The Comparison Between D’Besto and KFC
Using Customer Satisfaction & Loyalty

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ABSTRACT

Food is one of the primary needs of every human which absolutely have to be filled. Surely the foods consumed have to be healthy and good for the body. Associated with the business world, many businessman are aware of this need, so that many businessmen have businesses in culinary field, one of which is in fast food segment. So many fast food companies in Indonesia, be it international company like KFC, or local company like D’Besto. In the increasingly fierce competition between national and international companies, each company must be able to provide the best service aside from having good quality products so that customers who consume their products are satisfied with what they buy. The purpose of this study is to measure customer satisfaction and loyalty on fast food companies, especially D’Besto and KFC. The next step is to compare the existing satisfaction and loyalty generated by both party. This research uses 5 variables namely service quality, food quality, perceived value, customer satisfaction, and customer loyalty. And the research method used is descriptive analysis and also regression analysis using SPSS 20 to know the performance of each company. The result is further identified to analyze what needs are to be improved and maintained.

Keywords
Customer Satisfaction, Loyalty, Comparison, D’Besto, KFC

1. INTRODUCTION
1.1 Background
Globalization era has changed most of human civilization structure, including changing the order of business and economic growth [1]. The changes that occur in the field of business have altered the paradigm of the entrepreneurs throughout the world. It has motivated them to see the chances in developing their companies to the global market, of course by making some product adjustments and adaptations to the condition and cultural situation that exist in target countries. Hence, the customers have many alternatives in choosing products or services. But for the businessmen, this becomes a form of threat, because the more products and services offered, the tighter the competition for every manufacturer to win the contest of appealing prospective customers.

So the logical consequence is that the increasing number of business players entering a region or country originally derived from local stakeholders, are to vary with the arrival of foreign operators. In other words, competition becomes absolute in this era [2]. Thus makes the customers obtain a range of products from which they can choose, so that they will conduct product comparison before making a purchase. However, it will not be easy for multinational companies to enter new market (in this case other countries). It is because they have to be able to compete with local companies that obviously have its own advantages since they originated from related country. For instance, there are some Indonesian products that instilling thought about loving local products instead of foreign products to every layer of the society with the tagline “Cintailah produk-produk Indonesia”.

Not only confined in attracting prospective customers, business actors also have to be able to give a sense of satisfaction to each consumer when utilizing their products. Consumer satisfaction is the feeling of pleasure or disappointment of someone which arise when comparing between his impression of the performance (result) of a product and their expectations [3]. Giving satisfaction to consumer becomes one thing that all business actors have to be able to achieve if they want their enterprise to survive for long periods of time and to be able to compete with their competitors.

The thing is also carried out by some fast food companies in Indonesia such as D’Besto and KFC. D’Besto is one of Indonesian fried chicken and
burger fast food companies that established in 2009 and defining itself to upper-middle market segment. Until 2016, D’Besto has opened 165 branch stores that throughout Indonesia [4]. On the other hand, KFC is an American company that started building its business in Indonesia from 1979. In 2016, KFC’s registered branch stores have reached the number of 559 stores [5]. Looking from the number, KFC is clearly the biggest fast food company that dominates Indonesian market. However, even though KFC has been controlling Indonesian market till 2016, they still have a competitor that could be said to have a large market share despite its young age (less than 10 years established), that is D’Besto.

Considering said phenomenon, we could conclude that the market share that owned by D’Besto is sizeable. Therefore, we could see that the fast food consumption pattern in Indonesia, especially for fried chicken and burger is not only infallibly dominated by KFC. Accordingly, we could said that customers can still conduct comparison and assessment, either in term of product quality, service quality, price, or innovations offered by both brands. Thus, this evokes uneasiness and question, “Why D’Besto could have a sizeable market share among the product superiority offered by KFC as monopolist?” and “Will there be any opportunity in upcoming years for D’Besto to keep up or even overpower KFC in dominating Indonesian market?”

1.2 Problem Formulation
Based on the background that has been put forward, we now know the indications of intense competition between D’Besto and KFC. That is because of those two products have their own strategies and strengths to fulfill their market segment. It becomes more interesting because empirically, D’Besto and KFC have no significant differences about to whom they sold their products. The one thing that distinguishes them is only the first company is a newcomer whereas the other one has been on business for long and have been dominating the market till now. From this study, the researcher will conduct comparison using the variable of product & service quality, food quality, perceived value, and customer satisfaction. The researcher will also inquire the characteristics that influence their role in fried chicken and burger market, particularly in Indonesia. Furthermore, the researcher will identify whether the existence of D’Besto could seize the loyalty of KFC’s customers.

1.3 Objectives
This study aims to determine the differences between these two products through comparing them. Specifically, the objectives of this study are:

1. To measure satisfaction and loyalty of the customer toward D’Besto and KFC.
2. To compare the satisfaction and loyalty of the customer toward D’Besto and KFC.

2. LITERATURE REVIEW
2.1 Service quality
According to Tjiptono [6], the quality of service is an effort to meet the needs and desires of customers and the accuracy of delivery in counterbalancing expectations by a consumer. Furthermore, Wyckoff [7] says that “Service quality is the imagined level of excellence and control of the level of excellence in order to meet customer needs”. Tjiptono [8] explains that if the services received exceeds what customers expect, the service quality can be perceived ideal, but if the service received by the customers is lower than their expectation, the service quality given by the company is considered bad.

According to Zeithaml [9] there are 5 dimensions of service quality, and all dimensions will be used in this study, as follows:

a. Tangibility
b. Reliability
c. Responsiveness
d. Assurance
e. Empathy

2.2 Food quality
Product quality, according to Kotler and Armstrong [10] is a characteristic offered by any product or service that basically has the ability to bear the promise that aims to satisfy customer needs. In this research, related to fast food companies, one of the variables that will be used is Food Quality. On the other hand, according to Potter and Hotchkiss [11] food quality is a quality characteristic of every food acceptable to customers, that is also includes external factors such as size, shape, color, consistency, texture, taste, and nutrition value.

2.3 Perceived value
Perceived value is a comprehensive reflection between the benefits gained by customers and the costs incurred when customers make purchase decision (Sanchez O.J, 2007). Meanwhile, according to Woodruff [12], perceived value is a result or benefit felt by the customer in relation to the total cost incurred for a product. The most general meaning of perceived value in the marketing literature is the ratio or trade-off between the total benefits that the customers receive and the total sacrifices the have made [13]. So, perceived value is an assessment done when an individual experiencing the performance from a product or
service that is considered to give benefits or losses in term of cost, sacrifice, time, etc. So that both the good and poor assessment will effect consumer buying interest in the future.

2.4 Customer satisfaction
According to Kotler and Keller [14], satisfaction is a person’s feeling of pleasure or disappointment that is obtained when comparing perceived product performance (or outcome) with their expectations. Meanwhile, regarding the further definition of customer satisfaction, Yamit[15] says that customer satisfaction is a full-time evaluation, or evaluation conducted by customers by comparing what is expected with what is perceived or obtained. The creation of good customer satisfaction can provide several benefits for the company, including the creation of a harmonious relationship between the company and its customers, which then provide a good basis for the occurrence of repeated purchase and also the creation of customer’s loyalty to a brand that allows the formation of recommendations by word of mouth profitable for the company[16].

Accordingly, if a company wants to get benefits not only in the present but also in the future, the company has to be able to build good relationships with its customers. One way is to always deliver the products or services that at least compatible with what the customers expect when they buy the product and even more than they expect, with the likelihood that customers will be satisfied with the product.

2.5 Customer loyalty
Customer loyalty by Griffin [17] in his book by the title Customer Loyalty is "How to earn it to keep". The meaning is that customer loyalty tends to be closer to a behavior rather than attitude. So if a customer has been making a repurchase of same product more than three times then it can automatically be considered as a loyal customer [18]. Tjptono[8] also adds that someone can be said to have become a loyal customer when they make a consistent repeat purchase.

According to Kotler and Armstrong [19], keeping customers loyal is considered economically reasonable. Customers who have been loyal to a certain brand will certainly use the company's products more frequently and for a longer time. Losing a loyal customer can be interpreted as losing the company's revenue stream from that customer's purchase in the future. Another element that could occur if a person has become a loyal customer is the support of a producer a service that is manifested in communicating their positive experiences to others, which purpose is to provide recommendation. A recommendation of a product or service from a customer to another person can reflect the high level of loyalty owned by the customer.

From some opinions of experts mentioned above, it can be concluded that customer loyalty is a behavior of an individual who make repeated purchases within a certain time to a particular brand. Customer loyalty is one important aspect that has to be considered by the company. If a company is able to maintain its customers, that means an increase in revenue, and it can also maintain the company's own survival in the future. Therefore, this is the main reason for companies to try to maintain and also transform the market into loyal customers.

2.6 Past studies
Based on the research Qin and Prybutok[20] about “Service Quality, Customer Satisfaction, and Behavioral Intentions in Fast-Food Restaurants”, the independent variables in this research are service quality, food quality, perceived value and customer satisfaction, whereas the dependant variable is behavioral intentions. The respondents of this research is 305 people. The result of this study indicates that perceived value variables have no significant effect on customer satisfaction in fast food restaurants, and the researcher assumes that low prices and other factors such as rapid response from service providers are more important for respondents in decision making.

There is also other research conducted by Lai[21] that is about “How quality, value, image, and satisfaction create loyalty”. The indicators which composed loyalty in this research are service quality, perceived value, satisfaction, and corporate image. From the result of the research, it can be concluded that customer satisfaction and perceived value directly influence customer loyalty.

Furthermore, there is a research by Gronholdt, Martensen, and Krintensen[22] titled “The Relationship between Customer Satisfaction and Loyalty: cross-industry differences”, which main purpose is to increase understanding of how customer satisfaction affects generated loyalty, and to examine differences across industries. The result of this research indicates that customer satisfaction have positive effect to customer loyalty and the effect is very significant.

There is also a research conducted by Hendrayani [23]. Its main purpose is to analyze the level of customer satisfaction and loyalty to granulated sugar product ‘Gulaku’ in Bogor. From the research, it is
found that the customers of Gulaku sugar brand in Bogor have a satisfaction level which is good enough, and the brand also be able to keep the product availability every time so that the customers are not disappointed.

Saputri [24] conducted a study that aims to find out whether there is a difference in comparison of consumer satisfaction levels on interpersonal communication between online and offline taxibike services. The result of this study indicates that there are differences in the level of satisfaction that customers perceive on interpersonal communication services between online and offline taxibikes. This is because the consumer is more satisfied with online taxibikes than offline taxibikes.

3. RESEARCH METHOD

Here is a research model that the authors use in this study, namely service quality, food quality, perceived value become independent variable, while customer satisfaction and loyalty become dependent variable.

Figure 3.1 Research model for this study

After determining the problems and the objectives of this research, the researcher will then discuss the methods of implementation of the study that will be undertaken to achieve the objectives of the research itself. This research method was designed with descriptive research approach. Descriptive research is a research methods that attempts to collect data, analyze critically upon the data and conclude on the basis of the facts at the time the research is still in progress [25]. The data to be used in this research consist of primary data and secondary data. The research data is collected through questionnaires distributed to all circles who had ever tried D’Besto and KFC, be they workers (employee), entrepreneurs, or university and high school students, in order to know the comparison between D’Besto and KFC using service and food quality, perceived value, customer satisfaction and loyalty parameters.

The sampling technique used in this study was a convenience sampling, with a total of 356 respondents. Through this method, respondents will be taken when they are visit D’Besto or KFC to buy some foods or drinks.

In this study, the authors conducted a descriptive analysis that aims to compare each variable between D’Besto and KFC, thus allowing the author to compare the customer satisfaction and loyalty of the two brands. According to Sugiyono [26], descriptive analysis is an analysis done by describing a thing through the data that has been collected as it is, and only applies to that data and not necessarily also applies to the public. Then, the authors use regression test that aims to find out how strong is the influence of each independent variable in this study compared to the dependent variable that exists [27]. There are also a comparison of which brand that independent variables give a bigger influence on customer satisfaction and loyalty created.

4. DATA ANALYSIS

Table 4.1. Table of demographic respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Customer of D’Besto and KFC (N = 356)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>116</td>
</tr>
<tr>
<td>Female</td>
<td>240</td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>&lt;20 years</td>
<td>125</td>
</tr>
<tr>
<td>21-26 years</td>
<td>228</td>
</tr>
<tr>
<td>27-32 years</td>
<td>3</td>
</tr>
<tr>
<td>&gt;32 years</td>
<td>0</td>
</tr>
<tr>
<td>Profession</td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>292</td>
</tr>
<tr>
<td>PNS/Employee</td>
<td>45</td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>19</td>
</tr>
<tr>
<td>Others</td>
<td>10</td>
</tr>
<tr>
<td>Income (Rp)</td>
<td></td>
</tr>
<tr>
<td>&lt;1,000,000</td>
<td>213</td>
</tr>
<tr>
<td>1,000,000-3,000,000</td>
<td>93</td>
</tr>
<tr>
<td>&gt;3,000,000</td>
<td>50</td>
</tr>
</tbody>
</table>

From the demographic data of the questionnaire, it was found that 116 male (32.58%) respondents and 240 were female (67.42%). Then in terms of age group under 20 years there were 125 people, aged 21-26 years were 228 people, and 3 of them were from age group between 27-32 years old. With the spread of questionnaires focused on the students that is 82% of the total 356 respondents, then the rest is divided on respondents who work as civil servants, employees, entrepreneur, and others.

Before testing the relationship between independent and dependent variables, the authors have to test the
reliability and the validity of the variables beforehand. From the results of reliability tests, it is found that all instruments in this study are reliable because each variable has a value of cronbach's alpha of above 0.7, both for D’Besto and KFC. Another requirement is the validity test. It is obtained that all items have a cut-off value of > 0.5, so that each item is declared valid.

4.1 Descriptive Analysis

Table 4.2. Descriptive test results on D’Besto and KFC

<table>
<thead>
<tr>
<th>Variable</th>
<th>D’Besto</th>
<th>KFC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean n</td>
<td>Std.D</td>
</tr>
<tr>
<td>Service quality</td>
<td>3.64 0.61</td>
<td>3.93 0.59</td>
</tr>
<tr>
<td>Food quality</td>
<td>3.48 0.59</td>
<td>4.07 0.63</td>
</tr>
<tr>
<td>Perceived Value</td>
<td>3.38 0.66</td>
<td>3.66 0.65</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>3.65 0.66</td>
<td>3.87 0.67</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>3.56 0.77</td>
<td>3.72 0.77</td>
</tr>
</tbody>
</table>

Based on the descriptive calculation above, it can be seen that the mean of service quality variable owned by KFC is bigger than D’Besto. The mean value of KFC is at 3.34 while D’Besto only at 3.03. The same thing also happens to other variables, namely food quality, perceived value, customer satisfaction and customer loyalty from KFC which have bigger mean than that owned by D’Besto. There is a considerable ‘mean’ difference in the food quality variable, that is the ‘mean’ difference owned by D’Besto that is 0.5 scale smaller than the ‘mean’ owned by KFC. It shows that food quality variable becomes the variable that needed the most attention from the D’Besto in the future. This calculation shows that in terms of service and food quality, then perceived value, customer satisfaction and loyalty owned by KFC is considered better than that obtained by D’Besto.

Then from the above calculation also shows that of the total 356 respondents tend to be more satisfied with what they got from KFC than D’Besto. It is also directly proportional to the resulting customer loyalty tend to be bigger on KFC than D’Besto. Based on some articles then got some factors that make customers tend to be more satisfied and loyal to KFC than D’Besto. KFC is one of the largest fast food companies in the world and has been named “Top 10 Global Fast-Food Chains” by Forbes magazine [28], while D’Besto is a newcomer to Indonesia's fastfood industry and also has no overseas branches and customers. With these facts are not immediately evident that the brand image is owned by KFC better than D’Besto in view of the consumer. Then, from the quality aspect that they offer is considered better than that offered by D’Besto, this is because of their image as a big company.

4.2 Regression analysis

Table 4.3. Regression analysis results for customer satisfaction on D’Besto and KFC

<table>
<thead>
<tr>
<th>Indicator</th>
<th>D’Besto</th>
<th>KFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td>0.604</td>
</tr>
<tr>
<td>β Service_Quality</td>
<td>0.232**</td>
<td>0.320**</td>
</tr>
<tr>
<td>β Food_Quality</td>
<td>0.257**</td>
<td>0.215**</td>
</tr>
<tr>
<td>β Perceived_Value</td>
<td>0.478**</td>
<td>0.409**</td>
</tr>
<tr>
<td>R²</td>
<td>0.657</td>
<td></td>
</tr>
<tr>
<td>** Sig at p &lt; 0.05</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the analysis of customer satisfaction regression test of D’Besto and KFC, the author uses beta value (β) which is in direct regression test to compare the influence and relationship of each variable to customer satisfaction created between D’Besto and KFC. From the data in table 4.3, that the effect of service quality on customer satisfaction generated by KFC is bigger than that occurred in D’Besto, with beta value of 0.320 while at D’Besto with beta value 0.232. However, the beta value of food quality variable and the perceived value of D’Besto actually has a bigger value than the KFC obtained, for the food quality of D’Besto has a beta value of 0.257 while the KFC has a beta value of 0.215, and on the perceived value variable D’Besto has a value of 0.478 while KFC has a lower value that is 0.409.

Furthermore, it can be seen that seen from the value of R² owned by D’Besto is 60.4% and KFC of 65.7%. This shows that 60.4% of the satisfaction that customers get when consuming D’Besto is influenced simultaneously by service quality, food quality and perceived value variables. Meanwhile, 39.6% influenced by other things outside the variable that the authors use in this study. Then, at KFC found that 65.7% of the satisfaction customers get when consuming KFC is affected simultaneously by service quality, food quality and perceived value variables. Meanwhile, 34.3% is influenced by other things outside the variables used in this study.

From these interpretations indicate the quality of food and value that customers feel when consuming these products provide a bigger impact on customer satisfaction created on D’Besto than KFC. This may be based on customer perceptions of D’Besto who is a newcomer, so that every customer consumes their products the most thing that they are wil concern is
the quality of the food they serve, obviously different when consumed the KFC’s product that has a big name so that the quality of each food assessed has been tested. Then, if you look at the $R^2$ owned by D’Besto and KFC, it is found that the overall from three independent variables have a bigger effect on customer satisfaction created in KFC than D’Besto, but the difference is not too far so that D’Besto must also keep pay attention to the three variables in providing satisfaction to the customer.

### Table 4.4. Regression analysis results for customer loyalty on D’Besto and KFC

<table>
<thead>
<tr>
<th>Indicator</th>
<th>D’Besto</th>
<th>KFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.107</td>
<td>0.068</td>
</tr>
<tr>
<td>$\beta$ Service_Quality</td>
<td>0.196**</td>
<td>0.221**</td>
</tr>
<tr>
<td>$\beta$ Food_Quality</td>
<td>0.275**</td>
<td>0.279**</td>
</tr>
<tr>
<td>$\beta$ Perceived_Value</td>
<td>0.387**</td>
<td>0.364**</td>
</tr>
<tr>
<td>$\beta$ Customer_Satisfaction</td>
<td>0.488</td>
<td>0.495</td>
</tr>
</tbody>
</table>

**Sig at p < 0.05

Can be seen from table 4.4, that the influence of service quality on customer satisfaction produced on D’Besto and KFC is the only variable that is not significant with consumer loyalty created, this is because the variable has a sig value bigger than 0.05. However, the beta value on food quality and perceived value variables of KFC have bigger value than D’Besto, in food quality variable KFC has beta value on 0.221 while D’Besto has beta value 0.196, and for perceived value variable KFC has value 0.279 while D’Besto lower is 0.275. Then on customer satisfaction variable, the beta value of D’Besto is bigger than the beta value that owned by D’Besto which is 0.387, while KFC has beta value 0.364.

Then, from the result of regression analysis show that the value of $R^2$ owned by D’Besto is 48.8% and KFC is 49.5%. This shows that 48.8% of the satisfaction that customers get when consuming D’Besto is affected simultaneously by service quality, food quality, perceived value and customer satisfaction, whereas, 51.2% is influenced by other things outside the variable that the authors use in research this. Then, at KFC found that 49.5% of satisfaction customers get when consuming KFC is affected simultaneously by service quality, food quality, perceived value and customer satisfaction. Meanwhile, 50.5% is influenced by other things outside the variables used in this study.

Overall, both D’Besto and KFC should maximize and also pay attention to the 3 initial variables (independent variables) is service quality, food quality, and perceived value in order to produce positive customer satisfaction from every customer. This is based on the result of regression test of customer satisfaction, either on D’Besto or KFC, that the 3 independent variables give a big influence on consumer satisfaction that is created. Then, from the result of regression analysis on consumer loyalty created at D’Besto and KFC, it is found that the instruments that exist in customer satisfaction variables in this study provide a big enough influence on consumer loyalty generated. Because of this D’Besto and KFC are suggested to give more attention in the effort of creating customer satisfaction, because the higher the level of satisfaction which is created, the higher the level of loyalty to their brands.

### 5. CONCLUSION

After analyzing customer satisfaction and customer loyalty of D’Besto and KFC by using service quality, food quality, perceived value, customer satisfaction and customer loyalty as variables, it can be concluded that:

Overall, the satisfaction and loyalty level of customers owned by KFC is better than that owned by D’Besto. The most important aspect that D’Besto has to fix is the quality of the food they serve, whether in terms of taste, appearance, hygiene, and other factors related to food quality.

Furthermore, D’Besto is advised to improve the quality of their services, such as the cleanliness of their dining area, the speed of the waiters in helping the customers, and the appearance of each employee like uniform. This is aimed to make the customers feel that the service from D’Besto has been better than before. As for KFC, with their big names they simply need to keep maintaining all the services they normally provide to consumers. Thus, the presence of KFC as one of the fast food market leaders in Indonesia will not be disturbed.

Finally, D’Besto and KFC should pay attention to every aspect that relates to the quality of service, food, and also the value they will give to each customer. This is because these aspects are important factors for both fast food companies in creating satisfaction to every customer. If customer satisfaction has been achieved, the loyalty of each customer to the company, either D’Besto or KFC will also increase. This ensures their future source of income to be safe, because they already have consumers who are loyal to their products.
REFERENCES