

THE INFLUENCE OF WAITING TIME SATISFACTION ON CUSTOMER LOYALTY TOWARDS MULTI-STAGE SERVICES: EVIDENCE FROM INDIA

Amit Mittal¹

Abstract

Research shows waiting time in services is an important source of service evaluation by the customer. In fact, time is one component of the total 'cost' that the customer bears and cost is a core component of the perceived cost-benefit equation that the customer uses to evaluate her or his sustained patronage of a particular service. In most services, customers consider waiting as a waste of time. However, from the customer perspective, in the case of a full-service restaurant, waiting is expected and sometimes desirable also. Prior research, mainly in the west, suggests that when customers think that a wait for service is too long, they become less satisfied with overall service quality. Based on a research setting in a full-scale restaurant in India, this paper seeks answers to two research questions: First, what are the determinants of overall waiting-time satisfaction and second, what is the influence of waiting-time satisfaction on customer loyalty.

Key Words: Customer Loyalty, Waiting Time Satisfaction, Services Management

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Introduction

According to one estimate thirty seven billion hours were spent by Americans waiting to avail of services, during which time “they fret, fidget, and scowl.” Such studies of customer frustration with waiting is well described in academic literature (Giebelhausen et al., 2011; Galdwell, 1993). Similar situations seem to prevail around the world. Another study suggests that the average person waits for twenty months in an eighty year lifetime (Wielenga, 1997; Lovelock and Wirtz, 2004). A little unfair perhaps, research also shows that customers usually think they waited longer than they actually did (Chernow, 1981). According to van Riel et al. (2012) measuring customer satisfaction in a retail environment without accounting for various waits provides incomplete results. In a study looking into the relationship between perceived wait duration (PWD) and customer satisfaction, ‘having something to do’ decreased perceived boredom resulting in a more positive wait experience (McGuire, 2010).

In another study on customer evaluations of service offshoring, Forman, Thelen and Shapiro (2015) found that customer loyalty towards domestic service providers will decrease if they are asked to wait longer and if overseas service providers provided better quality services much quicker. This is despite the fact that customers in general are opposed to offshoring of services (Forman et al., 2015). Buyer’s cost for product or service acquisition includes several types of costs in addition to the monetary cost of acquisition. ‘Time’ is one such cost. Economic theory suggests that consumers will acquire or be prepared to acquire a service as long as the benefits exceed the costs of acquisition (Hoffman and Bateson 2006). However, service customers tend to view waiting as a waste of their time mainly because it is seen as an unwarranted ‘cost’. With changing lifestyles, customers seem increasingly less tolerant of having to wait. (Katz et al., 1991).

When customers perceive the wait duration to be too long, it influences their evaluation of the overall service quality thus influencing their satisfaction with the service and further damaging their loyalty or re-patronage intent and their recommend intention (Taylor, 1994; Lee and Lambert, 2005; Davis and Vollmann, 1990; Davis, 1991; Dube et al., 1989).

¹ Professor, Chitkara Business School, Chitkara University, Punjab (PIN: 140401) India; Tel: Office +911762507084; Personal +919467327054, Email: amit.mittal@chitkara.edu.in

This research looks at customer waiting time in a full-service restaurant set-up. It is hypothesized that due to the nature of a full-service restaurant where waiting time delays (real or perceived) may bring about changes in the service delivery process, waiting-time may be a salient source of service evaluation by the customer. However, it is also important to note that the issue at hand is not waiting time but waiting time delays – either real or perceived. This research thus is an attempt to understand customer wait behavior and how it may influence customer loyalty.

Methodology

The objective of this study is two-fold. Initially, the determinants of overall waiting-time satisfaction are looked into and then the influence of waiting-time satisfaction on customer loyalty is investigated. The research setting for this study will be a popular south Indian full-service restaurant that has multiple branches all across India.

A full-service restaurant was chosen for this study because it creates different wait expectations than a fast-food restaurant. A full-service restaurant is a type of leisure service and the delivery of the service is paced so that customers have time to enjoy the service experience. As a result, customers are already prepared to expect that waits will occur over the course of service delivery (Hensley and Sulek 2007).

Conceptual Background

Waiting Time Satisfaction

An important characteristic of services is that they cannot be stored or inventoried. However, restaurants can create an inventory of food though even they are unable to store the entire restaurant service experience (Hoffman and Bateson 2006). This characteristic is called ‘service perishability’ and is a source of various challenges for service providers. Matching demand and supply at all times is a major challenge and delays in providing the services – especially when demand fluctuates – maybe seen as a source of dissatisfaction by consumers. According to Bielen and Demoulin (2007) the ‘delay’ or ‘waiting time’ can either be real or objective (Davis and Vollman, 1990; Katz et al.1991; Taylor, 1994) or could be perceived or estimated (Pruyn and Smidts, 1998). The cognitive aspect of the wait is the consumers’ evaluation of the wait as being (or not being) acceptable, reasonable, tolerable (Durrande-Moreau, 1999). Another dimension to the wait is the affective aspect where the which captures emotional responses to waiting such as pleasure, happiness, frustration and so on (Taylor, 1994; Pruyn and Smidts, 1998).

According to Hensley and Sulek (2007) many services consist of multiple stages in which customers have to wait more than once during service delivery. Although the actual number of wait stages will vary with the service context, in the context of a full-service restaurant the multi-stage waits can be described as follows (1) Service-entry waits: Waiting time before getting seated; (2) In-service waits: Waiting for food to arrive; and (3) Service-exit waits: Waiting for the bill, payment and change.

Customer Loyalty

Dick and Basu (1994) define loyalty as “the strength of the relationship between an individual’s relative attitude and repeat patronage.” They add that customer loyalty leads to lower competitive pressure, a decrease in price sensitivity, and an increase in positive word of mouth by customers (Dick & Basu 1994).

A very effective way to measure customer loyalty is by creating composite measurements of loyalty by measuring loyalty in terms of customer attitudes and behavior. Loyalty measures can include customers' brand preferences, propensity of brand-switching, frequency of purchase, recency of purchase, recommend intention and total amount of purchase (Pritchard and Howard, 1997; Hunter, 1998). According to Pritchard and Howard

(1997), using such a composite measure customer loyalty increases the predictive power of the measure. Measures included in this study comprise overall satisfaction with the service, repurchase intention, recommend intention, and customer value.

Survey Instrument Development

The instrument will have three parts:

- 1 General Information about the customer;
- 2 Questions measuring customer perceptions of multi-stage wait time satisfaction;
- 3 Questions measuring the customer loyalty- satisfaction, brand preference, recommendation and re-patronage.

Sampling design and survey administration

110 respondents provided complete responses to the field-workers. The respondents were contacted at four locations of the restaurant in the Indian cities of Jammu (J&K state), Ambala (Haryana state), Chandigarh (Union Territory) and Saharanpur (Uttar Pradesh state). The mall intercept method was employed and a structured questionnaire was administered to the customers after they complete their visit of the restaurant. A team of trained MBA students from a leading deemed university campus program in Haryana administered the questionnaires.

Data Analysis

The data was analyzed using correlation analysis and multiple-regression analysis (enter method) for the best model-fit. The customer loyalty questions comprised the criterion variables (dependent variables) and the waiting time satisfaction questions comprised the predictor variables (independent variables).

Results

Table 1- Determinants of Waiting Time Satisfaction

Predictor variables (WT**)	β	t value
Constant		1.150
WT5	.423	5.324*
WT4	.224	3.055*
WT1	.180	2.256*
WT2	.164	2.230*
F-value:	30.525	Df.: 4
Sig.:	< .0001	R square .538
Adj. R square	.520	Maximum VIF 1.687
Sample Size 110		
Criterion Variable: Customer Loyalty (Overall)		
* Denotes variables that had $p < 0.05$ for the t-test.		
** WT denotes Waiting Time		

As per Table 1, the following waiting time questions were significant predictors of customer loyalty (criterion variable): Waiting time to receive bill (Waiting Time 5), Waiting time for food to arrive (Waiting Time 4), Comfort in waiting area (Waiting Time 1) and Waiting time before Seating (Waiting Time 2). Overall satisfaction with waiting time (Waiting Time 6) and Seating Comfort (Waiting Time 3) were not significant predictors as per the model obtained. A maximum VIF value of 1.687 also shows that the model is free from the problem of multicollinearity and the F-value (from the ANOVA table) shows that the model is significant. The adjusted R-square value of 0.520 shows that the predictor variables (waiting time satisfaction) has accounted for 52 per cent of the variance in the criterion variable (customer loyalty). This value is very similar to the value obtained by Hensley and Sulek (2007) in their study assessing the influence of waiting time satisfaction with customer satisfaction in multi-stage services.

Table 2- Pearson Correlation Coefficients: Waiting Time with Customer Loyalty Determinants

WT- Waiting Time; CL- Customer Loyalty	WT1	WT2	WT3	WT4	WT5	WT6
CL1	.533(**)	.339(**)	.205(*)	.285(**)	.173	-.063
Sig.	.000	.000	.032	.003	.071	.516
CL2	.482(**)	.017	.348(**)	.223(*)	.574(**)	.367(**)
Sig.	.000	.860	.000	.019	.000	.000
CL3	.242(*)	.464(**)	.282(**)	.265(**)	.449(**)	.669(**)
Sig.	.011	.000	.003	.005	.000	.000
CL4	.194(*)	.244(*)	.096	.099	.341(**)	.400(**)
Sig.	.043	.010	.318	.302	.000	.000
CL5	.185	.142	.273(**)	.332(**)	.387(**)	.095
Sig.	.054	.139	.004	.000	.000	.326
CL6	.131	.235(*)	.026	.306(**)	.165	.245(**)
Sig.	.173	.014	.790	.001	.085	.010

** Correlation is significant at 0.01 level (2 tailed)

* Correlation is significant at 0.05 level (2 tailed)

As per Table 2, the customer loyalty sub-dimensions designated as CL1...CL6 are as follows: Overall satisfaction with restaurant (CL1), Patronage or repurchase intention (CL2 & CL5), Value dimension (CL3), Recommend Intention (CL4), and Brand Preference (CL6). A glance at the correlation analysis shows that all individual customer loyalty sub-dimensions show significant correlation with at least 4 out of the total 6 waiting time satisfaction sub-dimensions.

Discussions and Conclusion

Theoretically this study supports a multi-stage approach to study wait satisfaction and its influence on customer loyalty. The regression results show that waiting time satisfaction significantly affects customer loyalty. The correlation analysis also compliments the regression results. This proves that customer waits (amongst other variables) need to be taken seriously by service organizations if they wish to improve customer loyalty. While several researchers have written about the value of such an approach and have argued that customer satisfaction varies with the wait stage, few researchers in India, or even at a global level, have used a multistage approach to study wait satisfaction in actual retail settings (Hensley and Sulek 2007; Hwang and Lambert, 2005).

One very important component of this research was the ‘recency effect’. In this study the respondents had finished their actual dining experience as they completed their surveys, their impressions of the service waits and service delivery were fresh in their minds. Thus, customers’ opinions were not given in retrospect after a long duration numbering in days or weeks; it also must be appreciated that their opinions were based on the actual service received – rather than on hypothetical service scenarios.

The customers’ waits at different stages need to be carefully analyzed and suitable service offerings have to be provided so that the wait not only becomes less troublesome to customers but becomes fun & enjoyable. Service firms can perhaps use waits as an opportunity to cross-sell. Waiting areas could have mini-cyber cafés, fish-tanks, vending machines, magazines, TVs etc. managers should try to assess the relative importance wait stages and other design variables before redesigning a service to raise customers’ evaluations of service performance. Obviously, the variables which exert the greatest effect on customer

satisfaction should be considered first. Managers should avoid wasting money and other resources on redesigning service features that do not exert a significant effect on customer satisfaction (Hwang and Lambert, 2005; Hensley and Sulek 2007).

The service wait management will also have to include different strategies for different types of services. Investment in improving services might also be better spent on information and communication rather than solely on physical facilities. For instance in airports, it might be valuable for travelers to know how long they will have to wait before picking up their luggage by looking at information boards that indicate waiting time. Developing waiting time guarantees can also be considered as a means of informing customers of their expected waiting time. Such guarantees can increase customer satisfaction or decrease the likelihood of premature termination of waiting experiences by customers (Kumar et al., 1997; Bielen and Demoulin 2007).

Future Research

This research has also contributed to a negligible wait management literature in the context of Indian businesses and could well pave the road to understand how Indians relate to waits. In terms of future research the following research areas could be explored:

1. This study could also be meta-analyzed with other similar researches conducted globally in order to understand the cross-cultural dimension of service waits;
2. Waits could be researched in the context of other services such as healthcare, airports, banks etc. and a comparison could be drawn;
3. Wait management could also be discussed in the very important area of services failure/recovery;
4. Consumer characteristics that influence wait-satisfaction could also be discussed in order to profile & segment markets.

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