THE IMPORTANCE PERFORMANCE ANALYSIS OF PHYSICAL ENVIRONMENT FROM CUSTOMER PERSPECTIVE AT MCDONALD'S MANADO

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ABSTRACT

McDonald's Manado is one of fast food restaurants that improved their service, it can be seen from their physical environment. The aim of this research is to analyze the importance and performance of physical environment at McDonald's Manado, whether the use of physical environment of McDonald's is optimal or not. The type of this research is descriptive quantitative methods by using Importance-Performance Analysis (IPA) as the analytical tool. The population of this research is the customers of McDonald's Manado where the sample size is taken from 100 customers. This research findings that Walkways Arranged is important but not good in the performance for customers. Style of Décor, Parking Space, Lighting, Menu Information are important and have a good performance to customers. Noise, Scent, Signage, Temperature, Shape of Furnishing have low priority to customers. McDonald's management should give special attention in order to improve and increase the performance of Walkways Arranged. The management should keep give the highest attention to Style of Décor, Parking Space, Lighting, Menu Information in order to keep the highest performance that have been achieved. Noise, Scent, Signage, Temperature, Shape of furnishing have low priority, so the management should not give more attention to this attributes.

Keywords: physical environment, importance-performance analysis, mcdonald's

INTRODUCTION

Research Background

Today the economic growth keep on rise and it makes people to drive to compete with others in economic sector. In this communication era with no boundaries, people can figure out the price and quality of any kinds of product and service through internet and it makes people smarter to assess the quality of the products and services but, too many options of products and services in the market with different price makes people confuse to purchase a product or service and it influencing customer purchasing decision. Today, the competition of the company is getting tighter within offering their products or services to customers, so the company must have a strong strategic marketing to attract their customers. A bad strategic marketing will make a company eliminated from a market competition.

A tight competition comes from restaurant industry as well, as we know that food and beverage are the primary needs of human being to live. So, human being will never be separated from food and beverage because of that, we can find any restaurant wherever we go. The competitors in this business knows that this is a promised business so there are so many kinds of restaurant that we will meet, there is a family restaurant, a traditional restaurant and fast food restaurant. Fast food restaurant is a popular restaurant and liked by people because they have a quick service rather than ordinary restaurant. There are several fast food restaurants that familiar in our ears such as, McDonald's, KFC, A&W, Texas Chicken, Dunkin Donuts, and so on. There are so many restaurant in this current era and it makes people saturated with common restaurant, then the owner of the restaurant starts thinking about new concept of the restaurant so, the restaurant with a theme starts appear. There

is a restaurant with classic theme, a restaurant with nature theme even there is a restaurant with toilet theme that purposed only to attract customers. At this time, only selling a food and beverage it's not enough so the owner of restaurant also selling the ambiance or atmosphere of the restaurant as a purposed to make customer feel comfortable and satisfied. The same action also applied by McDonald's in Batumi, Georgia, which is the building of McDonald's have a unique architectural design with fuel station and different from McDonald's building before, and designed such a good way so there is no noise from outside enter into the room and that is the effort only for the comfortable and satisfaction of the customers of McDonald's.

Wall and Berry (2007), cited by Voon (2011), stated that Physical environment may affect customers' physical comfort and movement. Based on the statement, then the fast food restaurant need to consider about their physical environment in order to make customer satisfaction. In Manado, there are so many customer come to a restaurant and sitting there for a long time, whether they come to restaurant for eat and drink or whether they just come only for spending the time with family or friends. Spending the time at restaurant or other place has become a habit of people in Manado then it makes some of restaurants starts to improve their physical environment in order to attract customer and make customer satisfaction while they are in a restaurant.

Research Objectives

This research aims to analyze the importance and performance of physical environment to customer at McDonald's Manado.

THEORETICAL FRAMEWORK

Theories

Service

Lovelock and Wirtz (2011:37) defined service are economic activities offered by one party to another. Often time-based, performances bring about desired results to recipients, objects, or other assets for which purchasers have responsibility. Gadrey (2000) found that any purchase of service by an economic agent B (whether an individual or organization) would, therefore, be the purchase from organization A of the right to use, generally for a specified period, a technical and human capacity owned or controlled by A in order to produce useful effects on agent B or on goods C owned by agent B or for which he or she is responsible.

Marketing

Kotler and Keller (2009:45) defined marketing as an organization function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stockholders. Perreault et al (2011:6) defined marketing is the performance of activities that seek to accomplish an organization's objectives by anticipating customer or client needs and directing a flow of need satisfying goods and services from producer to customer or client.

Servicescape

Lovelock and Wirtz (2011:276-277) found that the physical service environment customers experience plays a key role in shaping the service experience and enhancing (or undermining) customer satisfaction, especially so in high-contact, people-processing services. Designing the service environment is an art that takes a lot of time and effort, and it can be expensive to implement. Service environment, also called servicescape, relate to the style and appearance of the physical surroundings and other experiential elements encountered by customers at service delivery sites. Bitner (1992), cited by Johnson et al (2003), found that the servicescape as the man-made physical surroundings of a service setting, and all of its ambient factors. The servicescape includes three important aspects: (1) ambient conditions; (2) spatial layout and functionality; and, (3) signs, symbols and artifacts.

Consumer Behavior

Schiffman and Kanuk (2007:3) defined the consumer behavior as the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. Peter and Olson (2005:5) defined consumer behavior as the dynamic interaction of affect and

cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives. Hawkins et al (2004:7) defined consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. Engel et al (1986) defined consumer behavior as those acts of individuals directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that precede and determine these acts.

Previous Research

Johnson et al., (2003) found that three of the five elements of atmosphere were significantly and positively related to gaming customer satisfaction. Three of those five aspects of atmospherics that were relevant to them also influenced their overall gaming experience. Ryu and Han (2010) found that perceived quality of physical environment was an important factor affecting customer satisfaction. To satisfy customers, restaurateurs should pay attention to the operation of the physical environment (e.g., attractive interior design and décor, comfortable seats, high quality of furniture, professional appearance of employee, and pleasant music, lighting, color) in quick-causal restaurants. Voon (2011) found that service environment (servicescape and human service) played a critical role in determining the youth satisfaction and loyalty.
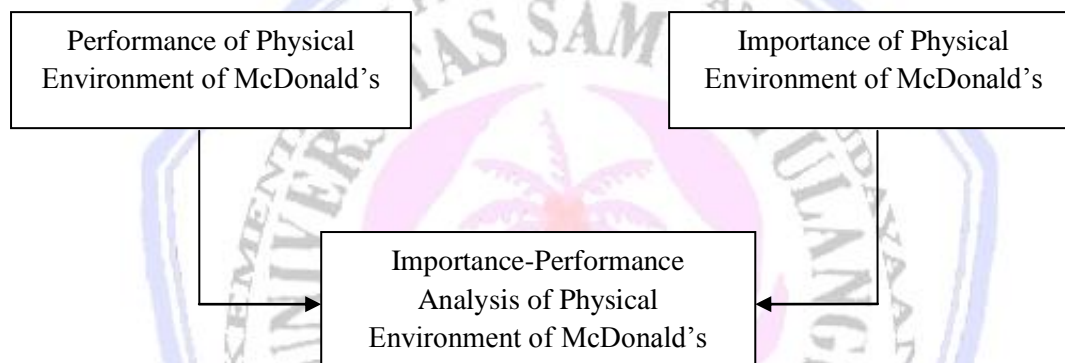
Figure 1. Conceptual Framework
Source: Theoretical Review

RESEARCH METHOD

Types of Research

The type of this research is descriptive quantitative methods by using Importance-Performance Analysis as analytical tool. The data of this research obtained by spreading the questionnaire.

Place and Time of Research

The study was conducted in Manado from September-December 2013 (4 Months).

Population and Sample

The population in this research is customer of McDonalds in Manado. The sample of this research is the customer of McDonald's in Manado as many as 100 customers or respondents.

Data Collection Method

The source of data can be from primary and secondary sources. Primary data is data originated by the researcher specifically to address the research problem. This research gets primary data from the result of questionnaires. Secondary data is data collected for some purpose other that the problem at hand. The secondary data is taken from books, journals, and relevant literature from library and internet.

Operational Definition and Measurement of Variables

1. **Ambient Condition** - The effect of ambient conditions on the overall, holistic perception of the servicescape are especially noticeable when they are extreme (e.g., loud music, high temperature), when the customer or employee spends considerable time in the servicescape (e.g., hospital stay vs. visit to dry cleaner), and when they conflict with expectations (e.g., loud music in a law office).
2. **Spatial Layout and Functionality** - The effect of spatial layout and functionality are particularly salient in self-service settings, when the tasks to be performed are complex, and when either the employee or customer is under time pressure.
3. **Signs, Symbols, and Artifacts** are particularly important in forming first impressions, for communicating new service concepts, for repositioning a service, and in highly competitive industries where customers are looking for cues to differentiate the organization.

Data Analysis Method

Validity and Reliability test

Validity is a characteristic of measurement concerned with the extent that a test measures what the researcher actually wishes to measure. the validity in this research is measure by using SPSS software. Validity test will valid if the MSA in the Anti-Image Correlation is more than 0.5. The reliability of a measure indicates the extent to which it is without bias (error free) and hence ensures consistent measurement across time and across the various items in the instruments (Sekaran and Bougie, 2009:161). Reliability test was used for all data capture and to analyze the questionnaires that have been propagated in the process of this study used Cronbach's Alpha. If Cronbach's alpha is more than or equal with 0.6, then the measurement is consistency and reliable.

Importance-Performance Analysis Models

The Importance-Performance Analysis (IPA) framework was introduced by Martilla and James (1977) in marketing research in order to assist in understanding customer satisfaction as a function of both expectation concerning the significant attributes and judgments about their performance. The relationship between the level of performance and importance is determined by using the diagram Cartesians. Cartesians diagram is divided into four sections that are restricted by two perpendicular lines that intersect at points (X,Y), where X is the average from an average score of all factors of performance and Y is the average from an average score of all factors of importance.

Figure 2. Importance-Performance Analysis Grid

IMPORTANCE		
	QUADRANT I Concentrate Here High Importance Low Performance	**QUADRANT II** Keep Up the Good Work High Importance High Performance
	QUADRANT III Low Priority Low Importance Low Performance	**QUADRANT IV** Possible Overkill Low Importance High Performance

PERFORMANCE

Source: Chu and Choi (2000)

a. Quadrant I   : Attributes are perceived to be very important to respondents, but performance levels are fairly low. This sends a direct message that improvement e!orts should concentrate here.
b. Quadrant II   : Attributes are perceived to be very important to respondents, and at the same time, the organisation seems to have high levels of performance on these activities. The message here is To Keep up the Good Work.
c. Quadrant III : Attributes are with low importance and low performance. Although performance levels may be low in this cell, managers should not be overly concerned since the attribute in this cell is not perceived to be very important. Limited resources should be expended on this low priority cell.
c. Quadrant IV   : This cell contains attributes of low importance, but relatively high performance. Respondents are satisfied with the performance of the organizations, but managers should consider present efforts on the attributes of this cell as being over utilized.

RESULT AND DISCUSSION

Result

The result of analysis will attempt to answer the problem contained in this research. There are ten indicators at level of importance and performance analysis which are temperature, lighting, noise, scent, shape of furnishing, walkways arranged, parking space, signage, style of décor, and menu information. The result demonstrated the attributes of physical environment in four quadrant analysis.

Table 1. Perceived Importance and Performance of Physical Environment at McDonald's ($n = 100$)

Attributes	Performance	Importance	Quadrant
Temperature	3.63	3.43	III
Lighting	3.74	3.96	II
Noise	3.46	3.51	III
Scent	3.48	3.44	III
Shape of Furnishing	3.61	3.32	III
Walkways Arranged	3.26	3.81	I
Parking Space	4.04	4.19	II
Signage	3.45	3.28	III
Style of Décor	3.82	4.23	II
Menu Information	3.92	3.88	II
Average	**3.641**	**3.705**	

Source: Data Processed, 2013

Table 1 shows that performance of parking space had the highest value which is 4.04, followed by performance of menu information which is 3.92, performance of style of décor is 3.82, performance of lighting is 3.74, performance of temperature is 3.63, performance of shape of furnishing is 3.61, performance of scent is 3.48, performance of noise is 3.46, performance of signage is 3.45, and performance of walkways arranged is 3.26. However, when the customer were asked to evaluate the importance of physical environment attributes, the result showed that importance of style of décor had the highest value which is 4.23, followed by importance of parking space which is 4.19, importance of lighting is 3.96, importance of menu information is 3.88, importance of walkways arranged is 3.81, importance of noise is 3.51, importance of scent is 3.44, importance of temperature is 3.43, importance of shape of furnishing is 3.32, and importance of signage is 3.28 After getting the point of the quadrant division axis in x = 3.641 and y = 3.705, the next step is to plot the point (x and y) of each attribute into Cartesians graph as shown in figure 2

Figure 3. Data Plotting of Physical Environment Attributes
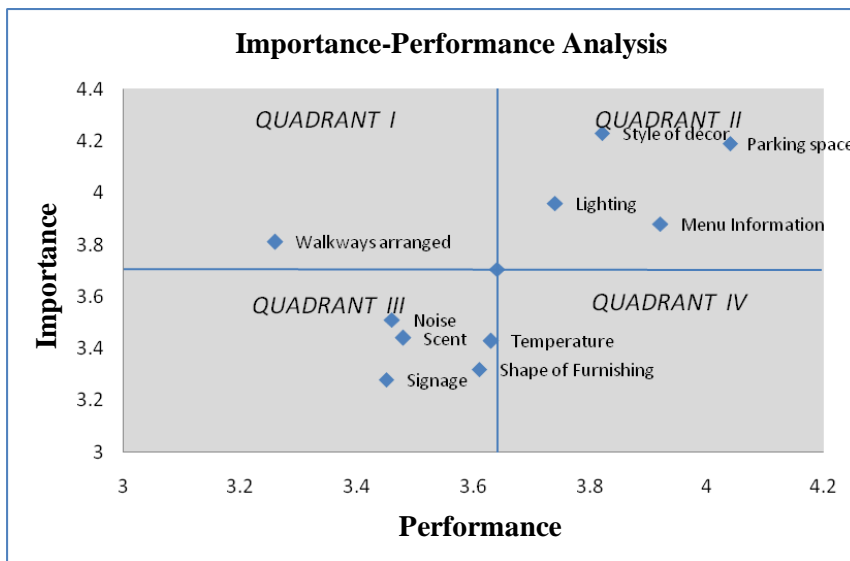
Source: Data Processed, 2013

Walkways arranged is located in quadrant I. It means walkways arranged is perceived to be very important to customer but the performance level are fairly low. This suggest that improvement efforts should be concentrated here. Style of décor, parking space, lighting, and menu information are located in quadrant II. It means style of décor, parking space, lighting, and menu information are perceived to be very important to customer, and at the same time, McDonald's has a high level of performance in these activities. In other words, McDonald's Manado is perceived satisfactory in implemented style of décor, parking space, lighting, and menu information. As all these aspects were necessary for customer, the message here is to keep up the good work. Noise, scent, signage, temperature, and shape of furnishing are located in the quadrant III. These are assessed as low priority, which means that factors are not really important to the customer and at the same time has the lowest performance level, compared with the others.

Discussion

The result found that Walkways Arranged is located in quadrant I, it means that this is perceived to be very important to customer, but performance level is fairly low. McDonald's should give special attention in this attribute because this attribute is important to customer. In order to make customer feels comfortable in McDonald's, then McDonald's needs to rearrange their tables, chairs, and furniture in order to make more space, so, customers could be easy to walk and feel comfortable while walking around in McDonald's. When customers easy to walk in McDonald's they would not be bored when they are back to order foods and beverages again, and rearrange all furniture and make more space to walk is the way to make customer feels comfortable and it can make customer satisfaction.

There are four attributes are located in quadrant II, that is Style of Décor, Parking Space, Lighting, and Menu Information. The previous research (Ryu and Han, 2010) found that perceived quality of physical environment was an important factor affecting customer satisfaction. This research revealed that Style of Décor, Parking Space, Lighting, and Menu Information are the attributes that very important to customer and showed a good performance to customer. If McDonald's keep the good work for these attributes and keep the performance that have been achieved, then McDonald's will get the customer satisfaction

The previous research of Johnson et al., (2003) found that noise levels in the casino was significantly influence player satisfaction. Compared with the result of this research, it was found that noise level is not important to customer and have a low performance. It means that noise level in this current research will not affecting customer satisfaction. Followed by Scent, Signage, Temperature, and Shape of Furnishing that have low priority to customer, so, customer does not pay attention to these attributes and not an interesting attributes

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for customers when they come to McDonald's, so McDonald's is no need to give more attention to these attributes, the better if the funds that will use for this attributes are allocated to other attributes.

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CONCLUSION AND RECOMMENDATION

Conclusion

The conclusions may be drawn as follows:
1. Walkways arranged is important but not good in the performance for customer at McDonald's.
2. Style of décor, parking space, lighting, and menu information are important and have a good performance towards customer.
3. Noise, scent, signage, temperature, and shape of furnishing are assessed to low priority because they have low importance and low performance towards customer.

Recommendation

The management of McDonald's should give special attention in order to improve and increase the performance of Walkways Arranged because this attributes is important to customer. The management needs to re-arrange their tables, chairs, and furniture, so, the space walkways become wider in order to make customer feels comfort while walking around in McDonald's. Style of Décor, Parking Space, Lighting, and Menu Information should keep give the highest attention by the management in order to keep the highest performance that have been achieved, because the attributes are the supporting factors to customer satisfaction. Noise, scent, signage, temperature, and shape of furnishing have low priority to customers, so the management should not give more attention to this attributes.

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