

# **Using Mystery Shoppers to measure the impact of elapsed service time in the customer service satisfaction process and repurchase intentions during a service encounter in the casual dining industry in Puerto Rico**

## **Abstract**

Customer satisfaction is the ultimate marketing objective. The marketing field and marketing research tools are usually directed to develop marketing strategies aimed to create more satisfied customers. The existing marketing literature suggests that there is a direct relationship between a satisfied customer and its repurchase intention, and how this leads to a higher sales volume. Existing research also indicates that service time plays an important role in the satisfaction construct.

Measuring customer satisfaction is a major area of the marketing discipline. One of today's mainstream research tools used to collect customer satisfaction data is a mystery shopper. There is not enough academic research related to mystery shoppers and the customer satisfaction process in a marketing setting. The purpose of this research is to develop an understanding of the impact of one of elapsed service time during a service encounter in a casual dining setting and the dimensions that contribute to the customer satisfaction process will be measured and analyzed.

Therefore, this research intends to analyze actual mystery shopper data from a casual dining restaurant that will provide the objective evaluations regarding waiting time during casual dining visits. The Mystery shopper's tool is widely used in this industry. According to Wilson (1998) those types of visits' evaluations are used to monitor the process and procedures in the delivery of services. Finn and Kayande (1999) state that mystery shopper collected data is of higher quality than the one obtained in customer surveys.

The methodology proposed for this research study consists of an extensive literature review and the analysis of data collected using mystery shoppers. Actual customer data from 310 mystery shopper visits, from six restaurant outlets, of a casual dining franchise, were tabulated and analyzed. The visits were conducted by actual customers recruited by a local private research firm specialized in Mystery Shoppers in Puerto Rico.

## **Key Words**

**Mystery shopper research, service encounter, and customer satisfaction.**

## **Introduction**

Different elements of the macro environment that embraces today's business world in certain way thrust organizations to better understand the customer's satisfaction process that results from a service encounter. Elements such as; today's economy, increased number of competitors, sophisticated and demanding customers, requires organizations to offer an impeccable service to guarantee customer satisfaction and increase the repurchase probability. "Understanding the customer satisfaction process and being capable of positively influencing it is one of the most effective competitive advantages that a company might possess. In order to produce satisfied customers, businesses need to completely understand the process by which customers go by" (Espina & Perez 2009).

Customer satisfaction is the ultimate marketing objective. The marketing field and marketing research tools are usually directed to develop marketing strategies aimed to create more satisfied customers. The existing marketing literature suggests that there is a direct relationship between a satisfied customer and its repurchase intention, and how this leads to a higher sales volume. There are a series of variables that contributes to customer satisfaction, quality of product being offered, its price, or the service rendered by employees. Taking into consideration that in today's busy world, time is a precious asset, and it should be carefully

managed. Existing research also indicates that service time plays an important role in the satisfaction construct.

Bateson (1992) suggested that the actual experience delivered is as important as the resulting satisfaction the customer's experience after the service has been performed. As stated in Wilson (1998), service encounter literature has focused primordially in the outcome of the encounter rather than in the process. In the service encounter process time plays a critical role as one of the most influential aspects of the resulting satisfaction outcome.

## **Literature Review**

Good customer service is the key competitive edge that a company needs when competing in today's business environment (Hurst 1993). Reviewed literature sustain that the customer satisfaction process commences with the process of formation of expectations, followed by the actual service encounter. As stated by Bitner (1990), the service encounter affects the evaluation of the quality of the services that a customer receives. Crosby and Stephens (1987) also stated that service-delivery is crucial in the determination of satisfaction or dissatisfaction in the mind of the consumer.

The process of evaluating the quality of service is as important as the actual outcome of the evaluation (Parasuraman, Zeithaml & Berry, 1985). As stated by Oliver (1977, 1980) customers have expectations that are contrasted with the actual performance of the service expected. The result of this comparison is a satisfied or a dissatisfied customer. Oliver (1977, 1980) also defines satisfaction or dissatisfaction of a service encounter; as a consequence of a process of disconfirmation between expectation and performance.

Casual dining is one of the industries in which customer service plays a significant role. According to Beneda (2009) “The restaurant industry is intensely competitive, in this category restaurants compete on the basis of site selection, operating efficiency, qualified personnel, and type and quality of food”. (p.41). According to Gergory, Wang & Di Pietro (2010) the casual dining restaurant segment “is categorized as moderate-upscale dining that focuses on themes in menu, service, and decor. This type of restaurant engages in table service typically with a menu that is large and diverse” (p 75).

According to DiPietro, Murphy, Rivera, Muller (2007), “chain” casual restaurants represent a large portion of the US foodservice industry. Currently, casual dining is a significant segment of the restaurant industry with \$63 billion in sales and over 124,000 restaurants in the US alone (Darden Restaurants, 2006). It is also an industry that is expected to continue experiencing meaningful annualized sales growth of between 5 and 7 percent over the next five to ten years, which is consistent with the industry’s compounded annual sales growth over the past decade (Darden Restaurants, 2006)”, p527.

A service encounter at a casual dining restaurant setting is a service intensive interaction. During a typical visit to a casual dining restaurant customers are supposed to wait at different stages of the service encounter. As stated by Namkung, Jang, Almaza & Ismail (2008) interaction at a restaurant begins with greeting from the host. Then it is followed by being assigned to a table, and interacting with service providers.

Namkung, Jang, Almaza & Ismail (2008) state that waiting time or elapsed time is crucial when customers evaluate services and plays an important role at the customer satisfaction process. In addition, they present the time spent waiting at a restaurant as a sacrifice made by the consumer and give a negative connotation when they wait more than expected.

Furthermore, the researchers concur with Parasuraman, Zeithaml and Berry (1985) in his study of perceive service quality where he suggests that there is a relationship between waiting time and service evaluation.

Waiting or elapsed time is one of the determinants in the satisfaction process (Oliver's 1977, 1980). Meuter, Ostrom, Roundtree and Bitner (2000), identified time saved during a service encounter as a crucial factor that affect the satisfaction process. Inconsistencies when providing service or variations in service performance can affect service evaluation and therefore customer satisfaction process. Futrell (1997) states that time elapsed until serve is one the aspects that affects the selling process at retail level.

According to the reviewed literature one of the limitations when evaluating the impact of waiting time in the customer satisfaction process is the fact that consumers tend to overestimate time spent. (Hornik, 1984).

## **Objectives**

The purpose of this research is to develop an understanding of the impact on customer repurchased intention and overall satisfaction, of one of the most influential elements that are present in the customer service and satisfaction literature, which is elapsed service time. Elapsed service time during a service encounter in a casual dining setting, its impact and the dimensions that contribute to the customer satisfaction process will be measured and analyzed.

One of the mayor implications for researchers and practitioners will be analyzed and discussed. These include: determine the effect of service lapsed time during a service

encounter at a casual dining restaurant has upon general customer satisfaction, repurchase intentions and identify the specific areas that need more attention in order to increase customer satisfaction.

Based on the literature reviewed, it can be inferred that customers' satisfaction and repurchase intentions are associated to service elapse time. Hence, the research questions are:

1. Is elapse service time related to general service satisfaction in a casual dining experience?
2. Is elapse service time related to repurchase intention?

## **Methodology**

This research intends to analyze actual mystery shopper data from a casual dining restaurant that will provide objective evaluations regarding the impact of elapsed service time during casual dining visits, on evaluation of general service satisfaction and repurchase intentions.

The Mystery shopper's research tool is widely used in the food industry. According to Wilson (1998) those types of visits' evaluations are used to monitor the process and procedures in the delivery of services. Finn and Kayande (1999) state that mystery shopper collected data is of higher quality than the one obtained in customer surveys.

As Eser, Z., Pinar, M, Birkan I, & Crouch, H, (2006) state, mystery shoppers can be used in benchmarking the performance of business and identifying service areas for improvement. This research technique is a method of auditing the standards of services, particularly the ones that involves front line employees. Mystery shoppers can be used to identify service weaknesses and strengths.

The methodology proposed for this research study consists of an extensive literature review and the analysis of data collected using mystery shoppers. 310 mystery shopper visits, from six restaurant outlets, of a casual dining franchise, will be tabulated and analyzed. The visits were conducted by actual customers recruited by a local private research firm specialized in Mystery Shoppers.

The research instrument have dichotomous yes/no question used for asking if customers if the waiting time of their order was reasonable, for this specific type of restaurant is 25 minutes or less, if they were satisfied or not satisfied with general service received, and if they were willing to come back to the restaurant. In order to deal with the variance error, the questionnaire was used in the same six (6) restaurants. For the purpose of the study waiting time of their order once placed to the waitress is referred as elapsed service time.

The restaurant chain used for the conducting the mystery shopper is a franchise that operates six (6) outlet locations in Puerto Rico. It is a casual full service-dining restaurant that is open seven days a week, and its target market are lower middle to upper middle class persons.

The mystery shopper participants were adults 18 year and older, from both genders. A total 310 shoppers participated during an 11-month period of time, from January 2010 to November 2010. All of the participants were part of the target market of the restaurant chain. They were blind to the academic purposes of the study. They were recruited by the research firm and were economically remunerated for the dining experience. To comply with client's confidentiality agreement, my firm did not disclose the name of the casual dining restaurant, but data has been provided for academic evaluation and theoretical advancement purposes. I have full access to this database.

## Results

In order to assess whether elapsed service time is significantly related to general service satisfaction in a casual dining experience, a Chi-Square test was run. Also a Chi-Square test was run in order to assess whether elapsed service time is significantly related to repurchase intention

Tables 1 and 2, summarize the results for the analysis of goodness of fit or association between the categorical variables: elapsed service time and general service satisfaction and elapsed service time and repurchase intentions. The chi-square scores indicate there is a significant association between all categorical variables under study.

Table 1

*Cross-tabulation of General Service Satisfaction by Elapsed Service Time, N = 310.*

In general terms, are you satisfied with the quality of the service?	Elapsed Service Time	
	Yes	No
Yes	52.0%	22.6%
No	48.0	77.4
Total	100.0%	100.0%
	(n = 279)	(n = 31)

*Note.*  $X^2(1, N = 310) = 9.64, p = .002$

Cramer's  $V$  (or  $phi$ ) = .176,  $p = .002$

Table 2

*Cross-tabulation of Repurchase Intention by Elapsed Service Time, N = 310.*

Based on this visit, would you like to return to this restaurant shortly?	Elapsed Service Time	
	Yes	No
Yes	90.3%	64.5%
No	9.7	35.5
Total	100.0%	100.0%
	(n = 279)	(n = 31)

*Note.*  $X^2(1, N = 310) = 17.27, p = .000$

Cramer's  $V$  (or  $\phi$ ) = .236,  $p = .000$

## Discussion

Results indicate that there is a statistically significant relationship between elapsed service time and general service satisfaction in a casual dining experience,  $X^2(1, N = 310) = 9.64, p = .002$ . As such, hypothesis one was supported.

Improving or increasing customers' perception of general service satisfaction is one of marketing ultimate goals. Understanding customers' mental process that leads to a positive evaluation of services and results in satisfaction has been studied deeply. Marketing strategies are developed around the different variables that are known to have a positive impact in the satisfaction process. Based on the results obtained in this study, we can conclude that elapsed service time needs to be carefully address by companies if their objective is to increase customer satisfaction.

Another crucial element in the marketing field is repurchase intention. Strategies are developed and implemented in such a way that they increase the probability of repurchase intentions of their target market.

The second result of this study indicates that there is a statistically significant relationship between elapsed service time and repurchase intention,  $\chi^2(1, N = 310) = 17.27, p = .000$ . As such, hypothesis two was supported.

These results are consistent to (Espina & Perez 2012) study. As stated by Espina and Perez (2012) there are other factors that influence the repurchase intention, other than service rendered by waitress. The elapsed time variable might be proposed as an explanation, on the need to determine which specific factors compensate dissatisfaction regarding service rendered. As proposed by Croning and Taylor (1992) service quality is one of the antecedents of customer satisfaction, but service quality had less of an effect on purchase intentions than did customer satisfaction.

## **Conclusion**

The results of this study will provide me as a marketing academician and researcher with new customer satisfaction findings drawn from actual casual dining service encounters at a well-known restaurant in Puerto Rico. This data will contribute to the limited existing literature available in this area of study.

Customer satisfaction and repurchase intention are two of the most important objectives any business might try to obtain. Product and service quality, price, promotion are key players in the customer satisfaction process. Time influences the evaluation of the service rendered in a

service or mixed organization. In an industry such as casual dining or fast food business, service time is critical when dealing with customers.

During a service encounter, time as a variable, can be present from the beginning of the experience, that might be right at the valet parking lot, to the waiting time of the waitress to bring the credit card slip right after customers pay.

This study analyzed specifically the service time that elapsed from when the waitress takes the customer order to the moment the food or beverage arrives at the table. The results indicate the relationship between this elapsed time and customer satisfaction and repurchase intention.

Further research is need to determine the influence of the different time elapsed during the different points in time of the service encounter. Mystery shoppers used to collect data by major casual dining and fast food business measure the specific time that each task should take. Waitress and restaurant personal in general are evaluated according to the different tasks they perform, using time as the determinant of good or bad service evaluations.

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