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Full Length Research Paper

Exploring factors that influence customer loyalty among Generation Y for the fast food industry in Malaysia

Kwek Choon Ling[1]*, Yeong Wai Mun[2] and Hiew Mee Ling[3]

[1]Faculty of Management and Information Technology, UCSI University, Jalan Menara Gading, UCSI Heights, 56000 Kuala Lumpur, Malaysia.
[2]Faculty of Accountancy and Management, Universiti Tunku Abdul Rahman, Lot PT21144, Jalan Sungai Long, Bandar Sungai Long, Cheras, 43000 Kajang, Selangor, Malaysia.
[3]School of Business Studies, Kolej Tunku Abdul Rahman Jalan Genting Kelang, Setapak, 53300 Kuala Lumpur, Malaysia.

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The consumption of western fast foods has been on the upward trend. As such, it is vital to identify the determinants of the customer loyalty among Generation Y in Malaysia, especially in the western fast food industry. The aim of this research is to evaluate and validate the determinants of the customer loyalty in the western fast food industry. The study also evaluates the roles of perceived switching cost in mediating the relationship between trust and customer loyalty. A total of 200 Generation Y consumers who patronage selected western fast food outlets in Kuala Lumpur participated in this research. The findings revealed that corporate image, trust and perceived switching cost were positively related to the customer loyalty. In addition, the finding also concludes that trust is positively related to customer loyalty, mediated by perceived switching cost. Various practical strategies were recommended in the study to increase the level of trust, perceived switching cost, corporate image and customer loyalty, such as offering value meal and implementing various corporate social responsibility activities and customer relationship management practices.

Key words: Customer loyalty, trust, corporate image, perceived switching cost.

INTRODUCTION

Due to the changing of urban consumers' lifestyles in the 21st century, Generation Y prefers to eat outside or involve in social gathering activities at the fast food outlets. Fast food operators in Malaysia have recorded sustainable growth in the past few years due to the high consumption of fast food products among the Generation Y that was reflected in the sales growth from 2004 to 2009 (Table 1). For the purpose of this research paper, the researchers focus on the antecedents of customer loyalty among Generation Y for the Western fast food industry (mainly chicken fast food, burger fast food and pizza fast food operators) in Malaysia.

The study of Generation Y includes those who were born from 1979 to 1994. They are under the age groups between 16 to 33 years old. This group of Generation Y accounts for approximately 36% of the population in Malaysia (Table 2). Based on the analysis from Euromonitor International, the report indicated that consumer spending on food has increased over the years, from RM 32,317.8 million (2005) to RM 44.121.5 million (2010) (Table 3).

The fast food industry by itself is in monopolistic competition. The two leading fast food brands in Malaysia are Kentucky Fried Chicken (KFC) and McDonald's, each represents 46 and 30% of brand shares of chained fast

*Corresponding author. E-mail: kwekcl@ucsi.edu.my Tel: +6-016-6886248.

Table 1. Food service value RSP – Malaysia.

Year	2004	2005	2006	2007	2008	2009
Value(RM mn)	1767.7	1897.8	2081.6	2425.6	2863.2	3041.3

Source: Consumer food service. Euro monitor from trade resources/ national statistics.

food respectively in 2009 (Table 4). Domestic player like Marrybrown, was ranked third, at a smaller share of 3%.

Over the past decades, these fast food operators are in fierce competition, ranging from various promotional activities, price reduction, value meals and offers of new products to attract and retain customers. According to Euromonitor International reports ("Fast Food - Malaysia", Euromonitor International, August 2010), the market share for the various Western fast food operators in Kuala Lumpur is already saturated, competition is expected and continued to be more intense. For instance, McDonald's will open more outlets in other cities of Malaysia, such as in Alor Setar, Langkawi and Teluk Intan. Likewise, A & W fast food operator is expected to open more outlets in East Malaysia by 2011.

Apart from intense competition, another threat to the fast food industry is the growing health consciousness amongst Malaysians. Fast food, especially burgers, fried chicken and French fries are fattening foods. Moreover, Malaysia government is introducing various measures to support its people to maintain healthy lifestyles. For example, the Malaysia Health Ministry had banned the fast food operators from sponsoring television shows for children. ("Fast Food - Malaysia", Euromonitor International, August 2010).

The fast food business is highly competitive especially in Kuala Lumpur, customer loyalty is crucial for long-term survival. In this perspective, this research paper aims to examine the relationship between corporate image, perceived switching cost and trust on customer loyalty.

LITERATURE REVIEW

Customer loyalty

There is no consensus for the definition of customer loyalty in the extant literature. Oliver (1999) defined customer loyalty as a "deeply held commitment to re-buy or re-patronise a preferred product/service consistently in the future, thereby, causing repetitive same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour". Jacoby and Chestnut (1978) have explored the psychological meaning of loyalty in an effort to distinguish it from behavioural (that is referring to repeat purchase) definitions. Jacoby and Chestnut (1978) conclude that consistent purchasing as an indicator of loyalty could be invalid because of happenstance buying or a preference for convenience, and that, inconsistent purchasing could mask loyalty if consumers were multi-brand loyal. Therefore, some researchers argue that loyalty as a concept goes beyond simple purchase behaviour since it is a variable which basically consists of one dimension related to behaviour and another related to attitude, where commitment is the essential feature (Day, 1969; Jacoby and Kyner, 1973; Berne, 1997).

According to Jacoby and Chestnut (1978), Solomon (1992), and Dick and Basu (1994), the followings enable the readers to distinguish two different types of customer loyalty concepts: (i) Loyalty based on inertia, where the brand is bought out of habit merely because this takes less effort and consumer will not hesitate to switch to another brand if there is some convenient reason to do so; and (ii) True brand loyalty, which is a form of repeat purchasing behaviour reflecting a conscious condition to continue buying the same brand, and it must be accompanied by an underlying positive attitude and a high degree of high commitment towards the brand.

It is crucial for an organization to emphasize the importance of the customer loyalty. According to Gee et al. (2008), the advantages of customer loyalty are; i) cost less to serve the customers; ii) customers will pay a higher cost for a set of products; iii) customers will act as product or service ambassadors via word of mouth for the company. Therefore, it is crucial to identify the relevant determinants of customer loyalty in the study. This study will explore the impacts of corporate image, trust and perceived switching cost on the customer loyalty for the Generation Y in the fast food industry in Malaysia. Figure 1 illustrates the proposed conceptual framework for this research.

Corporate image

Dichter (1985) describes image as an overall impression made on the minds of customers. Based on the arguments provided by Kosslyn (1975), MacInnis and Price (1987), Yuille and Catchpole (1977), corporate image is formed in a consumer's mind through a procedure whereby information is processed and organized into the meaning on the basis of stored categories. Andreassen and Lindestad (1998) state that, a favourable corporate image can boost sales, through increased customer satisfaction and loyalty.

LeBlanc and Nguyen (1996) have identified a set of factors that will influence the customer's perception of

Table 2. Population of Malaysia 2010 (by age and ethnic group).

Age Group	Grand Total	Total	Bumiputra	Malay	Malaysian citizens: Other Bumiputera	Malaysian citizens: Chinese	Indian	Others	Non-Malaysia citizens
0-4	3,291,816	3,008,310	2,252,600	1,875,496	377,104	533,343	186,170	36,197	283,506
5-9	3,049,120	2,783,526	2,031,272	1,684,274	346,998	533,096	182,130	37,028	265,594
10-14	2,824,107	2,686,033	1,909,243	1,571,678	337,565	545,232	184,772	46,786	138,074
15-19	2,646,135	2,548,123	1,823,433	1,489,105	334,328	512,152	170,895	41,643	98,012
20-24	2,553,047	2,442,423	1,717,509	1,404,789	312,720	517,503	171,946	35,465	110,624
25-29	2,378,080	2,225,347	1,531,967	1,249,339	282,628	500,162	164,033	29,185	152,733
30-34	2,111,549	1,851,466	1,211,260	980,281	230,979	466,935	151,238	22,033	260,083
35-39	1,925,924	1,660,763	1,046,792	845,936	200,856	452,345	142,359	19,267	265,161
40-44	1,825,245	1,628,881	1,015,144	825,516	189,628	457,633	136,702	19,402	196,364
45-49	1,637,938	1,489,555	906,805	743,333	163,472	440,370	125,920	16,460	148,383
50-54	1,400,087	1,313,129	768,898	642,880	126,018	415,616	114,310	14,305	86,958
55-59	1,130,881	1,080,442	615,041	518,429	96,612	361,857	92,404	11,140	50,439
60-64	785,732	756,705	421,659	352,515	69,144	270,873	57,347	6,826	29,027
65-69	545,587	531,774	289,008	239,513	49,495	201,212	37,159	4,395	13,813
70-74	376,193	366,104	196,636	159,908	36,728	140,889	25,560	3,019	10,089
75-79	221,017	215,468	111,897	89,246	22,651	87,473	14,320	1,778	5,549
80-84	123,151	117,986	60,139	47,758	12,381	48,635	7,543	1,669	5,165
85-89	50,858	48,367	21,237	16,332	4,905	23,584	2,907	639	2,491
90-94	21,173	20,060	9,721	7,772	1,949	8,949	1,115	275	1,113
95+	11,155	10,503	7,110	5,278	1,832	2,700	513	180	652
Total	28,908,795	26,784,965	17,947,371	14,749,378	3,197,993	6,520,559	1,969,343	347,692	2,123,830

Source: adapted from Economic planning unit Malaysia (2010)

Table 3. Consumer expenditure by purpose- Malaysia.

	RM million					
	2005	2006	2007	2008	2009	2010
Food	32,317.8	34,081.9	37,426.6	41,640.6	41,266.0	44,121.5

Source: Adapted from Consumer expenditure on food-Malaysia (2010)

corporate image in service firms. The factors include: (i) corporate identity; (ii) reputation; (iii) physical environment; (iv) contact personnel; (v) service offering. Bernstein (1984) argues that corporate identity is associated with the personality and acts as a distinguishing feature for

Table 4. Brand shares of chained fast food 2006-2009.

Fast food	Global Brand Owner	2006 (%)	2007 (%)	2008 (%)	2009 (%)
KFC	QSR Brands Sdn Bhd	44.6	45.0	46.6	46.6
McDonald's	Golden Arches Sdn Bhd	29.1	29.3	29.6	30.1
Marrybrown	Marrybrown Fried Chicken Sdn Bhd	3.9	4.2	3.8	3.4
7-Eleven	7-Eleven Malaysia Sdn Bhd	-	3.4	3.3	3.1
A&W	KUB/A&W (Malaysia) Sdn Bhd	2.2	1.7	1.5	1.6
Burger King	Cosmo Restaurants Sdn Bhd	2.1	1.9	1.6	1.6
Baskin-Robbins	Golden Scoop Sdn Bhd	1.4	1.3	1.2	1.2
Sugarbun	Various franchisees	1.5	1.1	1.0	1.2
Others		15.2	12.1	11.4	11.2
Total		100.0	100.0	100.0	100.0

Source: Adapted from “trade associations, trade press, company research, trade interviews, Euromonitor International estimates”, Euromonitor International, Retrieved September 7, 2010, from http://ezproxy.upm.edu.my:2746/Portal/ResultsList.aspx.

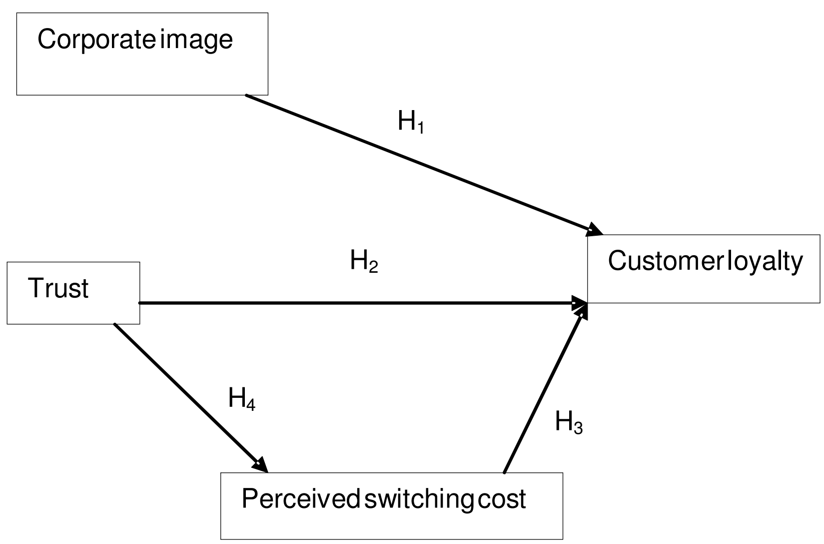

Figure 1. Proposed conceptual framework.

a company. Some of the key elements of corporate identity include company name, logo, price charged for services, level and quality of advertising place in the media. Herbig et al. (1994) describe reputation as the consistency of an organisation’s actions over time in which it is created through the guarantee of reliable service and zero defects philosophy. According to Parasuraman et al. (1988, 1991), reliability is of utmost importance to customers in their evaluations of service quality. As for physical environment, Bitner (1990, 1992) proposes that cues from physical environment are instrumental in communicating the firm’s purpose and image to customers. According to Crosby et al. (1990), contact personnel, through their behaviour and attitudes, are indicative of the level and quality of services offered by the service firm, and they exert a strong influence on customer satisfaction. When determining the mix of services to offer its customers, management must ensure that services are offered in a responsive and timely manner so that customers do not wait for service (Parasuraman et al., 1988). According to Taylor (1994), waiting for service can have negative effects on service evaluations and company image.

Johnson et al. (2001) assert that corporate image as an attitude will affect behavioural intentions such as customer loyalty. Nguyen and Leblanc (2001) demonstrate that corporate image relates positively with customer loyalty in three sectors (telecommunication, retailing and education). The same relationship is demonstrated by Kristensen et al. (2000) for Danish postal services and by Juhl et al. (2002) for Danish food retailing sector. Therefore, a hypothesized positive relationship between corporate image and customer loyalty will be tested in this research. Based on the aforemention argument, the following hypothesis was proposed:

H_1: There is a positive relationship between corporate image and customer loyalty.

Trust

Trust has been viewed as one of the critical elements in creation of successful relationships whether for business-to-business market or business-to-consumer market. Researchers (Aydin and Özer, 2005; Lau and Lee, 1999) have scrutinized trust to be behavioural and seen to be a form of reliance on his/her partner which resulted mainly in positive outcomes. Evidences have been shown via the studies of Moorman et al. (1992), Morgan and Hunt (1994), Anderson and Narus (1990) and Lau and Lee (1999) that supported the notion that trust is essential for relationship building.

Trust is being conceptualized by Morgan and Hunt (1994) as existence only when one party has confidence in an exchange partner's reliability and integrity whereas, Moorman et al. (1992) define trust as to whether ones' are willing to rely on another party in whom one has confidence on. Both definitions have highlighted the importance of confidence during the course of exchange and this trustworthiness actually resulted from the other parties' expertise, reliability or intentionality (Blau, 1964; Dwyer and Oh, 1987; Pruitt, 1981; Rotter, 1967; Schurr and Ozanne, 1985).

Various studies have advocated the relationship between trust and customer loyalty (Akbar and Parvez, 2009; Chaudhuri and Holbrook, 2001; Garbarino and Johnson, 1999; Morgan and Hunt, 1994; Moorman et al., 1992). Erdem et al. (2002) and Ganesan (1994) have argued that credibility affects the long-term orientation of a customer by reducing the perception of risk associated with opportunistic behaviours by the firm (Aydin and Özer, 2005). Chaudhuri and Holbrook (2001) supported that trust will help to reduce uncertainty in consumers if they know that they can rely on their trusted brand. Thereby, service provider that manages to reduce the doubt and feeling of uncertainty will be able to increase the perceived switching cost in the consumer and ultimately increase the loyalty towards the brand. Sirdeshmukh et al. (2002) uses the clothing retail and non-business airline travel service context to further prove that trust does lead to loyalty. In conclusion, a number of researchers concluded that trust is important in developing customer loyalty (Sirdeshmukh et al., 2002; Moorman et al., 1993; Morgan and Hunt, 1994). Therefore, a hypothesized positive relationship between trust and customer loyalty will be tested in this research which leads to the followinghypothesis proposed:

H_2: There is a positive relationship between trust and customer loyalty.

Perceived switching cost

Porter (1998), Jones and Sasser (1995) and Lee et al. (2001) agreed that switching cost involved costs that customer has to incur when moving from one provider to another. Porter (1998) states that switching cost is seen as a one-time cost facing the buyer when switching from one supplier's product to another. Similarly, Lee et al. (2001) put perceived switching cost in terms of "costs that the customer incurs by changing providers that they would not incur if they stayed with their current provider."

Jackson (1985) expresses that switching costs are the sum of all the costs incurred by the consumers in the switching process. Besides the obvious monetary costs that customers have to bear, other hidden costs such as psychological and physical costs are also involved when dealing with a new provider (Bloemer et al., 1998; Klemperer, 1987; Jackson, 1985). Hence, Shy (2002) has put it that switching costs are partly consumer-specific and it becomes one of the reasons why customers are reluctant to change their providers.

Fornell (1992) and Klemperer (1987) have proved that switching cost will directly impact on the loyalty of the customer whereby it reduces the price sensitivity of customers and their satisfaction level and some of them perceived functionally homogeneous brands as differentiated heterogeneous brands. The research findings from Wernerfelt (1991), Selnes (1993), Klemperer (1995), and Anto'n Marti'n et al. (1998) conclude that when the cost of switching brand is high for the customers, there is a greater probability that the customer will remain loyal in terms of repeat purchase behavior. This argument was consistent with the research done by Beerli et al. (2004) and Chadha and Kapoor (2009) that indicates that, there is positive relationship between switching costs and loyalty. Therefore, a hypothesized positive relationship between perceived switching cost and customer loyalty will be tested in this research. Based on the above, the following was proposed:

H_3: There is a positive relationship between perceived switching cost and customer loyalty.

In addition to the above finding, Patterson and Sharma (2000) studies' that customers with high perceived switching cost showed higher association between trust and customer loyalty compared to those customers who perceived it to be low. Therefore, a hypothesized positive relationship between trust and customer loyalty, mediated by perceived switching cost will also be tested in this research. The following hypothesis was proposed based on above argument:

H_4: Trust is positively related to customer loyalty, mediated by perceived switching cost.

RESEARCH METHOD

Research design

The research design method being used in this research is quantitative method. Besides, this research involved mainly structured questions (all of them are close-ended questions that related to the tested constructs and demographic items in the study) that have been sourced from the extant literature. A large number of respondents will be involved in the study. Descriptive study was chosen because it has clear specific problem, hypotheses to be tested and detailed information needed (Malhotra, 1999).

Questionnaire design

There are three parts in the design of the questionnaire. The first part asked the respondents about their personal opinion towards the fast food restaurants. The second part detailed the independent, mediating and dependent variables that would be tested in the survey. The last part deals with the relevant respondent's demographic questions. In measuring the constructs, multi-item scales were used in the questionnaire with adoption from different sources of the existing literature. To measure customer loyalty, the items were adapted from Zeithmal et al. (1996) with 5-point importance scale which ranges from 'strongly unimportant' to 'strongly important'. The measurement for trust and corporate image was adopted from Aydin and Özer (2005) using a 5-point Likert scale, which ranges from 'strong disagree' to 'strongly agree'. For the construct of perceived switching cost, the items was adapted from Beerli et al. (2004) with the items measured using a 5-point Likert scale, in which Likert scale is ranging from 'strong disagree' to 'strongly agree'.

Sampling

The target population covered all Generation Y market segments that consume western fast-food in Malaysia. Generation Y includes all those who are born between 1979 and 1994 (Lamb et al., 2009). This target market was selected due to its behavioural characteristics that are more prone to follow the latest trends in the market and due to their increasingly busy lifestyle, they are more likely to dine outside and overall, they may also treat dining outside as a way of socializing with friends and family members (Goyal and Singh, 2007; "Consumer Lifestyle-Malaysia", Euromonitor International, July 2009). Due to the inability to obtain a sampling frame, all the walk-in customers (mainly Generation Y) will be treated as potential respondents in the study.

Administration of survey

The researchers used self-administered survey method to collect data. Questionnaires were distributed to the walk-in customers based on the convenience sampling method in few selected western fast-food outlets in Kuala Lumpur, capital city of Malaysia. A cross-sectional study was carried out in the survey, for the period of 14 days (from 1 June 2010 to 14 June 2010).

Questionnaires were given to them immediately after they ordered the food, with a request to fill in the questionnaire on-the-spot. However, there are a group of 50 respondents that have taken the questionnaire and left without returning it to the researchers. Therefore, with a total of 250 sets of questionnaire distributed, only 200 sets of questionnaire were collected. The entire questionnaire collected was usable with a response rate of 80%. The usable questionnaires were subsequently used for data analysis using SPSS software version 17. The mediated regression analysis method proposed by Baron and Kenny (1986) was adopted in this research.

RESEARCH RESULTS

Respondents' demographic profile

Based on the survey, male respondents represented 52.5% of the total respondents while female respondents were 47.5%. In the case of age distribution, the majority of the respondents were between the ages of 21 and 23 (46%) and 18 to 20 (40%). In terms of ethnic compositions, the respondents were mainly Chinese (58%), followed by Indian (18.5%), Malay (18%) and other races (5.5%). In the categories of most favourite fast food restaurant, the respondents have chosen McDonald as their most favourite Western fast food restaurant. It is followed by KFC (26.5%), Domino Pizza (4%), Burger King (3.5%), Pizza Hut (3.5%), A&W (2.5%) and Marry Brown (2.5%). In addition, 41% of the respondents spend less than RM 20 on fast food per month, followed by RM 20 to RM 50 (36%), RM 51 to RM 80 (19.5%) and above RM 80 (3.5%).

Reliability test

The reliability of a measure indicates the stability and consistency with which the instrument measures the concept and helps to assess the 'goodness' of a measure (Cavana et al., 2001). All the constructs were tested for the consistency reliability of the items within the constructs by using the Cronbach α reliability analysis. In Table 5, the results indicated that the Cronbach α for all the five constructs were well above 0.7 as recommended by Cavana et al. (2001). Cronbach α for the constructs ranged from the lowest of 0.825 (corporate image) to 0.897 (trust). In conclusion, the results showed that the scores of the Cronbach α for all the constructs used in this research exceeded the preferable scores of 0.70 and this indicated that the measurement scales of the constructs were stable and consistent.

Validity test

Construct validity was adopted as validity measurement and factor analysis were used to measure the construct validity (Cavana et al., 2001). The details of the factor analysis were presented in Table 5. Based on the output shown, factor analysis was appropriate because the

Table 5. Four factors identified by the principal components factor analysis.

Factor's name	Variable	Factor loading	Eigen-value	Percentage of variance explained	Cronbach's reliability coefficients
Customer loyalty	Consider this restaurant as my first choice.	0.642	1.647	16.291	0.858
	Recommend this restaurant to someone who seeks my advice.	0.790			
	Say positive things.	0.800			
	Encourage friends and relatives to eat.	0.707			
Corporate image	Company is stable and firmly established.	0.747	1.882	18.145	0.825
	Company has social contribution.	0.750			
	Company is innovative and forward-looking.	0.751			
	Company is leading firm in Malaysia fast food industry.	0.641			
	Company has positive image.	0.693			
Trust	I trust this company.	0.797	7.328	21.401	0.897
	I feel I can rely on this company to serve well.	0.794			
	Trust the billing system.	0.761			
	I believe I can trust the company will not try to cheat.	0.798			
	Company is reliable.	0.762			
Perceived switching cost	Change to another involves investing time to search for information.	0.864	1.152	14.799	0.876
	Change to another involves much effort.	0.861			
	Change to another involves risk.	0.822			

KMO measure of sampling adequacy = 0.883; p = 0.000 ($p<0.05$); df = 136; cumulative percentage rotation sums of squared loadings = 70.636.

value of Kaiser-Meyer-Olkin (KMO) was 0.883 (between 0.5 and 1.0) and the statistical test for Bartlett test of sphericity was significant (p = 0.000; d.f. = 136) for all the correlations within a correlation matrix (at least for some of the constructs). Based on the principal components analysis and VARIMAX procedure in orthogonal rotation, the results also showed that the Eigenvalues for all the constructs were greater than 1.0, ranging from the lowest, 1.152 (perceived switching cost) to the highest of, 7.328 (trust). In terms of convergent validity, the factor loadings for all items within a construct were more than 0.50. Discriminant validity indicated that all items were allocated according to the different constructs. Therefore, the items were not overlapping and they supported the respective constructs.

Regression analyses

Multiple linear regression analysis

Multiple linear regression analysis was conducted to test the first, second and third hypotheses. The result is presented in Table 6. Based on Table 6, the p value of the t-test (p = 0.000) is less than α value of 0.05. There-fore, the research study

Table 6. Multiple linear regression analysis for hypotheses 1, 2 and 3 (H_1, H_2 and H_3).

Model		Unstandardized coefficients		Standardized coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.971	1.077		1.831	0.069
	Corporate image	0.321	0.055	0.352	5.802	0.000
	Trust	0.257	0.054	0.298	4.734	0.000
	Perceived switching cost	0.225	0.059	0.222	3.850	0.0001

a Dependent Variable: Customer Loyalty; Independent variables: Corporate Image, Trust and Perceived Switching Cost; R = 69.1 per cent; R Square = 47.7 per cent; Adjusted R Square = 46.9 per cent; F = 59.634; P = 0.000 (p<0.05).

concludes that the corporate image is positively related to the customer loyalty (unstandardized beta value = 0.321; t value = 5.802). H_1 is supported. Nguyen and Leblanc (2001) and Kristensen et al. (2000) argue that corporate image relates positively with customer loyalty. Thus, the finding supports the existing literature.

Table 6 also indicated that the p value for trust (p = 0.000) is less than α value of 0.05. Therefore, the study concludes that trust is positively related to the customer loyalty (unstandardized beta value = 0.257; t value = 4.734). Hence, H_2 is supported. A number of researchers concluded that trust is important in developing customer loyalty (Moorman et al., 1993; Morgan and Hunt, 1994). Thus, the finding supports the existing literature.

The result from Table 6 also indicated that the p value for perceived switching cost (p = 0.000) is less than α value of 0.05. Therefore, the study concludes that perceived switching cost is positively related to the customer loyalty (unstandardized beta value = 0.225; t value = 3.850) .Hence, H_3 is supported. The research findings from Wernerfelt (1991), Selnes (1993), Klemperer (1995), and Anto'n Marti'n et al. (1998) conclude that when the cost of switching brand is high for the customers, there is a greater probability that the customer will remain loyal in terms of repeat purchase behaviour. This argument was consistent with the research done by Beerli et al. (2004) that indicates a positive relationship between switching costs and loyalty. Thus, the finding supports the existing literature.

The regression analysis indicated in Table 6 also shows that the change in the customer loyalty is explained by 47.7%, by a combination of corporate image, trust and perceived switching cost (R square = 0.477).

Mediated regression analysis

Based on the mediated regression analysis proposed by Baron and Kenny (1986), mediating effect will be taking place, provided four conditions are fulfilled. The four conditions are: (1) Trust (independent variable) is significantly related to the customer loyalty (dependent variable); (2) Trust (independent variable) is significantly related to perceived switching cost (mediating variable); (3) When both trust and perceived switching cost acting as predictor variables to the customer loyalty in the regression analysis, the result must indicate that perceived switching cost is significantly related to customer loyalty; and lastly (4) The regression coefficient for trust obtained from the third condition as above will be smaller than the regression coefficient for customer trust obtained from the first condition, or/even the relationship between trust and customer loyalty is not significant related.

The result of the mediating regression analysis is presented in Tables 7a and b. Based on the result from Table 7b, there is a significant positive relationship between trust and customer loyalty (model 2; p value = 0.0001; β value = 0.605). Therefore, the first condition of Baron and Kenny (1986) is fulfilled. Besides, the result from Table 7a also indicated a significant positive relationship between trust and perceived switching cost (p value = 0.0001; β value = 0.561). Therefore, the second condition of Baron and Kenny (1986) is fulfilled. When trust and perceived switching cost concurrently become the predictor variables for customer loyalty, the result from Table 7b indicated that perceived switching cost is significant positively related to customer loyalty (model 3; p value = 0.0001; β value = 0.209). Therefore, the third condition of Baron and Kenny is fulfilled. Lastly, the result from Table 7b also indicated that when perceived switching cost is added as mediating variable, the regression coefficient of trust has been reduced from 0.605 to 0.488, and the value of R square has been increased from 0.328 to 0.387. Therefore, the fourth condition of Baron and Kenny (1986) is fulfilled. In conclusion, the study supports the fourth hypothesis in which trust is positively related to customer loyalty, mediated by perceived switching cost. This research finding also supports the extant literature (Patterson and Sharma, 2000).

CONCLUSION

Implications of research findings

There is a significant theoretical implication in this research. Based on the existing literature, perceived switching

Table 7a. Regression analysis between trust and perceived switching cost.

Independent variable	Perceived switching cost (dependent variable)
Trust	0.561* (condition 2)
R^2	0.211
Adjusted R^2	0.203
F	26.265*

*p < 0.05.

Table 7b. Mediating regression analysis for hypothesis 4 (H4).

Independent variable	Customer loyalty (dependent variable)		
	Model 1	Model 2	Model 3
Trust		0.605* (condition 1)	0.488* (condition 4)
Perceived switching cost			0.209* (condition 3)
R^2	0.020	0.328	0.387
Adjusted R^2	0.015	0.321	0.378
F	4.111	48.096	41.329

*p < 0.05.

switching cost has been argued as a mediating variable (Patterson and Sharma, 2000) in mediating the relationship between trust and customer loyalty. However, there is a lack of extant literature to support the argument of Patterson and Sharma. Based on this research finding, the agreement of Patterson and Sharma was supported. Thus, this research finding enriches the extant literature. The study of Patterson and Sharma (2000) indicates that customers with high perceived switching cost showed higher association between trust and customer loyalty compared to those customers who perceived it to be low.

In terms of managerial implication, the findings do provide some insights and feedback for the western fast food operators in drafting various managerial strategies on how to increase the level of customer loyalty. Operators must create different strategies on how to increase the corporate image, trust and perceived switching cost. The strategies may include adding nutritional value meal in their menu. This nutritional meal should be more balanced for the intake of the consumers whereby the menu should contain more vegetable and fruit-based goods. Besides that, the food should contain less salt, sugar and fat. By providing such type of food menu, operators will be able to increase the perceived switching cost of the customers because customers have viewed that the company seems to look from their health point of view by providing a more suitable diet for their intake. And this in turn will increase the loyalty of the customers. Finally, the Western fast food operators are suggested to launch value meal at a significant price reduction during the daily lunch hour periods or a particular festive season to stimulate the consumption of fast food products among the Generation Y as well as withholding their loyalty.

Additionally, the managers should embark on corporate social responsibilities (CSR) program to contribute back to the society to build a better corporate image in the eyes of the consumer and subsequently to enhance customer loyalty. For the CSR program, companies can go into building environmental program by using recyclable material in their companies' packaging. Besides, companies should also put into practice, conserving of energy and water. For example, managers can use energy-saving bulbs in their premises. In addition, the CSR program can also include giving out scholarships to needy students. As a result, it may further enhance the image of the companies in the minds of the customers.

To establish trust on customer, managers may embark on a series of customer relationship management campaigns, such as launching "Educate your staff" program that is, to educate front liners with your customer knowledge, not only on how to deliver customer service, but to deliver the service beyond basics. For example, the manager may empower staff to respond to customer's requests in all situations. Additionally, managers may also adopt "Deliver on your promise" (that is, to make sure that you always act upon a promise that you or your firm has made). This will build credibility and reliability, thus creating trustworthiness with your customers. This will subsequently lower the switching cost and eventually lead to customer loyalty.

Limitations of research

Although the research findings provide some new insights to researchers, these findings should be viewed in light of some limitations. The study is based on cross-sectional data that is only able to reveal the net effect of predictor variable towards a particular criterion variable at a specific point in time (Cavana et. al., 2001). Due to the inherent limitation of cross-sectional study, the research findings are not able to "explain why the observed patterns are there" (Easterby-Smith et al., 2003). In other words, this research is not able to describe satisfactorily the observed changes in pattern and the causality of the customer loyalty. In addition, the restriction of the boundary set in selecting the Generation Y consumers in Kuala Lumpur as samples means that the findings cannot be generalized across all age groups of customers who consume Western fast food in the country. Lastly, the adoption of convenience sampling technique may limit how well the research represents the intended population (Zikmund et al., 2010). Consequently, the respondents may not be representative and the study is not generalisable.

RECOMMENDATIONS FOR FURTHER RESEARCH

Due to the limitations of this research, three recommendations are suggested for the purpose of enhancing the study of the customer loyalty. Since cross-sectional study may not be able to capture the observed changes in patterns and the causality of the customer loyalty (Easterby-Smith et. al., 2003), longitudinal study is recommended in the future research in order to help researchers identify the cause and effect relationships among the various constructs (Cavana et. al., 2001). Besides, it is also suggested to broaden the research setting by incorporating different age group of customers and drawing more respondents from different regions in the country. This may enhance the validity and generalization of the research finding. Lastly, it is suggested to utilize probability sampling technique to evaluate customer loyalty in the future research.

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