EFFECT OF PRICE REGIME ON CUSTOMERS' REVISIT INTENTION IN FAST FOOD RESTAURANTS IN THIKA TOWN, KENYA

BY

JUMA EAGGANS WANDERA

(BSc. HOSPITALITY MANAGEMENT)

HPM-G-4-0062-16

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF HOSPITALITY AND TOURISM MANAGEMENT IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF BACHELOR OF SCIENCE IN HOSPITALITY MANAGEMENT OF GRETSA UNIVERSITY
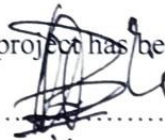
NOVEMBER 2020

DECLARATION

This research project is my personal original work and has not been presented for the award of a degree or for any similar purpose in any other institution.

Signature.................................... Date... 14|12|2020 ....

NAME: JUMA EAGGANS WANDERA

REG/NO: HPM-G-4-0062-16

This research project has been submitted with my approval as Gretsa University supervisor.

Signature.................................... Date. 14.12.2020 ....

NAME: PROF. WABUKE BIBI

Gretsa University, School of Hospitality and Tourism Management

DEDICATION

For bringing me up through thick and thin, always being by my side and teaching me to be an independent individual, I dedicate this undergraduate research project to my loving and ever supportive mother (Roseline Kamira). Thank you for motivating and believing in me throughout my life. I couldn't ask for a better mother and a better best friend. I also dedicate this piece of my study to my late sister, Susan Lihavi, whose dreams, ambitions and aspirations live in me always.

ACKNOWLEDGEMENT

TABLE OF CONTENT

OPERATIONAL DEFINITION OF TERMS

Price Fairness- This refers to a consumer's assessment and associated emotions of whether the difference or even a lack of difference between a seller's price and price of another seller, on comparison basis, is reasonable, acceptable or justifiable. Value for money should be felt by the customers.

Price Flexibility- It refers to a final price in which the price of a product or service is open for negotiation between buyers and sellers especially in services that are customized depending on the requests made by the customers. This also depends on the season or time of the year and external factors can influence final pricing.

Hospitality Industry- Is an institutionalized phenomenon where reception in terms of entertainment, food, drink and accommodation are offered to guests or strangers away from their homes and fast food restaurants are a good example under this.

Customer revisit intention- This refers to the act of customers coming back to a hospitality establishment after being there before and is mainly influenced by a number of factors including pricing and service quality (just to mention but a few) in that given fast food establishment.

Fast Food restaurant- This is a specific type of restaurant that serves fast food cuisine (a characteristic style of preparing food, often associated with place of origin) and has minimal table service. Food in this case is prepared and cooked in bulk in advance and kept hot, finished and packaged for order and it's in most cases available for takeaway though seating may be provided. It is also known as a quick service restaurant and should provide hot food with minimum time delays.

Price Regime- Refers to the measures or indicators of price as a whole and thus includes price regime and price fairness.

Customer Loyalty- This is the act of a customer coming back to get services, food products and drinks or even experiences from the respective providers as a result of feeling that these providers are the best and satisfy the customers' needs.

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

This study analyses effects of price on customer revisit intention in Fast Food Restaurants, Thika Town, Kenya. Pricing is important when it comes to the customers making a decision about revisiting a given fast food restaurant. The researcher was prompted to look into the issue of price following informal discussions with some fast food restaurant managers and employees about the challenges they face, and those which influence customer revisit intentions. The study is focused on Thika Town because there are a substantial number of fast food restaurants in town that are facing similar challenges. The study investigates and establishes the effect of price fairness and price flexibility as measures of customer revisit intention. A population including customers is sampled. Data was collected by questionnaire and analysed by descriptive and inferential statistics. Presentation is done by use of tables and a pie chart. Pearson correlation analysis is the inferential statistics technique that was used to address the study hypothesis. On conducting a correlation analysis, price flexibility was found to have the most significant influence on customer revisit intention. The findings from this study will benefit the managers/ owners of fast food restaurants maximize pricing practices to attract and retain customers.

(**Key words**: Price fairness, Price flexibility, Measures of customer revisit intention, descriptive and inferential statistics.)

CHAPTER ONE: INTRODUCTION

This chapter is made up of background to the study, problem statement, purpose of the study, conceptual framework, and objectives of the study, research questions, limitations and the scope of the study.

1.1 Background to the study

Pricing of food items and beverages is increasingly a cause for concern in fast food restaurants. According to Kotler and Armstrong (2010), price refers to the amount of money charged for a product or service or the sum of the values that customers exchange for the benefit of having or using a given product or service. Research has shown that a customer's decision to accept a particular price has a direct bearing on the satisfaction level and loyalty (Martin, et al., 2007).

Pricing is thus becoming a challenge to fast food restaurants as it has an effect on customer revisit intention, which prompted the need for this study. A valid and reliable measurement of price fairness may have far reaching theoretical and managerial implications, according to Chung& Patrick (2015). The price fairness concept is gaining relevance in marketing, and can be seen as a restraint on unfair exploitation, particularly regarding the dynamic pricing techniques, according to Malc et al., (2016). In pursuit of how exactly price fairness affects customers in the long-run, it is important to also understand customer perception or even their needs and capabilities. According to Malc, et al. (2016), findings of price fairness also confirm that the intensity of price fairness perception correlates with the severity of consequences and that difference exists among consumers with different income levels.

Study confirms that social comparisons play an integral part in determining fairness in the shopping context; and reveals that consumers positively assess price increases over time in terms

of fairness and confirms the importance of personal income in both fairness assessment and in consumer's reactions to unfair prices (Malc, et al. 2016)

As Bei & Chiao (2006) found out, consumer perception of fair pricing strongly affects their satisfaction with products and therefore managers should not ignore the importance of price.

Price flexibility as a dimension of concern in this study refers to a strategy in which final price is open for negotiation, whereby the customers and sellers can both alter the prices of commodities. This also applies to service. Price flexibility also refers to adapting one's prices more closely to market forces, i.e. supply and demand and fast food restaurants ought to be aware of the relationship of supply and demand so as to set flexible prices. This can be manifested in cases where it becomes crucial to attract and ensure repeat customers in a hospitality establishment. There are a good number of Fast food restaurants in Thika Town, which receive all levels clientele; including students and the working class.

The research established customer revisit intention in these restaurants whose set-up, design and food quality may differ. The critical statement was the need to find out the effect of price on the customer revisit intention. The study created a better understanding of how different customers perceive price and if this influences their coming back to a given fast food restaurant to dine.

The hospitality industry is experiencing inevitable changes in trends, and the price regime needs to go hand in hand with this change. This will ensure guest loyalty. Customer satisfaction must be achieved at all costs, and therefore, the need for this research study to focus on price. Indeed, as Gielissen et al. (2008) found out, increase in prices are judged to be fairer in instances when they are beneficial to the poor and the small agents than when the large agents or the rich individuals in the society are benefiting, other factors being constant**.**

1.2 Problem Statement

The research sought to identify the reasons behind customer's revisit intention to fast food restaurants on basis of price. An informal conversation with some fast food restaurant managers and workers in Thika Town revealed the challenges that fast food restaurants face. There is thus a felt need to establish objective findings. Customer satisfaction can be improved through service quality, food quality and price value ratio, which in turn would impact behavioural intentions, (Naamim, 2017). Pricing (price fairness and price flexibility) is a problem since it is having an effect on the customer revisit intention, since in the long run customers tend to revisit establishments whose pricing is fair and flexible. Price has widely been accepted as an important marketing factor that influences consumer behaviour (Hanaysha, 2016).

According to Anderson et al. (1994), the prices of a product or service can affect the degree of satisfaction among customers, because wherever they access the given value of a purchased product or service, they tend to consider its price solely.

1.3 Purpose of the study

The research explores the extent to which pricing in fast food restaurants in Thika Town affects customer revisit intention.

The study also aims at providing recommendations and suggestions for future researchers based on the findings so as to enable the concerned fast food restaurant managers and owners to make better and informed decisions on matters pricing. Thus the managers and owners of fast food restaurants are the immediate beneficiaries of the study.

1.4 Conceptual Framework

A conceptual framework is a scheme of concept (variables) which the researcher operationalizes

in order to achieve a given set of objective (Mugenda & Mugenda 2003).

Fig. 1: Conceptual Framework of price regime and Customer Loyalty

<u>**INDEPENDENT VARIABLE**</u>   <u>**DEPENDENT VARIABLE**</u>

Price Regime   **Customer revisit intention**

Indicators:

Price fairness

Gender

Customer-Loyalty

Price flexibility
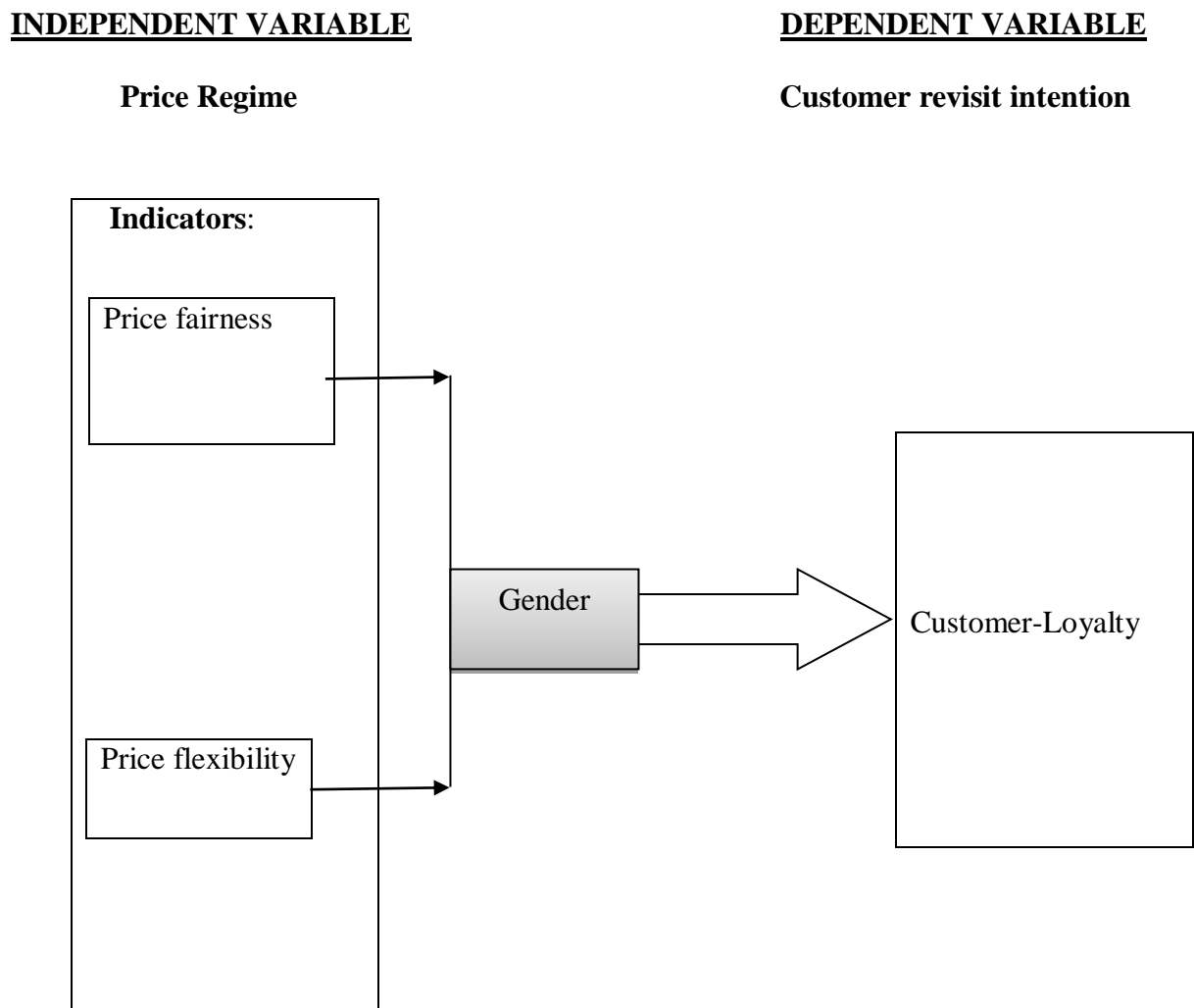
Source: (**Researcher 2019**)

It is appreciated that gender can be a moderating influence in customer revisit intentions in fast

food restaurants**.**

1.5 Objectives of the Study

1.5.1 General Objective

To investigate whether fast food restaurant managers/ operators in Thika Town use price fairness and flexibility to influence customer revisit intention.

1.5.2 Specific Objectives

1. To determine influence of price fairness on customer revisit intentions in fast food restaurants, Thika Town.

2. To establish effect of price flexibility on customer revisit intention in fast food restaurants, Thika Town.

3. To determine if gender has an effect on perception of price fairness and flexibility in fast food restaurants, Thika Town.

1.6 Research Questions

This research sought to answer the following research questions:

1. To what extent does price fairness influence customer revisit intentions in fast food restaurants in Thika Town?

2. Do the customers know the effect of price flexibility on customer revisit intention in fast food restaurants in Thika Town?

3. To what extent does gender affect perception of price fairness and price flexibility?

1.7 Study hypothesis

The researcher considered the following null hypothesis during the study:

H₀1: There is no statistically significant relationship between price fairness and customer revisit intentions in fast food restaurants, Thika town.

H₀2: There is no statistically significant relationship between price flexibility and customer revisit intentions in fast food restaurants, Thika town.

H₀3: There is no statistically significant relationship between genders, perception of price fairness and price flexibility and the customer revisit intentions in fast food restaurants, Thika town.

1.8 Significance of the Study

Through this study, findings will not only be important to the fast food restaurant operators, but also to prospective researchers who might seek more information on the research topic. Fast food restaurant operators will get to understand why, when and how to take into consideration price fairness and price flexibility to retain repeat customers. Institutions of higher learning can also use this study, to teach students the importance of exploitation of price as a marketing strategy.

Other hospitality establishments aside from fast food restaurant may also use these findings as a reference, whenever deciding the pricing strategies to enhance competitiveness in the market.

1.9 Scope of the Study

This study was conducted within two main domains which are:

1.9.1 Subject Scope

The study covers the effects of price on customer revisit intention in fast food restaurants and price fairness and price flexibility and how these two dimensions affect customer revisit intentions.

1.9.2 Geographical Scope

The study was carried out in Thika Town, Kiambu County, in Kenya. This is because the town has a number of fast food restaurants operating competitively.

1.10 Limitations of the Study

Possible constraints that might have limited this study are only the fast food restaurants in Thika Town were sampled, leaving out all the other food operators and therefore the findings only apply to this category of service providers and in-ability to establish extent of honest/ sincere feedback from the respondents. All responses are assumed to be honest.

The following mitigation strategies to counter these limitations were applied and they include; Since the study is a survey, sampling will apply to all fast food restaurants regardless of the clientele, preparing the respondents to understand the purpose of the study, so that they may give informed responses and also provision of simple and precise questionnaires, to encourage honesty and save respondent time of answering the questions.

CHAPTER TWO: LITERATURE REVIEW

2.1 Preview

This chapter presents the review of literature on price flexibility and price fairness and a summary of identified knowledge gaps.

2.2 Conceptual and Empirical literature

This part gives out a descriptive literature review based on the existing area of information on the study topic on conceptual and empirical literature basis.

2.2.1 Price Fairness

First, price fairness perceptions seem to be related to compensatory justice which concerns the just manner of compensating people for what they lose (Kouwenhven 1981). Therefore, a fair price can be viewed as a compensation that is at par with the loss that has been suffered by the one being compensated. Gielissen et al. (2008) found that increase in prices are judged to be fairer in cases where they benefit small agents even poor people than when the rich or the large agents are the beneficiaries, other things being held equal.

Guests in fast food restaurants and the hospitality industry in general have now become classier with the services. Specifically, perceived price fairness in the service industry is one of the main tangible cues to evaluate service quality and customer level of satisfaction (Ali et al., 2016).

It is therefore evident that perceived price fairness from the service provider's perspective can improve the emotions of customers and satisfaction can eventually boost behavioural intentions like their revisit intention (Ali et al., 2016; Lin & Liang, 2011).

Various scholars have studied the role of price fairness, customer emotions and customer knowledge, all separately, to enable a better understanding of price fairness. Both Chen et al (1994) and Ali et al (2016) have suggested the use of price fairness model during service consumption during examination of behavioural intentions.

According to Ryu and Han (2010), price is a crucial component when it comes to the understanding and prediction of customer behaviour. The Keaveneys (1995) study suggests that

price fairness and perceptions affects customer's satisfaction and behavioural intentions like the revisit intention. Cheng, Chiu et al., (2011) in their study on the fast foods sector have also supported the crucial impact of price fairness on the satisfaction of the customers.

Criste et al. (2017) also suggested, from their study on Markobar Cafe, that simultaneous pricing has a significant influence on customer satisfaction. The perceived price fairness therefore has a significantly stimulating perceived value and satisfaction of the customers, which in turn leads to production of behavioural intentions of the perspective customers (Ali et al., 2016; Gummesson, 2002). Rothenberger (2015) found that a customer's perceptions of prices that are not fair results into negative outcomes like higher degree of dissatisfaction, lower levels of repurchase behaviour, negative word of mouth and an increased complaint by the customers. In addition, in support of the study, a report by several scholars (Herman et al., 2007; Kaura, 2012), did find that price fairness has a positive effect that significantly affects customer satisfaction and revisit intention. It is thus fair to state that price fairness has been established to have an impact on customer revisit intention.

2.2.2 Price Flexibility

Pricing is an important part of a more encompassing and universal marketing strategy. Hence there is need for an organisation to devise an interconnected and integrated marketing strategy that contains a comprehensive marketing strategy as a part and parcel of such an endeavour (Indounas 2006; Kotler et al. 1999). Price flexibility polices are two tiers; according to Li and Sexton (2013), on basis of a one price policy, pricing is much easier since the very price is

offered to all customers in equal numbers under the same conditions. Similarly, Perreult and McCarthy (2002) highlight a flexible pricing policy as offering similar quantities of commodities to different customers at different price.

The price flexibility policy also highlights how price determination is also context- and area specific. Price flexibility leaves final pricing of commodities to an open-ended view where changes can be made over time, and the customers can as well influence the final price of commodities. Fast food restaurants can adjust to any changes whether in the market competition or even originating from the customers when it comes to pricing. Therefore this whole concept is known as price flexibility. Flexible prices are thus the preposition that there is a notable adjustment of price in the long run in response to market shortages or surpluses. Price flexibility ensures that the long aggregate pricing of commodities is equal to full-employment production and therefore price flexibility is defined as price of a good/ item that is said to be flexible if it falls whenever there is excess demand for the good, whereas in the opposite case, the price is said to be negatively flexible.

2.3 Theoretical Framework

According to Magenta & Magenta (1997), theoretical review of literature is evaluation of information that is relevant, which cited from secondary sources. Everett & Hotelman, (2006) also affirm that a theoretical review is a collection of inter-related concepts. Below are theories that informed this study:

2.3.1 Naive Price Theory

Friedman (1986, 1990) discussed this theory whereby commodities have one element in common and in each case, the mistake is in assuming that one part of a system will stay the same when another part is changed. Further, Friedman (1990) describes this mistake as naive price theory;

the theory that the only thing that determines a given commodity's tomorrow's price is the price of today. Naive price theory is a perfectly natural way of dealing with prices in cases where one does not understand what determines the prices. This theory will therefore enable the researcher to understand pricing based on the previous or yesterday's prices that have been put in place and to be able to forecast a future price basing on the yesterday's price.

2.3.2 Long-run theory of price determination

Khan (2004) developed this theory where he suggests that in the long run, prices are determined by the interaction of aggregate demand and long aggregate supply. Thus, aggregate demand is an inverse relationship between level of price and real output's level, whereby a combination of prices and real outputs is represented under certain behavioural relationships. Demand and supply curves are applied here and at such, due to higher price level's association with a lower level of real output, then the demand curve slopes downwards. From this theory, it is proof enough that price can be determined on basis of how the demand and supply of goods or commodities is and therefore, this translates to a low demand would lead to low prices, same as high supply whereas high demand and low supply would translate to higher prices. Price level therefore is dependent on the levels of supply and demand and an understanding of this will help the researcher in getting to know the pricing steps.

2.4 Summary of Identified gaps in the Reviewed Literature

Literature review revolves under the two major models of price regime (i.e. price fairness and price flexibility) and all try to look into the effect of these on customer revisit intention. There is, however, a research gap as the reviewed literature has not fully dealt with the model of price flexibility and most of the reviewed literature has not discussed fast food restaurants. This study

therefore focused on this research gap to enable establishment to help in decision -making

matters pricing in the fast food restaurants.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Preview

This chapter will outline the methodology. The chapter will review the research design to be used, study area, the targeted population, sampling techniques to be used, validity and reliability of the data, techniques that will be applied for data collection, data analysis.

3. 2 Research Design

A research design is a plan, strategy, structure or an approach selected for an intended research study and therefore at such it is basically a plan that is to be used to enable gathering of relevant information to a certain problem (Orodho 2003). Also according to Polit et al (2001), the research design refers to a plan for conducting the study to enable answering of the research questions. This study used descriptive survey design to study the effects of both price fairness and price flexibility to customer revisit intention, and also examine into the inter-relatedness of the variables. Orji (2011) pointed out that descriptive survey design is the best to use in a case where a researcher is intending to obtain information and response from a large population. Correlational research design was also applied to cover the inferential statistics bit of this study.

3.3 Study Area

The research was conducted in Thika Town, Kiambu County in Kenya. Thika Town, like any other fast developing towns in Kenya, has an increasing number of fast food restaurants that are operating competitively in the market.

3.4 Target Population

As defined by Mugenda & Mugenda (2003), target population refers to the population from which the researcher wants to generate the results. The target population of this study was fast food restaurant customers.

3.5 Sampling Techniques

As explained by Orodho (2002), a sample as part of a large population that is a likely representation of the large population as a whole. Sampling therefore entails a procedure of choosing and selecting a number of individuals from a population that does contain some understanding as the whole population (Orodho 2002). This study uses convenience sampling technique (non-probability based technique).

3.6 Sample Size

The sample size of the study was as follows; six fast food restaurants in Thika Town out of the estimated 13 operational fast food restaurants in Thika Town. The six was picked without any bias whatsoever. This number was arrived at basing on the estimated number of fast food restaurants in Thika Town that is thirteen (13) thus six fast foods being selected justifies the 30% requirement for a sample representation of the whole population as per statistical suggestions, according to Mugenda & Mugenda (2003), that 30% of the accessible population is adequate sample, the customers were examined by use of convenience sampling because they are not in a sampling frame and the researcher had no control over them. One who got in the fast food restaurants was examined.

3.7 Measurement of Variables (Operationalization)

Objectives	Variables	Measurement	Type of analysis
To determine if fast food restaurants operators or managers use price fairness to influence customer revisit intention.	Independent Variable: • Price Fairness Dependent Variable: • Guest Loyalty	Ordinal	Descriptive and Inferential statistics
To determine if fast food restaurants operators or managers use flexibility to influence customer revisit intention.	Independent Variable: • Price Flexibility Dependent Variable: • Guest Loyalty	Ordinal	Descriptive and Inferential statistics
To determine whether price fairness influences customer revisit intentions.	Independent Variable: • Price Fairness Dependent Variable: Guest Loyalty	Ordinal	Descriptive and Inferential statistics

To establish whether price flexibility determines customer revisit intention.	Independent Variable: • Price Flexibility Dependent Variable: Guest Loyalty	Ordinal		Descriptive and Inferential statistics

Table 3.7: Measurement of variables

3.8 Research Instruments

The study used a questionnaire to collect information. This is because a questionnaire can easily collect information (Orodho, 2012). A questionnaire was used in this case as the research instrument.

3.9 Pre-Testing

The instruments were piloted to determine whether the instrument us valid, acceptable as well as reliable.

3.10 Validity and Reliability

For validity purposes, the researcher extensively reviewed literature and discovered that the variables in question have been used in previous studies and is dependable as indeed customer revisit intention is affected by price. The researcher adopted the questionnaire on price fairness, perceived value and satisfaction on customers' revisit and word-of-mouth intentions towards organic food restaurants by Farouk, 2019 and modified it as it is related to the study. This is supported by Mugenda & Mugenda (1999); stating that when the result of a given evaluation

does serve its intended purpose then it is valid and hence can be used to present the criteria under study. Consultation with the researcher's supervisor helped the researcher in modifying questionnaire adopted, to make it more relevant to this study. To check if data (item on the questionnaire) is correlated, Cronbach's Alpha test was conducted, as indicated by Hulin et al, 2001 on Cronbach's Alpha test reliability. According to Wood et al., (2006), reliability of a research instrument yields a similar result on repeated measures.

3.11 Data Collection Techniques

A formal letter from the researcher's institution (supervisors) was provided, to notify the restaurant managers about the study aims so as to be allowed to carry out the research. Upon being filled by the respondents, the questionnaires were collected back for data entry and analysis purposes.

3.12 Data analysis

Data analysis is a process of organizing and transformation of data for research question analysis, Treiman (2009). The data was analysed using descriptive and inferential statistics, by using the Statistical Package for Social Sciences (SPSS). The results from the data were presented by the use of charts and tables so as to make informed conclusions concerning the study.

3.13 Logistical and ethical consideration

The researcher sought consent from the fast food restaurants managers/owners/operators, and also obtained a letter from Gretsa University. The researcher undertook to cause minimum

interference with the normal activities of the fast food restaurants. The researcher ensured that the questionnaire is valid and strictly confined within study objectives. On matters ethical considerations, the researcher maintained high levels of discipline throughout the study, which include getting permission before administering questionnaires in the fast food restaurant to the customers. Administration of the questionnaire was done in a humble, and respectful manner, and also confidentiality and privacy of the information from the respondents was paramount.

CHAPTER FOUR: FINDINGS AND DISCUSSION

4.0 Introduction

This chapter presents the results of having entered and analyzed data using the SPSS, and their discussions as well. The chapter also does a description of the demographic profile of the participants that includes gender, number of times one visits a fast food restaurant, whether it's the only one they dine from and what makes them dine in the fast food restaurant in question. Data has been represented in form of charts, tables and bar graphs. Inferential and descriptive

analysis and presentation of data was conducted before the research findings and discussions based on each study objectives.

4.1 Response Rate

Ten questionnaires each were distributed to six fast food restaurants in Thika Town by the researcher totaling to sixty questionnaires to be filled by respondents. Out of this (60), fifty six (56) were returned having complete data ready for entry and analysis. This represents an adequate response rate (of 93%) to be used for analysis (Mugenda & Mugenda, 2003).

4.2 Reliability Analysis

The Cronbach's Alpha test was applied in order to measure how closely related the variables used in the study are.

Table 4. 2: Reliability Analysis

Scale	No. of Items	Cronbach's Alpha (α)
Price Fairness	4	0.681
Price Flexibility	4	0.722
Customer revisit perception	5	0.713

Given the above findings on Cronbach's Alpha test, all constructs returned a coefficient value higher than the required minimum of 0.60 thereby proving that there is a strong relationship among the scales items in the research tool. This made it reliable for further analysis.

4.3 Demographic profile

4.3.1 Participants' gender profile

Below (table. 4.2) is a representation of gender in percentage as participated in the study.

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	23	41.1	41.1	41.1
Valid Female	33	58.9	58.9	100.0
Total	56	100.0	100.0	

Table 4.2 Participant's gender profile
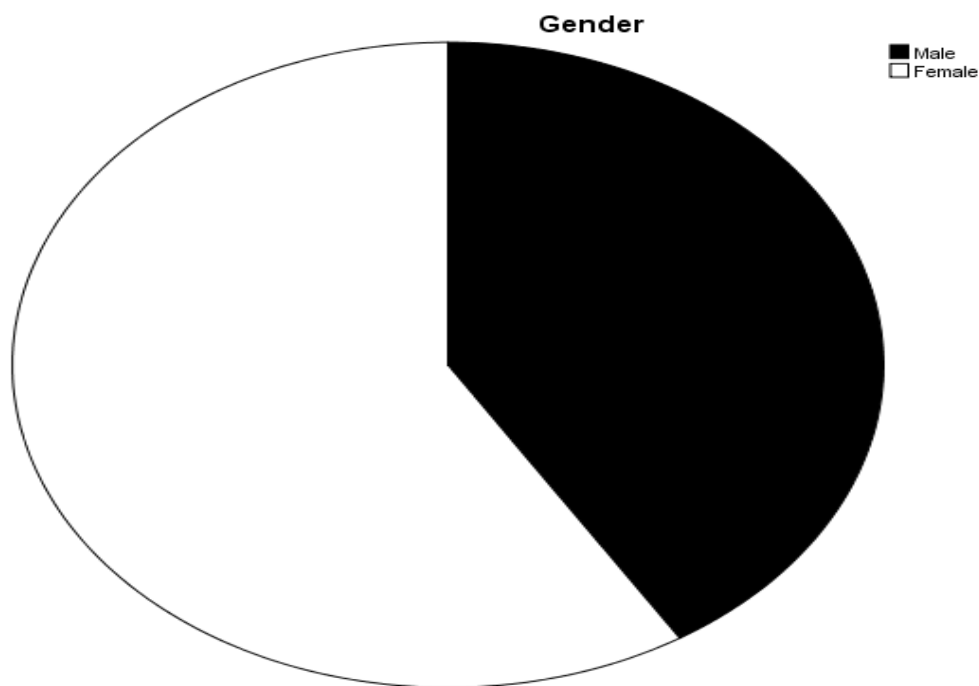
Figure 4.1 Participants' gender profile

A higher percentage of females (58.9 %) did visit the fast food restaurants in Thika town and took part in the study whereas the males participation lay at 41.1% (n=23). The overall number of participants who did take part in the study was 56.

4.3.2 Number of times participants visited the fast food restaurants

Below is a representation of the number of times the participants visited the fast food restaurants in Thika town.

Visited Fast Food

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Once	2	3.6	3.6	3.6
	Two times	5	8.9	8.9	12.5
	Three times	6	10.7	10.7	23.2
	Four times	13	23.2	23.2	46.4
	Above Four times	30	53.6	53.6	100.0
	Total	56	100.0	100.0	

Table 4.3 Participants representation in terms of number of times they visited the fast food restaurant
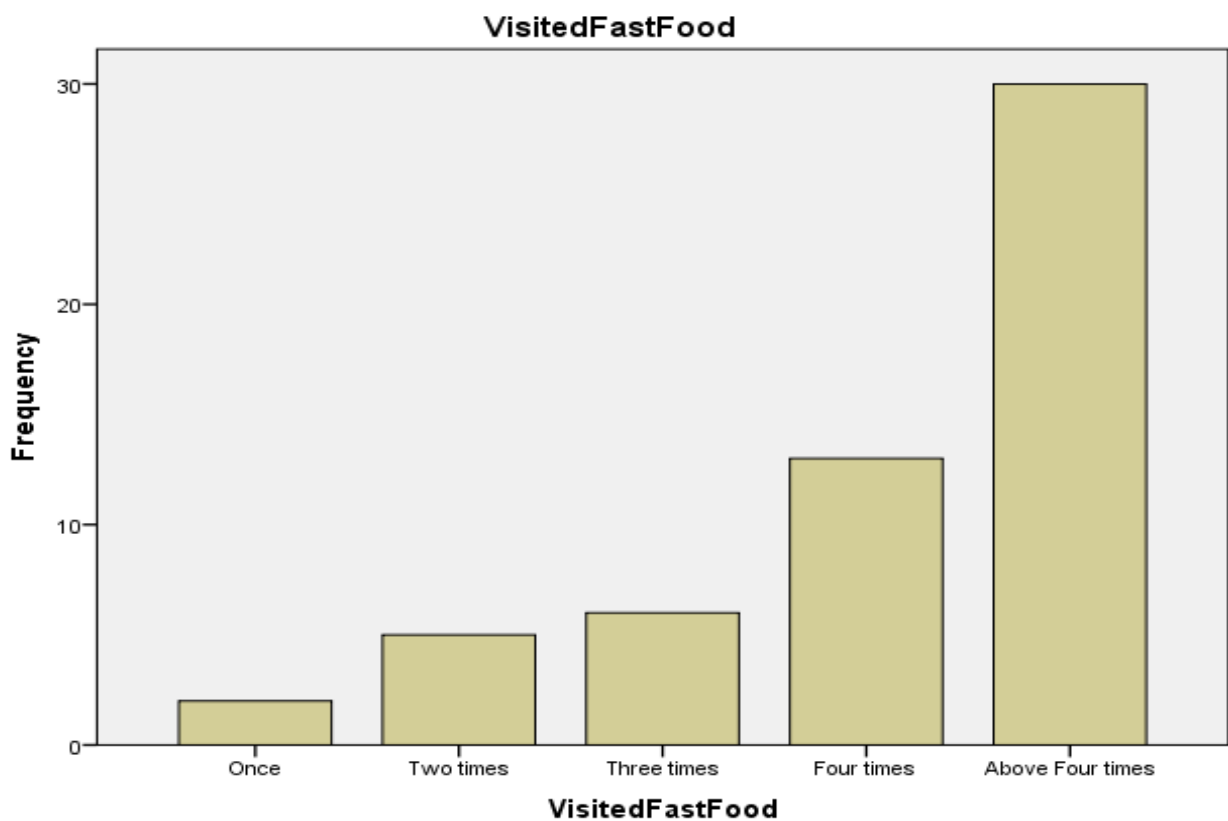
Figure 4.2: **Frequency of visitation to the fast food restaurants by the participants**
Most of the participants in this study (30) visited the fast food restaurants in which they were

sampled, more than four times (53.6%). This therefore facilitated better validity on whether price

fairness and price flexibility was a determining factor in their going back to the fast food

restaurants.
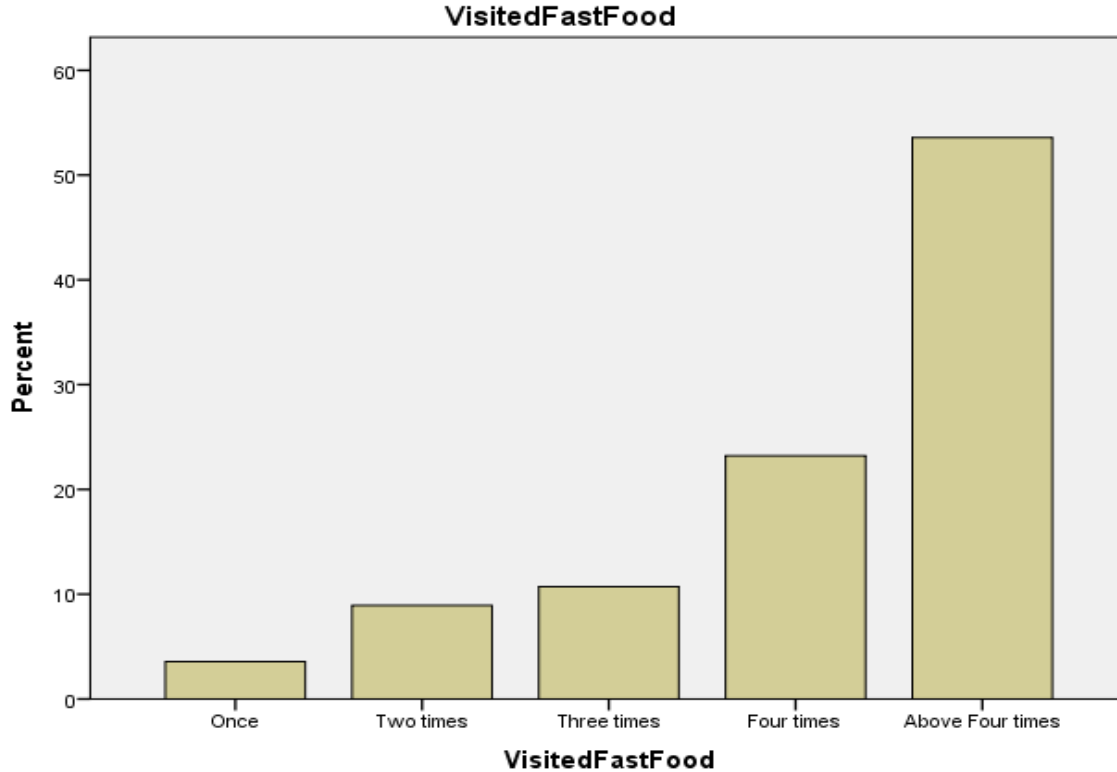
Figure 4.3: **Percentage of visitation to the fast food restaurants by the participants**

4.4 Descriptive Statistics of the Study Variables

The descriptive statistics representing the research study variables are as shown in the tables below:

4.4.1 Descriptive Statistics on Price Fairness

Statistics

		Affordable Prices	Reasonable Prices	Difference in Prices	Acceptable Prices
N	Valid	56	56	56	56
	Missing	0	0	0	0
Mean		4.13	4.02	3.91	4.11
Std. Deviation		.740	.587	.549	.528

Table 4.4.1: Price Fairness descriptive

As shown in the above table (**4.4.1),** all the means are above 3.0 thereby an indication that respondents agreed with items of price fairness.

4.4.2 Descriptive Statistics on Price Flexibility

Statistics

		Price Changes	Price Vary	Prices Negotiable	Prices Needs
N	Valid	56	56	56	56
	Missing	0	0	0	0
Mean		3.73	4.04	1.64	1.64
Std. Deviation		.726	.602	.672	.586

Table 4.4.2: Price Flexibility descriptive

As it appears in the table **4.3.2** above, price changes and price variance means are above 3.0 indicating that respondents agreed with these two items of price flexibility. However, given the means of prices being negotiable and prices changing according to customer needs, which is lower than 2.0, it is a clear indication that respondents disagreed with these two items of price flexibility.

4.4.3 Descriptive Statistics on customer revisit intention

Statistics

		First Choice	Come Back	Speak Positive	Be Loyal	Recommend
N	Valid	56	56	56	56	56
	Missing	0	0	0	0	0
Mean		3.79	4.07	3.75	3.98	3.89
Std. Deviation		.780	.710	.899	.646	.652

Table 4.4.3: Customer Revisit Intention descriptive

As shown in the above table (**4.4.3),** all the means are above 3.0 thus it is a clear indication that

respondents agreed with items of customer revisit intention.

4.5 Correlation Results

Four separate null hypotheses (Ho) were set at a significance level of 5% so as to achieve the study objectives. The results of Pearson Correlation analysis as was used in the study are shown in the table below. This Correlation analysis was carried out to depict the strength of association that is was exhibited by the study variables in order to test the hypothesis. As per the decision rule, correlations between variables are significant at a 5% level, implying that correlation coefficient (r) having P-values (significance) of less than or equal to 0.05 will result into rejecting of a null hypothesis, otherwise, fail to reject the null hypothesis if the P-value is greater than 0.05.

Correlations		1	2	3	4
1. Price Flexibility	r	1			
	Sig. (2-tailed)				
	N	56			
2. Price Fairness	r	.273	1		
	Sig. (2-tailed)	.0564			
	N	56	56		
3. Gender	r	.342	.258*	1	
	Sig. (2-tailed)	.648	.060		
	N	56	56	56	
4. Customer revisit intention	r	**.323***	**.451***	**.547***	1
	Sig. (2-tailed)	**.005**	**.002**	**.643**	
	N	56	56	56	56

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4.5: **Correlation results**

4.5.1 H01: There is no statistically significant relationship between price fairness and customer revisit intentions in fast food restaurants, Thika town

At the 5% significant level, as indicated in table 4.4 above, significant results were obtained ($r = 0.451$, *p-value* = 0.02) indicating that there is a relationship between price fairness and customer

revisit intentions thus the null hypothesis was rejected in this case, thus a strong positive correlation was found between these variables. The findings pointed out just how important it is for fast food establishments to ensure they set fair prices of commodities in a view to keep their customers coming back over and over again.

4.5.2 H02: There is no statistically significant relationship between price flexibility and customer revisit intentions in fast food restaurants, Thika town

Results as presented in table 4.3 showed a strong positive correlation between price flexibility and customer revisit intentions (r = 0.323, *p-value* = 0.05). The null hypothesis was thus rejected. From this, it is clear with no doubt that price flexibility and customer revisit intentions in fast food restaurants are highly related. These findings show that fast food restaurants that allow for flexibility in setting their commodity prices, in relation to factors such as prevailing market conditions, prevailing season and competitor prices end up having more recurrent customers who not only are they loyal but also say a positive word to others who end up coming to the restaurant. This satisfaction of the guests and loyalty is of an advantage to the fast food restaurant in that it raises profits made.

4.5.3 H03: There is no statistically significant relationship between gender, perception of price fairness and price flexibility and customer revisit intentions in fast food restaurants

The study findings as exhibited in table 4.4 on correlation results revealed insignificant results at 5% significance level (*r* = -0.547, *p-value* = 0.643). The researcher failed to reject the null hypothesis as there was no existing relationship between gender and customer revisit intentions and perception on price fairness and flexibility. This result could be attributed to the fact that customers, regardless of their gender may choose to go back to a given fast food restaurant due

to factors such as convenience, service quality or even due to lack of a better option and not due to price fairness or price flexibility. It also implies therefore that customers are not just loyal to a brand due to its price fairness and flexibility but more than just that even though these two are contributing factors.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter looks into the summary of the major findings of the research study results. The chapter consequently provides possible conclusions and implications based on the major findings in the previous chapter. This chapter also offers suggestions for future (further) research.

5.2 Summary of findings

A number of major findings can be made in consideration with the study results. To begin with, both price fairness and price flexibility are undoubtedly major determinants of customer revisit intention in fast food restaurants and hence customer loyalty. Price fairness and customer revisit intention have a positive association between each other. On the other hand, there is a strong positive relationship between price flexibility and customer revisit intention an indication of how much an impact flexibility of prices has on customer loyalty. Finally, gender, though a moderating variable, has no relationship at all with customer revisit intention and their perception on price fairness and price flexibility.

5.3 Conclusions

The following conclusions about the study can be made on basis of the major findings; Price flexibility is a crucial factor in terms of impacting on the revisit intention of customers in fast food restaurants, price fairness is a significant and key determinant of whether customers can come back to one given fast food restaurant or not and last but not least, gender has no relationship with customer revisit intention and their perception of price fairness and price flexibility due to the fact that any customer regardless of gender can opt to go back to a fast food restaurant due to factors not close to price fairness and price flexibility and thus, it is possible that any customer regardless of their gender can perceive price fairness and flexibility differently and even so, not use this as the main reason for being a revisit customer in any given fast food restaurant.

5.4 Implications

Several recommendations for practice to the fast food restaurants have been brought about by the study and its findings. Fast food restaurants operators need to develop systems of tracking seasons of the year, market prevailing trends and competitor follow up programs to ensure price flexibility in their decision making when coming up with prices of commodities. To this end, a sufficient market research needs to be carried out by the management of fast food restaurants in deciding and settling on a final price of commodities in the fast food restaurants. Also importantly, in terms of price fairness, the study has shown how significant this is in determining customer revisit intention and for that case, operators in these establishments need to make sure there is not only affordability of food and beverage items but also, acceptability in terms of the prices of the commodities to reasonable extents. Customers might seem not well informed about this but on contrary, they are and there shouldn't be any room in making sure guest loyalty is ensured. Although gender doesn't play a more relevant role in determining the revisit intention and perception of price fairness and price flexibility, as it only shows, from the study, that more females than males do visit the fast food restaurants, it shouldn't be undermined at all, as to some extent, perception of customers may depend on their gender. Management should thus carry the two genders at par and under no circumstance should a customer feel not welcome in a fast food establishment due to their gender.

5.5 Recommendations for further research

To begin with, the study limitations offer several areas that need to be addressed by future researchers. The study only focused on fast food restaurants in Thika town, Kiambu, Kenya implying that the results of the study are only applicable to these fast food restaurants and at such, further research should be conducted not only in other major towns in Kenya but also

beyond the country. This will offer a justifiable and good ground for generalization purposes upon comparison of the study findings. This study only focused on price fairness and price flexibility and what effect these two have on customer revisit intention, but in reality, customer revisit intention is influenced by not just these two factors but much more. Other antecedents that are determinants of customer revisit intention ought to be brought about and thus a study be carried out on the same, and should not only focus on the fast food restaurants but also other hospitality facilities. Service quality, DINESERV model, management leadership, internal customer treatment and DINESCAPE service model are just but a few other determinants of customer revisit intention (customer loyalty) that could be employed in a study to investigate their implications on customer loyalty. This study focused only on customer perception of price fairness and if this influences their revisit intention, price flexibility and its influence on their revisit intention and their perception on revisit intention; further research should look into the management's (both managers and staff) perception on whether indeed price fairness and flexibility are determining factors to customers who choose to come back to a fast food restaurant or any other hospitality facility.

REFERENCES

Ali, F., & Amin, M. (2014). The influence of physical environment on emotions, customer Satisfaction and behavioral intentions in Chinese resort hotel industry. *Global Business Advancement Journal*, 7(3), 249–266.

Ali, F., Amin, M., & Ryu, K. (2016). The role of physical environment, price perceptions, and consumption emotions in the development of customer satisfaction in Chinese resort hotels. *Journal of Quality Assurance in Hospitality & Tourism*, 17(1), 45-70.

Ali, L., Yee, W. F., Imm, N. S., & Akhtar, M. S. (2018). Price fairness, guest emotions, behavioral intentions and satisfaction in peer to peer accommodation sector. *Global Business Insights Journal*, 3(2), 41-51.

Bei, L. T., & Chiao, Y. C. (2006). The determinants of customer loyalty: an analysis of intangible factors in three service industries. *International Journal of Commerce and Management*, 16(3/4), 162-177.

Campbell, M. C. (1999). Perceptions of price unfairness. *Journal of Marketing Research*, 36(2), 187-199.

Chen, W., Hun A., Wang' C., (1994). Pricing of commodities in food establishments. *Journal of price in hospitality management*, 16 (4), 451-456.

Chung, J. Y., & Petrick, J. F. (2015). Measuring price fairness: Development of a multidimensional scale. *Journal of Travel & Tourism Marketing*, 32(7), 907-922.

Faruk Anıl Konuk (2019). The influence of perceived food quality, price fairness, perceived value and satisfaction on customers' revisit and word-of-mouth intentions towards organic food restaurants. *Journal of Retailing and Consumer Services*

Giellisen H, Marc S & Thurd B (2008) Customer perception on price fairness and level of standard. *Journal of Customer Business Satisfaction*, 12(3), 14-16.

Hanaysha, J. (2016). Testing the effects of food quality, price fairness, and physical environment on customer satisfaction in fast food restaurant industry. *Journal of Asian Business* Strategy, 6(2), 31-40.

Jung, H. S., & Yoon,H. H. (2015). Understanding pay satisfaction: The impacts of pay Satisfaction on employees' job engagement and withdrawal in deluxe hotel. *International Journal of Hospitality Management*, *48*, 22-26.

Kandampully et al. (2000) Customer loyalty in the hotel industry: the role of customer satisfaction and image. *International Journal of Contemporary Hospitality Management*, 12(6), 346 – 351.

Lee, J. S., Back, K. J., & Chan, E. S. (2015). Price of commodities and satisfaction among Customers and employees. *International Journal of Contemporary Hospitality Management*.

Li, L., Tse, E., & Xie, L. (2007). Hotel general manager profile in China: a case of Guangdong province. *International Journal of Contemporary Hospitality Management*, *19*(4), 265–274.

Malc, D., Mumel, D., & Pisnik, A. (2016). Exploring price fairness perceptions and their influence on consumer behavior. *Journal of Business Research*, 69(9), 3693-3697.

Mugenda and Mugenda (1999), *Research Methods: quantitative and qualitative approaches. Nairobi*: Acts Press.

Mugenda, O. & Mugenda, A. (2003). *Research Methods Quantitative and Qualitative Approaches*. Nairobi, Nrb: ACTS Press. Mugenda, O. M., & Mugenda, A. G. (2008).Social Science. Applied Research & Training Services. Nairobi: Kenya

Mugenda, O.M. & Mugenda, A.G. (2003). Research Methods Quantitative and Qualitative Approaches. Nairobi: ACTS Press.

Namin, A. & Criste (2017). The revisiting perception of customers on service quality in fast food restaurants. Journal of Retailing and Consumer Services, 34, 70-81.

Ryu, K., Lee, H. K., & Woo, G. (2010). The Influence of the Quality of the Physical Environment, Food, and Service on Restaurant Image, Customer Perceived Value, Customer Satisfaction, and Behavioral Intentions. International Journal of Contemporary Hospitality Management, 24(2), 200-223.

Appendices

Questionnaire

<div align="center">

GRETSA UNIVERSITY

School of Hospitality and Tourism Management

</div>

Dear Sir/Madam,

My name is Juma Eaggans Wandera, a degree student at Gretsa University, carrying out research study on "**effects of price regime on customer revisit intention**" in fast food restaurants in Thika town. Kindly be informed that all information provided by you herein will be treated with utmost privacy and findings will only be used for academic purpose. Your participation is voluntary and if you have any queries in reference to the research, please do not hesitate to contact me on **0718179236**.

Yours sincerely,

Eaggans Wandera.

SECTION A: CUSTOMERS

This section should **only** be filled by customers dining in this fast food establishment.

Part One: Bio data

Please tick or cross where appropriate.

 1. What is your gender?

Male [ ]   Female [ ]

2. Number of times you have visited this fast food restaurant?

Once [ ]   Two times[ ]   Three times [ ] Four Times [ ] Above four times [ ]

Part Two

In this part, tick in the box according to your views. The numbers mean:

Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

A: CUSTOMER REVISIT INTENTION CONCERNING PRICE FAIRNESS

	Price fairness	1	2	3	4	5
1	Prices of food items are affordable					
2	On comparing with other fast food restaurants, prices here are reasonable					
3	There is a difference in prices of same food items in this fast food restaurant and others					
4	Prices here are acceptable on comparison with other fast food restaurants around					

In this part, tick in the box according to your views. The numbers mean:

Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

B: CUSTOMER REVISIT INTENTION CONCERNING PRICE FLEXIBILITY

	Price Flexibility	1	2	3	4	5
1	Food prices change according to the prices of other fast food restaurants					
2	Prices of food items vary depending on time of the year					
3	Prices can be negotiated between buyers and seller					
4	Prices can change according to the needs of a customer					

C: CUSTOMER PERCEPTION ON THEIR REVISIT INTENTIONS

	Customer revisit intentions	1	2	3	4	5
1	I will choose this restaurant as my first choice					
2	I will come back with friends and colleagues					
3	I will recommend this fast food restaurant to others					
4	I will say positive things about the restaurant					
5	I'll remain loyal to this restaurant due to its prices					

Thank you for your kind cooperation!!