

**A NEW SERVICE-QUALITY MODEL
TO ENHANCE CUSTOMER RETENTION IN THE
HONG KONG FAST-FOOD RESTAURANT INDUSTRY**

A Dissertation submitted

By

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Abstract

In contrast to the current service-quality models in the Hong Kong fast-food restaurant industry, which are primarily designed on the basis of low price, embellishment, and fast service that are expected to enhance customer retention, this study explores the potential effectiveness of a new service-quality strategy for the Hong Kong Fast-food Restaurants (FFRs) involving an employee-focus on the elements of service, knowledge, information, and process (SKIP) that could enhance customer satisfaction and retention.

A qualitative, phenomenological-interview approach was used in this study, where 30 taxi drivers were interviewed. The use of a phenomenological approach was appropriate as it has been effectively adopted to study customer satisfaction and service quality. In contrast to the traditional thinking that FFRs could retain customers by simply focusing on fast service, this study found that a focus on fast service alone was ineffective in enhancing customers' repurchase intentions. The study found support for the concept that an employee-focus on the elements of SKIP could increase customer satisfaction and retention for Hong Kong FFRs. The findings also revealed that the standardized Hong Kong fast-food service process could be replaced by this new SKIP-based service-quality model incorporating a focal point of customization and innovativeness (that is SKIP) in order to improve Hong Kong FFR's competitive advantage.

Based on the findings, an emergent Employee-centric SKIP-based Service-Quality Model for the Hong Kong fast-food restaurant industry was developed. This new service-quality model would be particularly suited to the use of a flex-casual-service approach for the evening meal session, as FFRs could provide families with a more pleasant environment in which to enjoy personalized service, whereby the frequency of family dining can be increased. The findings also suggested that there would be a willingness by customers to pay an additional charge of 5%-10% when having their meals at FFRs with implementing a SKIP-based service-quality model. Moreover, by training employees to focus on SKIP elements, FFRs can enhance customer satisfaction and retention, thus leading to a growth in business and an increase their market share.

Certification of Dissertation

This dissertation contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to this copy of my dissertation, when deposited in the University Library, being made available for loan and photocopying subject to the provisions of the Copyright Act 1968.

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Finally, this thesis is dedicated to my son, Derrick Ngie, who suffered from a fatal brain disease since 1997. Although I planned to dedicate this thesis to Derrick personally, with a view to boosting his will to live, unfortunately, he passed away in September 2012 as a result of the disease.

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