fast food operators have enjoyed significant success in gaining more value shares. Hence, fast food operators will continue to introduce new combos such as KFC which continues with its KFC a.m. Smart Breakfast which offered local flavours for breakfast that starts from RM4 onwards. McDonald's on the other hand, also continued to offer breakfast and lunch McValue Meals to attract customers. In 2011, McDonald's even launched a McDonald's Family Breakfast Box which comes in two varieties, priced at RM19.90 and RM24.90. Therefore, all fast food operators are aiming to offer something special during certain times of day to gain greater shares of fast food (Euromonitor International, 2011a, August).

1.3 Competitive landscape

Large numbers of chained foodservice operators have chosen to expand rapidly within Klang Valley, picking up on the fact that the city is a fasting growing area with a high urbanisation rate. Most of the chained foodservice operators are concentrated in shopping centres and commercial areas more than in residential areas. Only a few fast food operators like KFC and McDonald's have diversified their locations by setting up outlets in partnership with petrol stations such as Petronas and Esso, which are located close to residential areas as well. Multinational foodservice operators are rapidly expanding by positioning themselves within shopping centres located within Klang Valley. Most of the large size shopping centres are concentrated in Klang Valley due to the high population. The Mid Valley Megamall, The Gardens Mall, Berjaya Times Square, and 1 Utama Shopping Centre all located in this area. Intense competition has been created due to the overwhelming number of chained and independent foodservice providers in shopping centres.

In 2010, there were more than 50 chained and independent foodservice operators located in the larger size shopping centres. In Mid Valley itself, there are more than 10 cafes, including Starbucks, The Coffee Bean & Tea Leaf, Secret Recipe Cakes & Café, Delicious café, Dome Café, and Garden Lifestyle Store and Café. In terms of other types of restaurants, there are over 40 full-service restaurants and fast food restaurants as well as street stalls available in the Mid Valley Megamall. Independent foodservice operators are concentrated more in areas such as Subang Jaya, Bangsar, Damansara, Kuchai Lama and Puchong. Due to the high number of both local and international students in Subang Jaya, the commercial areas located near to the institutions are full of independent foodservice operators which mainly target students. Within these areas, breakfast, lunch and snack time promotions are popular as students spend their recess time as well as tea break in those stores.

Furthermore, delivery and fast food are two convenient options in these areas as they are full of students who require quick and easy service to fit round their studies. Kuchai Lama and Puchong are both residential areas with high numbers of independent cafés and full-service restaurants. A few chained operators, such as Old Town White Coffee and PappaRich Kopitiam have also set up outlets in these two areas. Bangsar and Damansara are full of independent international full-service restaurants like La Bodega, which specialises in Spanish Tapas dishes, El Mesón which specialises in Spanish dishes like paella, and Leonardo's Dining Room & Wine Loft that provides western styles cuisine such as ribeye and tenderloin steaks and drinks such as wine and champagne are available as well. Consumers around the Damansara area are more open to different cuisines due to the diversification of people from a range of countries. There are a few locations such as Solaris Mont Kiara and Desa Sri Hartamas that are full of international foodservice options, including Restaurant Dubrovnik which specialises in Croatian cuisine, and Micheangelo's Ristorante which sells Italian food. Numerous bars and pubs are also located in these areas which are well known for the nightlife (Euromonitor International, 2011c, August).

1.4 McDonald's

McDonald's operates fast food restaurants all over the world. The company is one of the world's largest food service retailing chain, preparing and serving a range of foods. All McDonald's restaurants offer a standard menu, which comprise food items such as hamburgers, cheeseburgers, chicken sandwiches, French fries, salads, milk shakes, desserts and icecream sundaes. Some McDonald's restaurants offer additional food items to suit local taste and preferences. The company's business is divided into four geographic segments: Europe, the US, APMEA (Asia, Pacific, Middle East and Africa), and other countries and corporate. Other countries and corporate includes Canada and Latin America, as well as Corporate activities and certain investments. In FY2008, the company operated more than 31,900 fast food restaurants in over 100 countries in the following geographic segments: the US; Europe; Asia Pacific, Middle East and Africa (APMEA); Latin America and Canada.

McDonald's restaurants offer a standardized menu, although there may be geographic variations. McDonald's menu includes hamburgers and cheeseburgers, Big Mac, Quarter Pounder with Cheese, Filet-O-Fish, several chicken sandwiches, Chicken McNuggets, Chicken Selects, French fries, premium salads, shakes, McFlurry desserts, sundaes, soft serve cones, pies, cookies, soft drinks, coffee and other beverages. In addition, the restaurants sell a variety of other products during limited-time promotions. McDonald's generates revenues through company operated restaurants and franchisee restaurants. Of total 31,900 McDonald's restaurants, over 6,500 are operated by the company and over 25,400 are operated by franchisees and affiliates. The company's revenue comprises sales from company operated restaurants and fees as well as rent from franchisees and affiliates.

Under the franchise arrangement, the franchisees invest in the equipment, signage, seating and decor, while the company owns or leases the land and building. Franchisees pay the company service fees and rent for premises. A service fee is set as a percentage of sales, while rent and other terms of occupancy are stipulated in the franchise agreement, which is drawn for a period of 20 years. The company and its franchisees as well as affiliates source purchase food, packaging, equipment and other goods from approved suppliers. The company maintains quality standards through assurance labs around the world. A quality assurance board, including the company's technical, safety and supply chain specialists, provide guidance on all aspects of food quality and safety (Datamonitor, 2009).

1.5 Objectives of this study

This research focus into FIVE (5) determinants of SERVQUAL and THREE (3) considering determinants in investigating the expectation performance in franchising industry mostly concerning into McDonald's (McD's). This will show the ability of McDonald's (McD's) fulfilling the customer demands and wants. Therefore, the purposes of this study are:

1. To investigate the expectation performance towards McDonald's (McD's) based on SERVQUAL determinants (Tangibility, Reliability, Responsiveness, Assurance and Empathy).

2. To measure the level of expectation towards McDonald's (McD's) based on the THREE (3) new considering determinants which is Offer Low Food Prices, Short Service Time and Convinient Location.

1.6 Research Questions for this study

The main research question (RQ1) is to investigate the expectation performance of McDonald's based on SERVQUAL seterminants (tangibility, reliability, responsiveness, assurance and empathy).

1. Do customers expect the best performance of McDonald's for tangibility, reliability, responsiveness, assurance, and empathy?

The second research question (RQ2) measures the level of expectation of three (3) new considering determinants (offer low food prices, short service time and convinient location).

2. Do customers expect the best performance of McDonald's for offer low food prices, short service time, and convinient location?

The third research question (RQ3) measures the level of reliability of SERVQUAL determinants (Tangibility, Reliability, Responsiveness, Assurance and Empathy)

3. Does tangibility, reliability, responsiveness, assurance and empathy are reliable in measuring SERVQUAL determinants for McDonald's?

The fourth research question (RQ4) measures the level of relationship for each determinant of SERVQUAL Determinants (Tangibility, Reliability, Responsiveness, Assurance and Empathy)

4. How strong the relationship between tangibility, reliability, responsiveness, assurance and empathy with each of SERVQUAL determinants?

This paper continues with literature review in discussing and the elaboration of service quality. Next, the research design including research framework, sample, instrumentation and data collection will be presented. Followed by quantitative analysis and the findings are discussed for descriptive analysis, reliability analysis, ranking analysis, and correlation matrix. The final part will conclude the study and provide the suggestions for further research.

2. Literature review

2.1 Quality

Early attempts to define quality in the service industry have largely been derived from the tangible elements of products such as physical appearance, technical specifications and other sensory clues. Consumers often use these surrogate attributes to assess the quality of what is essentially intangible. It is however the intangible elements – inseparability, heterogeneity and perishability – of a service that are the critical determinants of service quality perceived by the ultimate consumer. The quality of the service is assessed not only on the end result but also on how it is delivered during the service process and its ultimate effect on consumers' perceptions (Douglas & Connor, 2003). As Johnston cited by Goetsch and Davis (1997) stated:

> *"Quality encompasses every aspect of your business and is actually an emotional experience for the consumer. Consumers want to feel good about their purchases, to feel that they have received the best value. Consumers will take pride in their association with a company with a high quality image."*

Quality, according to Oakland (2000) is far wider in its application than assuring product quality or service quality and states:

> *"It is a way of managing business processes to ensure complete consumer satisfaction at every stage, internally and externally."*

The interactive nature of the service process results in the consumer's evaluation of quality immediately after the provision and performance of that service. An overarching influence on the level of satisfaction or dissatisfaction of the current evaluation process is derived from memories of previous experiences encountered in the delivery of similar services. This can lead to a modification in the attitude of the consumer to subsequent service encounters. This enhanced level of (dis)satisfaction cannot easily be identified or controlled by the service provider as it is unique and personal to that particular consumer at that moment in time. Such competitive and unpredictable conditions place the consumers in an extremely powerful position as they have the potential to create, sustain or destroy reputations through comments to other potential consumers or through the media (Douglas & Connor, 2003).

2.2 Service quality

Perceived service value has been a critical construct in marketing because it is assumed to have a significant influence on purchase or patronage behaviour (Bolton & Drew, 1991; Zeithaml, 1988). Although value is an indistinct and elusive construct, service value as perceived by consumers has narrowly been defined as a trade-off between perceived quality (or the benefit component) and perceived sacrifice (or the cost component) regarding a service being evaluated (Dodds & Monroe, 1985; Dodds *et al.,* 1991). Consumers would make their value judgment on a service by trading off the positive utility of the quality

against the negative utility of the cost inferred from various service characteristics. Then, what specific aspects of a service imply the quality and the cost for the value judgment? This question is dealt with in the sections below (Lee & Ulgado, 1997).

2.3 Perceived service quality

Perceived quality is one of the major determinants of perceived service value. It is assumed that consumers consider various dimensions of a service to reach their overall judgment of service quality (Lee & Ulgado, 1997). Parasuraman *et al.,* (1988) based on a survey with 200 consumers about five different service categories, have developed a standardized instrument called SERVQUAL, which can be used to measure customer perceptions of service quality. They then have retested and refined their original SERVQUAL instrument (Parasuraman *et al.,* 1991). SERVQUAL consists of 22 items measuring customers' expectations and another 22 items measuring their perceptions of five dimensions of service performance. Specifically, they have suggested that when consumers make their judgment of service quality, they would generally consider the service provider's:

- physical facilities and equipment (tangibles);
- ability to perform promised service dependably and accurately (reliability);
- willingness to help customers and provide prompt service (responsiveness);
- knowledge, courtesy and ability to inspire trust and confidence (assurance); and
- caring and individualized attention to its customers (empathy).

However, SERVQUAL is a generic measure; researchers have found that the relative importance of the five dimensions varies across different service industries (*e.g.* Crompton & Mackay, 1989; Johnson *et al.,* 1988; Parasuraman *et al.,* 1988, 1991).

2.4. Perceived service cost

Consumers compare service quality with cost to determine service value. Service cost is basically what consumers have to give up or sacrifice to obtain a desired service. Since it has a negative impact on consumers' budgets, it would have a negative influence on their perceptions of service value (Lee & Ulgado, 1997).

The concept of cost can be extended to include nonmonetary cost such as service time (Murphy & Enis (1986), for a detailed review of time costs). Service time is the amount of time during which a service is provided. Since most customers would like to have faster services, service time would affect perceived service value in the same way monetary cost would.

Some services require customers to be present physically where the services are provided (*e.g.* hairstylists, hotels and motels, restaurants, *etc.*). For such service categories, service locations, like service time, are an important cost/benefit factor determining service value because the more convenient the locations are, the less amount of time consumers need to get there, and vice versa (Lee & Ulgado, 1997).

2.5 Expectation

The concept of consumer expectations has a rich theoretical and empirical history in the marketing literature. Expectations have been viewed as benchmarks consumers use to determine satisfaction (Cadotte *et al.*, 1987; Churchill and Surprenant, 1982) or appraise performance of products and services (Boulding *et al.*, 1993; Churchill and Surprenant, 1982; Parasuraman *et al.*, 1985, 1988). Consumer expectations may be multi-level benchmarks used for evaluation or appraisal (Boulding *et al.*, 1993; Hamer *et al.*, 1999; Parasuraman *et al.*, 1991; Zeithaml *et al.*, 1993). Within the process, antecedents have a direct effect on the formation of expectations (Boulding *et al.*, 1993; Clow, 1993; Tse & Wilton, 1988; Zeithaml *et al.*, 1993). The final part of the process is the formation of consumer intentions to repurchase a product or service (based on comparisons of service performance to expectations) (Oliver, 1980; Woodruff *et al.*, 1983).

Empirical research on consumer expectations has yielded substantial results, and a few researchers have taken the arduous route of longitudinal studies or simulated longitudinal studies (Boulding *et al.*, 1993; Clow *et al.*, 1998; LaBarbera and Mazursky, 1983; Oliver and Burke, 1999). However, scant studies have examined the consumer expectations process over time (Hamer *et al.*, 1999). It would seem logical that the

expectations process might re-form over service/product usage (Tse and Wilton, 1988) or that expectations would be modified and adjusted as consumers' experiences with a product/service increase or new information about the product/service is received (Boulding *et al.*, 1993; Miller, 1977). If expectations are viewed as the central part of a process that has antecedents and consequences, one might expect that all components of the process as well as the relationship between the process components could change over time (Licata *et al.,* 2008).

3. Method

This study adopts Parasuraman's SERVQUAL dimensions. The dimensions included in this variable are Tangibility, Assurance, Responsiveness, Reliability, and Empathy. In addition, in measuring expectation for the level of service quality, THREE (3) considering determinants was developed which is Offer Low Food Prices, Short Service Time and Convenient Location for McDonald's (McD's).

3.1 Sample

Samples in this study are bachelor degree students who are studying at Universiti Malaysia Sabah-Labuan International Campus. The researchers have distributed 200 questionnaires by using simple random sampling method, but only 180 respondents completed and returned the questionnaires, which represents about 90 percent response rate. As proposed by Roscoe (1975), sample sizes larger than 30 and less than 500 are appropriate for most research.

3.2 Instrumentation

This study used questionnaire as a medium to obtain the data needed, consisting of Measurement of Experience Performance of Service Quality. Instrument used in this research is adapted from Parasuraman *et al.* (1991) using the five dimensions in service quality (Tangibility, Assurance, Reliability, Responsiveness and Empathy) by employing the Likert scale ranging from 1 for strongly disagree to 5 for strongly agree. The THREE (3) considering determinants are measured by Likert scales ranging from 1 for strongly disagree to 5 for strongly agree.

3.3 Data analysis procedures

The data analysis for this study conducted through 'Statistical Package for Social Science' software or SPSS version 12. The study also tested a reliability of the instrument so that it enables to produce a robust and valid result. Correlation analysis was run to test the relationships among the variables. This study ignore the normality assumptions based on the central limit theorem that stated the important principle that as the size of a random sample increases, its distribution approximates a normal distribution more closely. This means that even if the distribution of the variable in question is not normal and our sample size is large enough (e.g. 100 or more) it is reasonable to use statistics that assume a normal distribution (De Vaus, 2002).

4. Findings

Table 1 shows the demographic profile of the respondents. It shows as well the consumption frequency for each customer and their familiarity with McDonald's Malaysia. Only 29 from 180 customers are very rare and some are not even consuming McDonald's. As stated in the table, less than 50% is very familiar (n=62) and knowledgeable (n=17) in familiarizing McDonald's service quality in a new place especially Labuan Federal Territory.

In Table 2, reliability analysis shows that there are FIVE (5) dimensions can be used to evaluate customers' expectation towards McDonald's. The most reliable dimension is Assurance (.833), followed by Reliability (.815), Tangibility is at (.805), Empathy (.803) and Responsiveness (.783). In general, the closer the Cronbach Alpha coefficient gets to 1.0, the better the results of reliability will be. Reliabilities that are less than 0.6 are considered to be poor, those in the 0.7 ranges, acceptable, and those 0.8 is good (Sekaran, 2000). As proven in this study, the Cronbach's Alpha values for the FIVE (5) dimensions in this study are ranged from .783 to .833. Therefore, the internal consistency reliability of the measures used in this study is considered to be good and valid. After all, the values meet the requirement suggested by Hair *et al.,* (2010) which agreed and supported upon lower limit for Cronbach's alpha is .70.

Customers ranked Location (3.7944) as the main dimension in expecting the best service offered by McDonald's. This can be seen from Table 3. Then, they ranked the Tangibility (3.7167), Assurance

(3.6375), Empathy (3.5667), Responsiveness (3.5361), Time (3.5333), Reliability (3.5244) and Price (3.1000). Location has been a priority for the customers due to convenient in reaching the restaurant. Most of the customers believe that the excellent fast-food franchising restaurants should be located at the convenient location. Therefore, as positive expectation leads to patronization and consumption, McDonald's should be placed and located at the area that reachable by many potential customers. Through the study, the respondents are not preferable to the service time, reliability of service and lower food prices. These are based on personal judgement towards the expected ability of McDonald's in giving better delivery. Perhaps, their perceptions will change after experiencing those delivery services on time and experiencing service quality. In term of food prices, it won't be a big problem to respondents that experienced consuming fast-food in frequent because the price is not huge in difference. But to new customers, the way they perceived prices and values of McDonald's were somehow negative at once but considering to change after experiencing it often. However, the respondents are expecting that they will make the right decision for the value on what they will get for how much they have paid.

Table 4 refers to the results of relationship for each service quality dimension. As we know, a significance of p=0.05 is the generally accepted conventional level in social science research. This indicates that 95 times out of 100, we can be sure that there is a true or significant correlation between the two variables, and there is only a 5% chance that the relationship does not truly exist (Sekaran and Bougie, 2009). All in all, the results showed significantly positive relationship among dimensions. The highest correlation is between Empathy and Assurance (.715). Meaning that, Empathy is highly positively correlated to Assurance compared to other dimensions and as all dimensions are significantly correlated, therefore McDonald's must establish their products and services to the optimum level in service quality dimensions and delivery.

5. Conclusion

This paper has tried to explain the policy reforms that have been put in place towards improving primary service elements. There are few important elements that resulted to support the important of focusing into service quality as the above findings being discussed. Firstly is concentrating into relationship of service provider and customers where when both parties are aware with what they wants and what to be fulfilled, therefore less service failures will turn up and will be maximizing service loyalty. Second, interaction has become a major process of understanding the principles in service delivery. Customers can give positive reaction towards service offering once they understood clearly what will be delivered to them and to what extend the benefit goes to them. Lastly is the service value where it leads into positive acceptance by the customers once the patronization of the services bringing greater value in return either in physical value or to non-physical value. Therefore, McDonald's (McD's) must focus into strategizing these THREE (3) elements in every single point when offering and delivering their services to customers.

References

Bolton, R. N., & Drew, J. H. (1991). A multistage model of customers' assessments of service quality and value. *Journal of Consumer Research*, *17*(1), 375-384.

Boulding, W., Kalra, A., Staelin, R. & Zeithaml, V. A. (1993), A dynamic process model of service quality: From expectations to behavioural intentions. *Journal of Marketing*, *57*(2), 7-27.

Cadotte, E. R., Woodruff, R. B., & Jenkins, R. L. (1987). Expectations and norms in models of consumer satisfaction. *Journal of Marketing Research*, *24*(8), 305-314.

Churchill, G. A. Jr, & Surprenant, C. (1982). An investigation into the determinants of customer satisfaction, *Journal of Marketing Research*, *19*(11), 491-504.

Clow, K. E. (1993). Antecedents of consumer expectations of services. *Proceedings of the Southern Marketing Association, New Orleans, LA*, 205-209.

Crompton, J. L., & Mackay, K. J. (1989). Users' perceptions of the relative importance of service quality dimensions in selected public recreation programs. *Leisure Science*, *11*(1), 367-375.

Datamonitor. (2009y). *Global top 10 consumer services companies — Industry, financial and swot analysis, company report.* Retrieved from Datamonitor 360 database.

De Vaus, D. (2002). *Analyzing social science data*, *(1st ed.)*. London: Sage Publication Ltd.

Dodds, W. B., Monroe, K. B., & Grewal, D. (1991). Effects of price, brand, and store information on buyers' product evaluations. *Journal of Marketing Research*, *28,* 307-319.

Dodds, W. B., & Monroe, K. B. (1985). The effect of brand and price information on subjective product evaluations, in E. C. Hirschman & M. B. Holbrook (Eds). *Advances in Consumer Research, Association for Consumer Research, Provo, UT, Vol. 12, pp. 85-90.*

Douglas, l. & Connor, R. (2003). Attitudes to service quality - the expectation gap. *Nutrition & Food Science*, *33*(4), 165-172.

Euromonitor International. (2011a, August). *Consumer food service in Malaysia*, *key trend development*. Retrieved from Passport GMID.

Euromonitor International. (2011b, August). *Fast food in Malaysia*, t*rends*, Retrieved from Passport GMID.

Euromonitor International. (2011c, August). *Consumer Food Service in Malaysia*, *City Key Trends and Developments*, Retrieved from Passport GMID

Euromonitor International. (2011d, August). *Fast Food in Malaysia*, *Prospect*, Retrieved from Passport GMID

Goetsch, D. L., & Davis, S. B. (1997). *Introduction to total quality, (2nd ed.).* New York: Prentice-Hall.

Hair, J. F. Jr, Black, W. C., Babin, B. J., & Anderson, R. E. (2010), *Multivariate data analysis: A global perspective*, (7th ed.). Saddle River, NJ: Prentice-Hall International.

Hamer, L. O., Liu, B. S. C., Sudharshan, D. (1999). The effects of intraencounter changes in expectations on perceived service quality models. *Journal of Service Research*, *3*(1), 275-289.

Johnson, L. L., Dotson, M. J., & Dunlap, B. J. (1988). Service quality determinants and effectiveness in the real estate brokerage industry. *The Journal of Real Estate Research*, *3*(1), 21-36.

LaBarbera, P. A., & Mazursky, D. (1983). A longitudinal assessment of consumer satisfaction/ dissatisfaction: The dynamic aspect of the cognitive process. *Journal of Marketing Research*, *20*(11), 393-404.

Lee, M., & Ulgado, F. M. (1997). Consumer evaluations of fast-food services: a cross-national comparison. *Journal of Services Marketing*, *11*(1), 39-52.

Licata, J. W., Chakraborty, G., Krishnan, B. C. (2008). The consumer's expectation formation process over time. *Journal of Services Marketing, 22*(3), 176-187.

Miller, J. A. (1977). Studying satisfaction, modifying models, eliciting expectations, posing problems and making meaningful measures in Hunt, K.H. (Ed.) Conceptualization and measurement of consumer satisfaction and dissatisfaction. *Proceedings of the fourth annual conference on consumer satisfaction*. School of business, Indiana University, Bloomington, IN. 72-91.

Murphy, P. E., & Enis, B. M. (1986). Classifying products strategically. *Journal of Marketing, 50*(1), 24-42.

Oakland, J. (2000). *Total quality management: Text with cases*, *(2nd ed.)*. Oxford: Butterworth-Heinemann.

Oliver, R. L., & Burke, R. R. (1999). Expectation processes in satisfaction formation. *Journal of Service Research*, *1*(3), 196-214.

Oliver, R. L. (1980). A cognitive model of the antecedents and consequences of satisfaction decisions. *Journal of Marketing Research*, *17*(4), 460-468.

Parasuraman, A., Berry, L. L., & Zeithaml, V. A. (1991). Refinement and reassessment of the SERVQUAL scale. *Journal of Retailing*, *67*(4), 420-450.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: a multiple item scale for measuring customer perceptions of service quality. *Journal of Retailing*, *61*(1), 12-40.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, *49*(4), 41-50.

Roscoe, J. T. (1975). *Fundamental research statistics for the behavioural sciences, (2nd ed)*. New York: Holt, Rinehart and Winston.

Sekaran, U. (2000). *Research methods for business: A skill building approach (4th ed.)*. New York: John Wiley & Sons, Inc.

Sekaran, U. and Bougie, R. (2009) *Research methods for business: A skill building approach, (5th ed.),* Chichester: Wiley.

Tse, D. K., & Wilton, P. C. (1988). Models of consumer satisfaction formation: an extension. *Journal of Marketing Research*, *2*(5), 204-212.

Woodruff, R. B., Cadotte, E. R., & Jenkins, R. L. (1983). Modeling consumer satisfaction processes using experience-based norms. *Journal of Marketing Research*, *20*(8), 296-304.

Zeithaml, V., Berry, L. L. & Parasuraman, A. (1993). The nature and determinants of customer expectations of a service. *Journal of the Academy of Marketing Science*, *21*(1), 1-12.

Zeithaml, V.A. (1988). Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence. *Journal of Marketing*, *52*(1), 2-22.

Tables

Table 1: Customer profile

		Frequency	Percent
Gender	Male	45	25.0
	Female	135	75.0
Ethnic Group	Bumiputera	144	80.0
	Non-Bumiputera	36	20.0
Family size	1-2 persons	1	.6
	3-4 persons	34	18.9
	5 or more persons	145	80.6
Family total income	Under RM5,000	158	87.8
	RM5,001-RM6,000	10	5.6
	RM6,001-RM7,000	4	2.2
	RM7,001-RM8,000	3	1.7
	RM8,001 and above	5	2.8
Consumption frequency	Always	20	11.1
	Usually	30	16.7
	Sometimes	101	56.1
	Seldom	24	13.3
	Never	5	2.8

Familiarity with McDonald's Malaysia Restaurants	Franchising	Not all familiar		
			43	23.9
		Not at all knowledgeable and little experience	58	32.2
		Very familiar	62	34.4
		Very knowledgeable and considerable experience	17	9.4

Table 2: Reliability analysis

Service Quality Dimensions	Cronbach's Alpha	Items
Tangibility	.805	4
Reliability	.815	5
Responsiveness	.783	4
Assurance	.833	4
Empathy	.803	4

Table 3: Descriptive statistics

	Mean	Std. Deviation	Ranking
Tangibility	3.7167	.78231	2
Reliability	3.5244	.75640	7
Responsiveness	3.5361	.76822	5
Assurance	3.6375	.80903	3
Empathy	3.5667	.80700	4
Price	3.1000	1.21949	8
Time	3.5333	1.22086	6
Location	3.7944	1.15646	1
Valid N (listwise)			

Table 4: Correlation matrix

		Tangibility	Reliability	Responsiveness	Assurance
Tangibility	Pearson Correlation				
	Sig. (2-tailed)				
Reliability	Pearson Correlation	.633(**)			
	Sig. (2-tailed)	.000			
Responsiveness	Pearson Correlation	.641(**)	.711(**)		
	Sig. (2-tailed)	.000	.000		
Assurance	Pearson Correlation	.598(**)	.654(**)	.710(**)	
	Sig. (2-tailed)	.000	.000	.000	
Empathy	Pearson Correlation	.544(**)	.544(**)	.625(**)	.715(**)
	Sig. (2-tailed)	.000	.000	.000	.000

** Correlation is significant at the 0.01 level (2-tailed).