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# CUSTOMER SATISFACTION IN FAST FOOD RESTAURANT BUSINESS

McDonald's Kokkola

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### ABSTRACT

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nects to the smooth management of a company. In a business sense, customer satisfaction refers to the level of happiness customer feels about a company's products and services. Customer satisfaction affects a company's lifespan, profitability, and brand through encouraging repeat purchases and positive word-of-mouth owing to loyalty. As a result, evaluating customer happiness is vital for businesses since it allows for the effective growth of customer satisfaction.			
This thesis was organized into five sections: introduction, theoretical background, research methodol- ogy, analysis of report and conclusions. Many customers satisfaction related topics are discussed in this thesis to explain the theoretical part. Furthermore, Mc Donald's was introduced in the second part of this thesis presented and addressed by a SWOT analysis.			
A survey, which belongs to qualitative research was used in this thesis research methodology. A survey was conducted to show if the customer is happy with the company's service or not and a feedback option was there to show what kind of expectations are expected from the company of the customer to make their visit better.			

## Key words

Business environment, Customer Satisfaction, Demand, Fast Food Restaurant, Preference

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#### **1 INTRODUCTION**

The fast food restaurant business is a highly competitive space all over the world. Due to the factor of convenience that fast food brings to consumers, it has gained global popularity and today, is available in almost every corner of the world. In this fast and competitive environment consumers are choosing quickly served or delivered fast food instead of making healthy and nutritious meals at home. Whether it is pizza for children or even hotdogs for adults, fast food has gained worldwide acceptance (Smead 2018).

It is due to this worldwide acceptance and simultaneous surge in demand for fast foods that several fast food retail chains have sprung up across the world from the early 20<sup>th</sup> century till now. In fact, the fast food industry has been so robust that it even withstood the test of the Covid-19 pandemic and has bounced back stronger than ever. Even during the Covid-19 pandemic, this industry was one of the first to leverage technological innovations to deliver food at the customers' doorsteps, leading to high levels of customer satisfaction. Following the end of the pandemic era, this industry is witnessing ever-increasing competition in 2022 (Stowe 2022).

Doorstep deliveries are bound to increase customer satisfaction because the customer no longer needs to go to the fast food restaurant, nor does the customer need to wait in long queues before receiving their food. With the help of increasing this model of delivery, customers can simply order food on their mobile devices, carry on with the work at hand, and finally receive their food order at their doorstep. In fact, according to a McKinsey report, online food ordering has become the latest trend and one of the most profitable avenues of earning for the fast food industry following the Covid-19 pandemic (Ahuja 2021).

While this was one of the methods to increase customer orientation and therefore consequently, customer satisfaction within the fast food industry, there were other ways in which restaurant businesses have begun to avidly engage in customer satisfaction. Therefore, the research problem for this final thesis is how to increase customer satisfaction. Over the years, there have been several inquiries by researchers into customer satisfaction, especially with regards to the fast food industry around the world. Some researchers have identified certain influencing factors or determinants of customer satisfaction in the fast food industry, like food quality, ambience, prices, and service quality. Some of this research is based on one of the biggest competitors of the chosen firm McDonald's, that is Hesburger, Burger king, Friends & Brgrs, KFC (Nguyen 2019, 2). Therefore, there is a pertinent need for fast food organizations like the chosen brand of McDonald's in Kokkola, Finland, to be able to understand methods in which they can drive up customer satisfaction at their restaurant. The concepts used to do this include customer relationship management, customer satisfaction and loyalty, customer expectations, as well as service gap and dissatisfaction. Customer relationship management is related to article and procedures that help maintain positive relationships with customers that in turn enhance customer satisfaction. Customer satisfaction and loyalty concepts help understand the factors that can be used to induce satisfaction and loyalty from customers. Customer expectations is a concept that is studied to understand consumer behavior and determine what the customer expects from the fast food business. Finally, concepts of service gap and dissatisfaction are used to understand the existing loopholes in the service procedures and how to fill them to prevent dissatisfaction levels in customers.

Therefore, the research question for this final thesis is:

What are the methods that McDonald's Kokkola, Finland can implement to increase its levels of customer satisfaction, with respect to food quality, ambience, prices, and service quality?

The research objectives in this thesis are:

- Identify gaps in customer satisfaction with regards to food quality, ambience, prices, and service quality.
- Develop strategies to fill those gaps and increase customer satisfaction levels.

This thesis has been done based on the Kokkola branch of McDonald's in Finland. It contains a brief introduction of fast food businesses and the restaurant industry of Finland along with a SWOT analysis of the chosen restaurant. Based on the understanding of customers and the correlation of the business with customer satisfaction, the theoretical background of this final thesis has been developed. The theoretical background discussed concepts like customer relationship management, customer satisfaction and loyalty, customer expectations, as well as service gap and dissatisfaction.

The research methodology used is mixed methods research that includes both qualitative data collection in the form of brief interviews with customers at the Kokkola branch of McDonald's and the quantitative analysis of this content by categorically counting the frequency of certain themes relating to the theoretical background. The validity and reliability of the data collected as well as the processing and analysis of the data have been discussed too. Finally, the conclusion and discussion help solve the research question of this thesis.

#### **2 RESTAURANT BUSINESS AND CUSTOMER SATISFACTION**

Customer satisfaction in the restaurant business is usually dependent on several variable factors. Scholars and researchers from various fields have provided differing analyses on the impacts of these factors on customer satisfaction in restaurant businesses. For example, customer satisfaction has often been directly associated with the responsiveness of frontline employees at fast food restaurants. Moreover, the prices of food products as well as their corresponding quality are also a deciding factor when it comes to customer satisfaction. However, it was also found that the physical surroundings and environment of the fast food restaurant as well as creative appearance of fast food restaurants did not have any noticeable impact on customer satisfaction (Andaleeb 2006, 3-11).

#### 2.1 Brief introduction of the McDonald's

The chosen restaurant for this study is McDonald's. McDonald's has been operating in Finland since 1984. Since then, there are 72 McDonald's family restaurants from Helsinki to Rovaniemi which are serving customers. These McDonald's restaurants are mainly operated by local entrepreneurs and are an important source of employment in many regions. The brand of McDonald's that has been specifically chosen for the primary data collection for this research is the branch located in Prismantie, Kokkola in Finland. This outlet is owned by Mika Rajamäki who owns other McDonald's restaurants in Pietarsaari, Seinäjoki and Vaasa. This outlet of McDonald's is open 24 hours and serves customers in Finland from around the regions of Kokkola in Finland (McDonald's 2022). However, the organization, McDonald's is present across the world with more than 31,000 outlets. These outlets are spread across 119 countries and have been recorded to serve more than 50 million customers each day (McDonald's 2020). The global operations of McDonald's employ more than 4 million people. Moreover, it has one of highest market shares in the global fast food industry (Jhaveri 2014).

#### 2.2 SWOT analysis of the McDonald's

To acquire an overall picture of an organization's strategic position, it can be beneficial to summarize the important concerns originating from an analysis of resources and capabilities presented in this thesis and a study of the business environment stated in this thesis. SWOT analysis provides a basic assessment of the strengths and weaknesses discovered in an examination of resources and capabilities, as well as the opportunities and threats discovered in an examination of the environment. A SWOT analysis can create very long lists of apparent strengths, weaknesses, opportunities, and threats, but what counts is that you understand what is truly important and what is secondary. Prioritization of issues is therefore important. Three simple rules can be useful in this situation. First, as previously said, concentrate on strengths and weaknesses that differ in relative terms when compared to competitors or comparable organizations, and ignore areas where the organization is comparable to others. Second, concentrate on opportunities and risks that are directly related to the individual organization and industry, rather than on broad generic factors. Third, summarize the results and draw concrete conclusions based on the analysis. (Whittington 2020, 111-112)

Based on these defination the SWOT analysis of the restaurant is presented below:

#### Strengths

Mc Donald's has a global presence in more than 119 countries. Moreover, it has brand equity that includes high brand awareness due to its localization strategy. McDonald's also has a high brand loyalty and constantly competes with brands like Burger King. Apart from that McDonald's has brand assets worth \$97 million as of 2017, which further increases its brand equity. Besides, McDonald's has always had its signature golden arches as one of the brand elements that enhances its brand equity (Kasi 2014). However, their signature golden arches are no longer used because McDonald's has adopted strong localization strategies in its outlet architecture, which have increased their brand equity even in foreign markets like that of Finland. McDonald's has also mastered its transnational strategy that has allowed it to penetrate several foreign markets in both developed and developing countries (Mourdoukoutas 2012). As of 2021, McDonald's also entered a strategic partnership with technology giant IBM. This strategic alliance aims to facilitate the implementation of automated drive-thru lanes for McDonald's restaurants across the world, thereby confirming that the brand is also technologically innovative (Lucas 2021). Therefore, McDonald's is both financially and technologically strong and on top of that, has a huge following and loyal customer base across more than 119 countries.

#### Weaknesses

While McDonald's ranks among the first in the global market share of the fast food industry, it does not do so within the regional fast food market of Finland. The leading food company in Finland is Kespro, followed by Wihuri and Heinon Tukku, and then Meiranova. It is only after these that the other fast food brands in Finland make up for about 41.5% of the total market share (Clausnitzer 2021). In terms of product and service quality, McDonald's has severely deteriorated over the years. In fact, customers have often cited that McDonald's has the worst quality fast food (News 2017). This may be the leading cause of losing market share not just in Finland but gradually in various parts of the world (John 2021).

The entire business model of McDonald's has gradually shifted from fast food and fast service to real estate. This has led to a degradation in the quality of food products served by the company (Pereira 2022). Moreover, the workers are highly disengaged and dissatisfied with their work. In January 2021, they held a strike against verbal and physical harassment faced by staff (Durbin 2021). Besides, the company is slow to react to customer's needs, it has a bloated and cumbersome corporate structure, the menu is too diverse which slows down their service, and there is a severe lack of powers granted to franchisees (Peterson 2015).

#### **Opportunities**

Although the product offerings of McDonald's are not healthy, which is a weakness, the company has converted this into an opportunity. As of 2015, McDonald's picked the unapologetic approach towards their food, claiming blatantly that it is not healthy and that it should only be consumed occasionally. This enhanced the brand's honesty to the public and made it more popular (Lutz 2015). On one hand, McDonald's has also vowed to start marketing healthy food products considering rising consumer demand (Parsons 2013). Moreover, McDonald's has captured several opportunities for global expansion. McDonald's way of global expansion includes entering foreign markets by increased brand loyalty as well as customer loyalty. By taking into consideration the international growth trends in the global fast food industry, McDonald's has successfully spread its reach to more than 119 countries across the world (Mujtaba 2007, 55-66). Apart from that, McDonald's can also begin an organizational change that involves simplification of their menu items. Since the wide variety of products available on their menu often decrease the service time, this is an effective opportunity for McDonald's to

optimize their operations as well as focus on a few specific products that can serve as cash cows for their business.

#### Threats

Considering the low market share of McDonald's in Finland that was recorded in 2015, it was also seen the following year in 2016, that competitors began capturing and taking away more market share from McDonald's. This caused McDonald's to close several of its outlets in Finland due to lack of demand as a direct outcome of reducing market share (Pagni 2016). Another threat for McDonald's is its biggest competitor Burger King, which is a privately owned multinational and transnational fast food chain with similar product offerings to McDonald's.

The next toughest competitor of McDonald's is the Yum Brands subsidiaries KFC, Taco Bell, and Pizza Hut. However, Subway is the largest fast food brand in the world in terms of size, but its market share has been reducing since 2012 (Downie 2021). In the case of Kokkola, Hesburger is one of the toughest competitors as it is located in the center area. Current trends in the fast food industry is proving to be a threat to some extent for McDonald's. For example, the rising demand for vegan options is a threat to the traditional meat-based food items that McDonald's is famous for. Moreover, cloud kitchens that are offering quick delivery of food are also growing in numbers proving to be a threat for McDonald's (Linchpin 2019).

#### 2.3 Understanding customers

Understanding the customer means understanding the segmentation of customers in the global fast food industry. Although this customer segmentation may be different from region to region, some common parameters exist in terms of demographics, psychographics, and behaviors. In terms of demographics, it is common knowledge that fast food is mostly consumed between the ages of 12–18-year-olds, as well as within the ages of 18–25-year-olds. While other age groups also consume fast food, the percentage of this population is significantly larger than the others. A visit to any fast food restaurant in Finland or any other part of the world can confirm that. Moreover, fast food is consumed by people of all income groups. A report in American consumers confirmed that more affluent people

eat more fast-food. Hence, the fact that fast food is cheaply available does not mean that only the middle and lower socio-economic groups consume it (Limitone 2019).

Furthermore, fast food is consumed by people who are both married and unmarried or with or without children. Studies have shown that children in the USA as well as in global statistics are the biggest consumers of fast food products. This confirms that people who are married with children tend to consume more fast food than those who are married without children or unmarried (Sandoval 2020). On the other hand, the percentage of children who have irregular eating habits and consume fast food in Finland are rather lower than the global statistics. Despite that, the percentage of such children is still concerning (Oliveira Figueiredo 2019, 19). The psychographics of fast food consumers is commonly characterized by a positive attitude towards fast food. They are usually more interested in consumer fast food, have lower levels of physical activity, and their behavior is usually inclined towards purchasing food products that can be consumed quickly.

#### 2.4 Customer satisfaction and business co-relation

The level of customer satisfaction has often been associated with service quality when it comes to the fast food industry. Research based on the UK has confirmed that factors like tangible services, responsiveness of employees, and assurance of product and service quality have a significant impact in driving customer satisfaction levels up or down for fast food establishments in the UK. Moreover, factors like reliability of the brand, as well as credibility of the brand reputation are also major factors that impact customer satisfaction levels in the fast food industry. However, the most important variable that was identified was the tangible aspects of service quality. (Nguyen 2019, 2)

Customers that return home satisfied are more likely to revisit the fast food establishment. Another research has shown that there are many factors associated with the rate of revisit from customers in the fast food industry. These include factors like food quality, restaurant service quality, physical environment quality, and customer satisfaction levels. These factors have a positive relationship with the intention of customers to revisit the fast food establishment. This means that if the food quality is high, the restaurant service quality is high, the physical environment quality is high, and the customer satisfaction is high, then the intentions to revisit will also be high, and vice-versa (Rajput 2020). Positive customer satisfaction has a business correlate, which will be left to word-of-mouth marketing for the fast food firm. This means that more customers will visit the restaurant and as a result the revenue will increase as will the profits. On the other hand, if the factors on which revisit intentions are dependent, are high, then customers will be retained. Customer retention is five times more costly than customer acquisition and hence, with these factors suggested by Rajput and Gahfoor (2020), the fast food business can stand to gain with increased revisit intentions of customers (Saleh 2017).

#### **3 CUSTOMER RELATIONSHIP MANAGEMENT**

The theoretical background of this research consists of several concepts and theories that have helped the researcher to understand the level of customer service, challenges, and opportunities for the McDonald's branch at Kokkola, Finland. Theoretical background for this research serves as frame-work for the analysis of the research findings based on certain important concepts and theories identified from previous works of literature by other scholars and researchers. It also contains clear explanations of theoretical assumptions and ties the researcher's viewpoints to the existing body of knowledge as guided by relevant theory. The understanding of the concepts and theories also allows the researcher to develop questions and hypotheses regarding the line of research and identify generalizations and limitations to the phenomena or phenomenon being researched (Lechtenberg 2022).

#### 3.1 Customer relationship management (CRM)

"Customer Relationship Management (CRM) is the process of carefully managing detailed information about individual customers and all customer touch points to maximize customer loyalty" (Kotler and Keller 2009, 23). According to this definition of customer relationship management (CRM), it is a process that can be used to manage customer expectations as well as provide the highest value to individual customers based on their unique wants and needs. This ensures increased customer engagement with the brand as well as a higher level of customer loyalty due to a long-term relationship with the brand.

Research has also shown that the components of CRM like sales, marketing, and services have a distinct impact on the sustainability of the firm. This sustainability is in the form of economic, environmental, as well as social. This is because CRM software used by large multinational corporations is directed towards achieving digital transformation so that the business can develop innovation in a sustainable model (Gil-Gomez 2020, 18). There has also been research that proves the effectiveness of CRM programs in achieving customer satisfaction. According to studies conducted on firms such as Shell I, the method of customer relationship management can assure better client retention through higher levels of customer satisfaction. As a result, CRM helps organizations to gain a higher market share, increase its productivity, and enhance the morale of employees (Hassan 2015, 563). This shows that customer relationship management is highly essential for companies that seek to increase their competitive edge and hence for companies like McDonald's that has been selected for the purpose of this research, customer relationship management can prove to be an effective tool.

While CRM is often considered as a robust technological tool in multinational organizations, it is also a potent business management strategy and process that helps the business to adapt to the dynamic needs and desires of its customers. This means that CRM has a high return on investment because the software of CRM helps to serve customers better and this leads to a greater number of returning customers and also helps market the services of the organization. Moreover, using CRM processes or automated CRM software and databases enables companies to abide by a business model that is focused on the customer. This leads to the growth of entrepreneurial marketing endeavors of the business organization. Hence, through the usage of a CRM, companies can engage in customer relationship marketing, which is a type of entrepreneurial marketing strategy that spurs quick growth and higher revenue of start-up firms (Vente Gueroa-Navaro 2022, 8). However, this can also be highly effective for established businesses like McDonald's in Kokkola.

Apart from this, the concept of CRM has also been implemented in several other industries like the healthcare industry that is often characterized by the need for building customer trust and forge customer relationships at a much faster rate than other industries. This is important to understand because like the healthcare industry, the fast food industry also needs to build lasting customer relationships as fast as possible. Hence, this research has proven that CRM impacts businesses by increasing the level of productivity in the organization, enhancing the loyalty of customers, as well as increasing satisfaction for availing the services which in turn ensures customer loyalty (Yaghoubi 2017, 6). Therefore, it can be seen that CRM is an effective tool in increasing the competitive effectiveness of firms. However, it was found from the work of other scholars and researchers that customer prospecting and personalization of the customer experience were additional aspects that could make the CRM process much more effective in enhancing competitiveness of organizations (Hakim 2018, 201)

#### 3.2 Customer satisfaction and loyalty

Since customer relationship management has been linked to increasing customer satisfaction and thereby customer loyalty as well, it is important to understand the concepts and theories related to customer satisfaction as well as loyalty. There are several theories and concepts related to customer satisfaction and loyalty. Some of the most prominent theories in this regard include the dissonance theory,

the contrast theory, the comparison level theory, the value percept theory, the attribution theory, the equity theory, and the evaluative congruity theory (Yüksel 2008, 95). The theory of cognitive dissonance in customer relationship and satisfaction has been explored in research with respect to the service industry. The studies have developed connections between the theory of cognitive dissonance in customer satisfaction and relationship variables such as trust and value. In fact, it has been found that the dissonance theory of customer satisfaction is not only linked to the post-purchase decisions and feelings of customers but can also be used by service organizations to apprehend ways in which customers process information in order to prevent the spread of negative publicity though word-of-mouth (Kim 2011, 96-112).

On the other hand, the contrast theory of customer satisfaction is, as the name suggests, a contrast to the cognitive dissonance theory of customer satisfaction. According to this theory, buyers who get a product or service of lesser quality than their initial perceived quality are forced to enhance the differences in their post-purchase behaviors and actions. As a result, customer satisfaction according to this theory is much lower than it needs to be if the product of service that is delivered is below an expected or perceived quality. Similarly, if the product or service delivered is of a higher quality than the initial perceived quality, it will lead to excessive customer satisfaction wherein the customer will magnify the differences between these two here as well, but it will result in a highly positive customer experience (Yüksel 2008, 132). Apart from these, there are many other theories but these two are the theories that are most relevant in understanding the customer satisfaction in the fast food industry, with special reference to the McDonald's outlet in Kokkola, Finland.

In terms of customer loyalty, the theory is based on understanding some of the demographics which are variables. These variables can be understood by studying consumer habits and trends over the years. The theory of customer loyalty has been used by scholars and researchers as well as applied by management experts to understand the different drivers of motivating customers to remain loyal to the brand. Since this leads to customers repeating their purchases with the respective business, most business owners have today learnt the invaluable importance of maintaining customer loyalty and engaging customers within any ecosystem of their products and services (Reynolds 2013).

Cultural and religious factors, according to available literature, might drive clients to remain loyal to the firm. Moreover, three groups of antecedents for customer loyalty have been identified as well. These include the primary determinants of customer loyalty that encompass satisfaction, trust, and perceived quality of the product or service. The second antecedent is the secondary determinant of customer loyalty that encompasses certain loyalty factors that are specific to the nature and context of the situation. The third antecedent is the moral determinant of customer loyalty. This antecedent includes spiritual, cultural, and religious factors that may attract and retain more of the target market (Abu-Alhaija 2018, 106).

#### **3.3 Customer expectation**

From customer satisfaction, emerges the concept of customer expectation. This is a concept that is related to the expectancy theory of customer satisfaction. This theory is also known as the expectancydisconfirmation theory. According to this theory, customers hold certain preconceived notions about the quality of the products or services they are about to purchase. These notions are usually the result of the comparison between the current performance and quality of the products and the predetermined standards. However, such predetermined standards are the manifestation of the customer's predictions from past other dissonance and behavior. This theory of expectancy disconfirmation also indicates three exclusive outcomes for the comparison of disconfirmation between different products and services.

The first outcome is known as positive disconfirmation which happens when the quality or performance of the product of service exceeds the customer's predetermined expectations. The second outcome is known as neutral disconfirmation or zero discount formation. This occurs when the actual quality or performance of the product or service is exactly similar or same as the predetermined expectations of customers. Finally, negative disconfirmation takes place when the actual performance or quality of the product is much lower than the predetermined standards of performance and quality (Oliver 1996, 197). Since this theory of customer expectations and specifically the expectancy disconfirmation theory is so important to managing customer expectations, researchers have investigated and found frameworks for managing customer expectations.

Scholars like Sheth and Mittal (1996) have recognized that in most cases, difficult customer expectations may not be met by businesses because of these expectations being irrational, unjustified, unproductive, or even infeasible to achieve. However, it has been identified that human resource management, framing, and compliance are three types of broad approaches to managing customer expectations. Moreover, it has also been found that the marketing mix tools like the 4 Ps and the 7 Ps of marketing mix may be beneficial in successfully managing these types of customer expectations (Sheth 1996, 137-158).

According to the expectancy disconfirmation theory of customer expectations, the applications have been found on aggregator websites for food companies as well as review and information sites for food establishments and other businesses like Yelp and TripAdvisor. The theory of customer expectation has led to the understanding that negative reviews on such websites stem from negative experiences of customers. Even if these negative experiences were not so negative, the reviews left by dissatisfied customers are highly exaggerated. This has been found to affect consumer behavior towards the specific brand as well (Yamada 2019, 684-689). This type of dissatisfaction of past consumers often reveals service gaps within the business and this severely impacts consumer behavior negatively towards the brand in such a way that the business may lose its consumers due to such reviews. Hence, it can be understood that customer expectations theory, theories of customer satisfaction like the expectancy-disconfirmation theory, and consumer behavior are closely related when it comes to the food and fast food industry. Hence, these theories and concepts are relevant for the research regarding customer satisfaction in fast food restaurants such as the chosen McDonald's outlet in Kokkola, Finland.

#### 3.4 Service gap and dissatisfaction

Service quality and the gaps in service quality that lead to increased levels of customer dissatisfaction have been researched extensively. Moreover, the increasing demand for affordable and quick, as well as, ready to eat meals for working professionals and college students who have limited time for meals during their busy schedules has also resulted in several chains of quick service restaurants (QSRs) popping up in Finland. As a result of the emergence of several brands of QSR that are competing today with the largest names in the industry like McDonald's, KFC, Burger King, Wendy's, Taco Bell, Chipotle, etc., the competition to serve the greatest number of customers in the best possible way has been increasing. Therefore, it was evident that certain gaps began to emerge in the delivery of such services by QSRs to their customers.

According to research, examining the gap between consumers' expectations of brand and service quality vs their views of the actual service obtained allows for the discovery of service gaps. These gaps may be investigated by comparing expectations and perceptions in order to improve service delivery. Furthermore, the identification of such gaps has helped with the development of certain SERVQUAL (service quality) dimensions in the fast food and QSR industry not only in Finland but across the world (Aravinda Kumar 2021, 99-101). However, revised research suggests that improved service quality has little to no impact on the behavioral intentions of customers in QSRs.

On the other hand, research has also found that customer satisfaction depends positively on factors like service quality, food quality, and price-value ratio but dissatisfaction depends inversely on these factors. When the gaps between the expectations and perceptions of these factors have been met, only then it can lead to improvement in the behavioral intentions of customers (Namin 2019, 70-81). Therefore, researchers have attempted to understand the measurement of customer satisfaction in the fast food industry through several studies. According to such studies, it has been found that customer satisfaction largely depends on satisfaction with the personal service and satisfaction with the service setting.

Moreover, this research was conducted on a cross-cultural research sample, and this proves that regardless of the cultural variations in the expectations and perceptions of fast food and QSR customers, the two factors of satisfaction with personal service and service setting remain constant (Gilbert 2004, 371-383). Therefore, the service gap and dissatisfaction in the QSR and fast food industry are closely interconnected. When there is a vast difference in the expectations of customers versus the perception of the actual service provided, it leads to a service gap which causes dissatisfaction among customers. Apart from that, these levels of dissatisfaction and satisfaction with regards to the fast food and QSR industry can also be explicitly measured using certain specific criteria and parameters. Another research provided similar insights but focused on customer satisfaction, loyalty, and happiness with respect to fast food restaurants.

This research looked at customer satisfaction and loyalty as being mediated by a certain factor, which was happiness. Happiness is often described as the lack of customer dissatisfaction. In the fast food industry, customer happiness is inversely related to customer dissatisfaction, it can be used as a mediator between customer satisfaction and loyalty (Zhong 2020, 460). Therefore, it was understood that with the help of the identification of mediating factors between customer satisfaction and loyalty, the gaps in service can be measured. If the levels of customer happiness are higher, then it means that there are less gaps in customer service quality.

#### **4 RESEARCH METHODOLOGY**

The research methodology that has been used for this research is mixed methods research. This means that it contains both a qualitative content analysis of the six interviews that have been conducted of customers at the Kokkola branch of McDonald's in Finland, as well as a quantitative analysis of the measurement of frequency of occurrence of different phrases and themes related to customer satisfaction in the fast food restaurant business. Content analysis is such a type of research methodology that usually bridges the gap between qualitative and quantitative research methods. Hence, it has been used for this thesis to get more comprehensive answers to the research question in the context of the Kokkola branch of McDonald's in Finland.

#### 4.1 Quantitative research

Quantitative research can be conducted using two types of quantitative data. There are quantitative data that are considered intrinsically numerical, for example age, income, or any other data that is, at its core, numerical in nature. There are also quantitative data that are imposed on with a numeric structure, like the inferences from a Likert Scale questionnaire (Ahmad 2019, 28). For the purpose of this research, the quantitative data is not intrinsically numerical in nature. But rather, the number of occurrences of specific words and phrases are counted and essentially a numeric structure has been imposed on them for ease of analysis. From this perspective, this research does contain quantitative research methods, which have enabled the researcher to reach accurate conclusions regarding the answer to the research question.

The quantitative research approach for this thesis includes counting the exact occurrences of certain words that are identified from the 6 interviews conducted of random customers at the Kokkola branch of McDonald's in Finland. By performing statistical descriptive analysis of these numbers of occurrences, the researcher has deployed some specific descriptive statistical tools like the minimum, maximum, average, median, and mode. The inference of this counting has led to the discussion and specific conclusion of this thesis.

#### 4.2 Qualitative research

Qualitative research is also one form of research in thesis and researcher papers that is constantly being used by several researchers today. Moreover, qualitative research is a naturalistic inquiry that attempts to better measure the causes and scope of any socio-cultural phenomena. There are different forms of qualitative analysis that can be conducted, like biography, case study, historical analysis, discourse analysis, ethnography, grounded theory, content analysis, and phenomenology (Ahmad 2019, 2832). The chosen qualitative research method for this thesis is content analysis. The purpose of such a research method is to draw analyses and infer meanings from qualitative data that has been collected.

#### 4.3 Validity and reliability

Validity and reliability of the research are used as an evaluation to understand how well a research methodology measures what it is mean to measure. Reliability is the evaluation of whether the research leads to the same conclusion if performed again under the same conditions. Validity, on the other hand, relates to the correctness of the measurements obtained in a research methodology and data processing approach utilized in study. While there are different types of validity and reliability measurements, for the purpose of this research, it can be said that the qualitative data collected from the six interviews of McDonald's customers is valid but may not be reliable under all circumstances. This means that the data may not have a high degree of generalizability, but it does have reliability if the interviews are taken from the same candidates when the research is being repeated.

However, the types of reliability and validity often discussed in academic literature are not strictly applicable reliability like internal reliability and inter-rated reliability criteria have mostly been developed for scientific research purposes (Molina 2013, 1643). As a result, it can be said that this research on knowing how to improve customer satisfaction at the chosen McDonald's location in Kokkola, Finland is both valid and trustworthy.

#### **5 ANALYSIS OF REPORT**

This chapter is an essential part which will present the analysis results and feasible suggestions and provides valuable information about the company. This part describes the calculation of the appropriate sample size for the study. The objective of this research was to identify gaps in customer satisfaction with regards to food quality, ambience, prices, and service quality and develop strategies to fill those gaps and increase customer satisfaction levels.

The qualitative content analysis will analyze a set of six brief interviews from customers at Kokkola's outlet of McDonald's. The sampling methods chosen for selecting interview participants is random sampling method wherein any customer at the Kokkola McDonald's can be selected for the interview.

The interview questions which were asked from the customers are as follow:

- 1. Do you think that McDonald's listens to customers and employees in general?
- 2. What are the main factors of customer satisfaction and loyalty according to you?
- 3. How would you describe your expectations from and perception of McDonald's in Kokkola, Finland?
- 4. What according to you would lead to dissatisfaction at McDonald's in Kokkola?
- 5. How important is the quality of food in determining your satisfaction with a fast food restaurant like McDonald's?
- 6. What role do the prices of the food play in your satisfaction with McDonald's?

As the first question is about McDonald's listening to the customers and employees in general, the response received from regular customers was positive and similar. As an interviewee mentioned,

> McDonald's is a big chain, thus it is hard for the company to take into consideration every individual' thoughts. However, I think McDonald's workers listen to customers when they have a complain and try to compensate in the best possible way. (Interview 1)

In the second question, the customers were asked about the main factors that determine customer satisfaction and loyalty. The factors seem to be similar for all the customers that we receive the response from. Good quality food, cleanliness and fast delivery of food or service were the main factors affecting customer satisfaction. As an interviewee mentioned,

*I think the main aspect is that the expectations are met. If a customer gets what they expect they will be satisfied and loyal customers.* (Interview 1)

In the third question, expectations from and perception of McDonald's in Kokkola was asked in which customers expected to have good food at reasonable prices and was expected to make the food carefully so that customer do not have to wait longer getting wrong order. The perception of McDonald was described as staffs being friendly, loyal towards the customers, cooperative and listens to the feedback. As an interviewee mentioned,

> I expect food to be made more carefully as sometimes we as a customer get wrong food or food with missing ingredients. (Interview 4)

In the fourth question, the customers' response towards the leading factors to dissatisfaction at McDonalds in Kokkola was about long waiting time, wrong order, and cleanliness. As an interviewee mentioned,

*I don't think they dissatisfy me but if I choose one think that is sometime, we have to wait for long time for food.* (Interview 3)

In the fifth question, the customers were asked about the importance of food quality in a fast food restaurant like McDonald's. The customers responded as it is the main factor determining the customers' satisfaction and if good quality food is available the customer does not hesitate to pay and dine. As an interviewee mentioned,

> Very important. In a fast food restaurant, customer service doesn't matter as much as in a nicer restaurant. The main reason people dine at fast food restaurants, is because the food is good and quick with a reasonable price. (Interview 2)

In the sixth question, the customer was asked about the role of a prices in customer satisfaction in which the response was the Mc Donald's is much cheaper than any other fast food restaurant and costumer also choose Mc Donald's for their cheaper prices of food. As an interviewee mentioned,

I think McDonald's food prices are cheaper than other restaurants. I am also very satisfied with their prices, and we are visit there one a week with our family members. (Interview 3)

The final stage of the data collection and research methodology is the processing and analysis of the data. The processing of data here begins with the identification of the categories of coding. For this purpose, the concepts from the literature review and theoretical framework have been selected. For example, some of the codes developed to infer meaning from the interviews are related to Customer Relationship Management (CRM), Customer Satisfaction and Loyalty, Customer Expectations and Perceptions, as well as Service Gaps and Customer Dissatisfaction. Given below is a list of the chosen themes and the corresponding codes that are covered in each theme.

The qualitative content analysis will analyze a set of six brief interviews from customers at Kokkola's outlet of McDonald's. The sampling methods chosen for selecting interview participants is random sampling method wherein any customer at the Kokkola McDonald's can be selected for the interview. However, it is preferable that among the 6 possibilities of selecting participants, 3 should be loyal and highly satisfied customers while the other 3 are frustrated with McDonald's but has no other cheaper place to dine.

Themes	Codes	Number Of Occurrences
Customer service	• Good	• 2
	• Listen to customers.	• 3
	Cooperative	• 1
Food Quality	Quality is important.	• 2
	<ul><li>Good Food</li></ul>	• 2
	• Freshness	• 2
	• Wrong order	

#### TABLE 1.Content Analysis Themes and Codes-Findings

		• 1
Prices	Cheap food	• 3
	• Prices is important	• 1
Speed of service	Fast food	• 3
	• Long wait	• 3
Perception of the restaurant	Friendly	• 2
	• Loyal	• 1
	• Insane	• 1

Based on these findings, it can be seen that certain themes are more recurrently cited by the customers during the interviews than the others. These findings suggest that the words "Customer service", "Food quality", "Prices", "Speed of service", and "Perception of the restaurant" have been used most often by the 6 customers at McDonald's Kokkola who were interviewed.

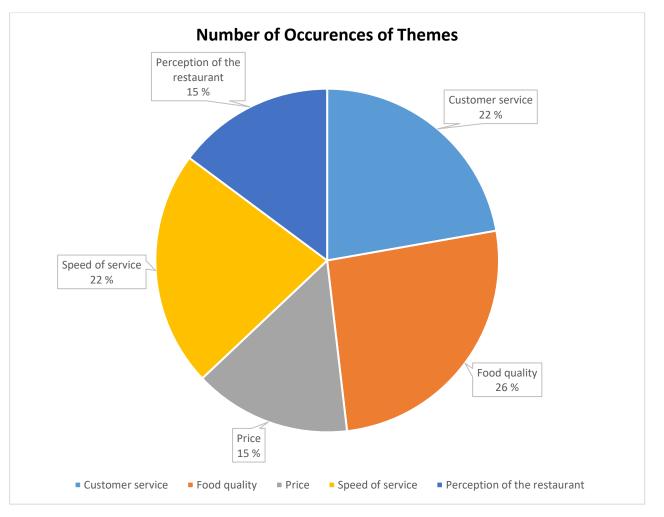


FIGURE 1. Percentage of Occurrence of Themes

Based on the above pie chart, it is evident that food quality had the biggest impact on the McDonald's branch in Kokkola. Whereas the perceptions about the speed of service and customer service quality in general were tied to their level of importance as contributory factors to the success or failure of the Kokkola branch in meeting customer expectations. Moreover, the same can be seen for the factors like prices of the food and the overall perception of the value for money provided by the Kokkola branch of McDonald's in Finland.

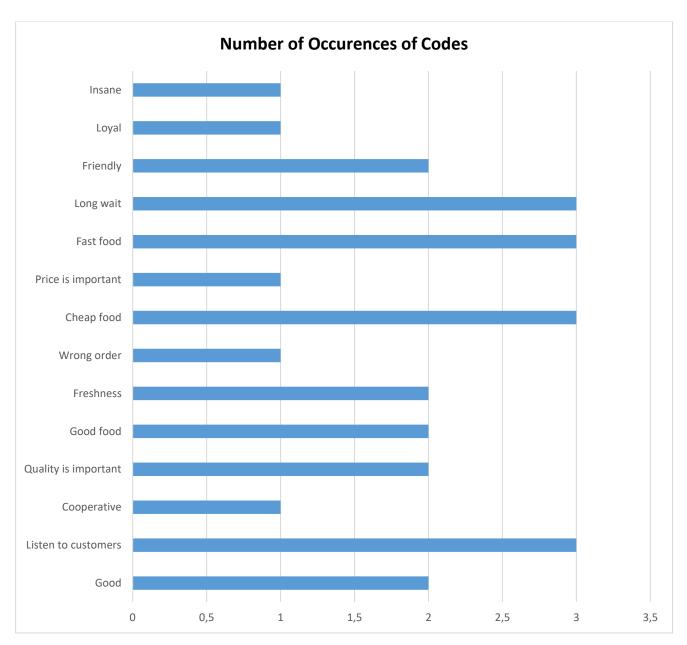


FIGURE 2. Frequency of Occurrence of Codes

Based on the themes that emerged from the two interviews, it can be inferred that the Kokkola branch of McDonald's in Finland has a relatively good level of customer service, as evidenced by the positive mentions of being cooperative and listening to customers. However, one respondent did note that the restaurant can be a bit dirty at times, which may indicate that more attention could be paid to cleanliness.

In terms of food quality, the interviews suggest that it is an important factor for customers. The mentions of freshness and good food indicate that the Kokkola branch is meeting this expectation to some extent. However, the mention of wrong orders is a concern, as it indicates that there may be some issues with accuracy in food preparation that could be addressed. Prices perceptions of customers appear to be favorable towards the Kokkola branch, with several mentions of the food being cheap and affordable. This is an important factor for many fast food customers, so it is a positive sign that customers are perceiving McDonald's as offering good value for money. Speed of service is also a significant factor for fast food restaurants, and it appears that the Kokkola branch is doing well in this regard. Both interviews mention fast food, and one respondent noted that delivery is fast.

However, the mention of long waits by the other respondent is a concern, and it would be important for the restaurant to address any issues with slow service to ensure that customers remain satisfied. Finally, the overall perception of the restaurant is a mixed bag, with positive mentions of friendliness and loyalty being offset by a negative mention of insanity. It is difficult to draw strong conclusions based on these limited responses, but the restaurant should be aware that negative perceptions can quickly spread through word of mouth and take steps to address any issues that are causing dissatisfaction. Overall, it appears that the Kokkola branch of McDonald's in Finland is meeting customer expectations in several important areas, including speed of service, food quality, and prices. However, there are also areas for improvement, such as accuracy in food preparation and cleanliness. By addressing these areas, the restaurant can continue to build a positive reputation and attract more customers.

#### **6 CONCLUSION AND DISCUSSION**

According to the theoretical framework for this thesis, the fulfilment of the two objectives with regards to the research question has been achieved. This has been done by analyzing the results of the content analysis considering the concepts of customer satisfaction and loyalty as well as customer expectation and perception as reviewed in the theoretical framework. The first objective of identifying the gaps in customer satisfaction with regards to food quality, ambience, prices, and service quality has been fulfilled based on the understanding that there are certain theories like dissonance theory, contrast theory, comparison level theory, value percept theory, attribution theory, equity theory, and evaluative congruity theory that can be used to explain these (Yüksel 2008, 132)

Since customer satisfaction and loyalty are intricately connected to customer expectations and perceptions, it can be understood that satisfaction and loyalty are dependent on the post-purchase behavior of customers. The dissonance theory here explains that in order to prevent negative post-purchase behavior that can lead to negative perceptions about the brand McDonald's, the organization can change the way customers interpret the information provided to them by the brand communication. In practicality, this refers to the marketing communication of McDonald's being aligned with the actual offering of products and services so that negative publicity cannot occur during the post-purchase stage of the customer cycle (Kim 2011, 112). Moreover, based on the contrast theory, it can be understood that the negative experiences of customers based on a quality of food and service that is much below their expectations, leads to an unfairly higher level of customer dissatisfaction at McDonald's.

In terms of customer loyalty at McDonald's it has been understood that the levels of customer loyalty are dependent on the post-purchase perceptions of customers about the products and services offered by the brand. Since there are certain drivers that influence the loyalty of customers, or in simpler terms, the motivation for customers to repeat their purchases with the same brand, McDonald's needs to understand that these perceptions of customers about the quality of food and services at McDonald's is a significant driver. Therefore, in order to increase the loyalty of its customers, McDonald's Kokkola needs to introduce integrated products and services that keep their customers engaged with the brand. This can be done by implementing the strategy of developing a product and service ecosystem like that of electronics manufacturer Apple (Reynolds 2013). To do this, McDonald's should start

providing value added services to their customers like options to have different types of dietary requirements on the food menu. This should be supplemented with the option to have unique D-I-Y meals prepared based on the personal recommendations of customers. This will not only increase the engagement of customers in Kokkola, Finland, but also tie them into a well-knit ecosystem of products and services.

Apart from that, McDonald's at Kokkola, Finland could also start their own range of healthy foods for people who prefer not to eat fast food but can wait for longer periods for specially prepared healthy food items. This means that the primary antecedents of customer loyalty like satisfaction, trust, and perceived quality of products and services will be maintained. Moreover, it can encompass the second and third level of antecedents of customer loyalty at McDonald's like spiritual, cultural, and religious factors as well (Abu-Alhaija 2018, 111).

Expectations was found to be the second most frequently occurring code in the content analysis of the interviews conducted for the six customers available at the McDonald's outlet in Kokkola, Finland. Based on the theoretical framework of this research, these findings can be interpreted as being related to the Expectancy Theory of Customer Satisfaction. Since customers at the McDonald's outlet at Kokkola hold certain preconceived notions about the quality of food offered and the quality of services dispensed, a mismatch between these expectations and the actual quality of food and service provided can lead to negative impact on customer perceptions of the McDonald's brand.

Therefore, according to Oliver (1996), there can be three outcomes for the customer expectations of the quality of food and services provided at the McDonald's outlet at Kokkola, Finland. These are: positive disconfirmation, neutral disconfirmation, and negative disconfirmation. Based on the responses of the brief interviews conducted with the six customers at the McDonald's outlet in Kokkola, Finland, it was found that negative disconfirmation had a higher probability amongst the customers when it came to customer expectations about the McDonald's brand. Therefore, the response of McDonald's Kokkola towards managing these different types of customer expectations should follow the guidelines of researchers like Sheth and Mittal (1996). According to Sheth and Mittal (1996), human resources management, framing, and compliance are the three methods using which McDonald's can effectively manage their customer expectations.

Customer perception, according to this research, is the perspective of customers after receiving the products and services at McDonald's Kokkola. According to the results of the interviews and the theo-

retical framework of this research, it has been understood that when customers face negative experiences at the Kokkola outlet of McDonald's they tend to exaggerate their experiences. This, in turn, directly impacts the consumer behavior towards the brand of McDonald's in Finland.

When other customers or prospective customers hear about such exaggerated negative experiences or even read about such exaggerated narratives of negative experiences on internet platforms, this negatively impacts McDonald's as a brand. It can increase customer dissatisfaction or even distort existing customer satisfactions into dissatisfaction (Yamada 2019, 689).

This further demonstrates the application of the customer's expectancy disconfirmation theory that has been used to interpret and analyze the responses from the interview. Therefore, the Kokkola outlet of McDonald's needs to develop strategies that can ensure that customers develop perceptions about the brand that are synonymous with the core vision, mission, and values of McDonald's as well as their own preconceived notions about the quality of food and service provided by the McDonald's brand. Based on the discussion and analysis of the problems faced by the Kokkola outlet of McDonald's in Finland, it is evident that this fast food restaurant needs to implement certain strategies to increase customer satisfaction and loyalty, as well as achieve synchrony with the customer's expectations and their perceptions post-purchase. Therefore, two specific strategies can be recommended in order to achieve these.

Provide cleanliness and impeccable service: With the help of this strategy, the cleanliness within the interior of the restaurant establishment can help to achieve synchrony between the customer's expectation of the McDonald's brand and their perceptions that are formed about the McDonald's brand after visiting the establishment. This strategy is helpful when attempting to create a positive first impression of a QSR on the customers. Added to the clean and hygienic interiors of the restaurant is the consistent level of quality of service. This includes a high degree of professionalism in the staff as well as the seamless integration of the products and services. For example, the McDonald's outlet at Kokkola has self-service wherein customers need to pick up their orders from the counter as well as place their orders at the cashier's counter. However, since there is no other need for visiting the counter other than ordering and picking up orders, an integrated ordering and payment gateway can be fitted on each table, whereas a dedicated food pickup area can be allotted. This reduces human interactions and makes the service even more seamless and error-free.

Keep staff happy to keep customers happy: When it comes to increased customer engagement, satisfaction, and loyalty, the best way is to keep the staff happy. When the staff are happy, they often go out of their way to keep customers happy. This high level of employee engagement often leads to increased levels of job satisfaction that usually translates to higher levels of customer satisfaction as well. Moreover, then customers remain satisfied on every interaction with the restaurant, they develop a sense of customer loyalty.

Based on the theories and models discussed in the theoretical framework as well as correlating them with the evidence from the responses in the 6 interviews conducted of the 6 customers at the Kokkola outlet of McDonald's in Finland, it is evident that in order to increase customer retention, customer satisfaction, as well as customer loyalty, it is important to keep the staff satisfied as well. The only way in which this outlet of McDonald's will be able to achieve a higher level of customer satisfaction is by training staff to provide a higher level of service to customers.

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#### **APPENDICES**

- 1. Do you think that McDonald's listens to customers and employees in general?
- 2. What are the main factors of customer satisfaction and loyalty according to you?
- 3. How would you describe your expectations from and perception of McDonald's in Kokkola, Finland?
- 4. What according to you would lead to dissatisfaction at McDonald's in Kokkola?
- 5. How important is the quality of food in determining your satisfaction with a fast food restaurant like McDonald's?
- 6. What role do the prices of the food play in your satisfaction with McDonald's?