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MEDIATING ROLE OF CUSTOMER EXPERIENCE BETWEEN INNOVATION AND PERFORMANCE: A STUDY OF QUICK SERVICE RESTAURANTS (QSRs)

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ABSTRACT

The primary rationale of this study is to examine the impact of innovation on customer experience (CP) and customer performance (CP) in the Quick Service Restaurants (QSRs). The study further analyzes the impact of customer experience (CE) on customer performance (CP). Moreover, the study also tends to approach the mediating role of customer experience in between innovation and customer performance. A total of 322 questionnaires were analyzed using exploratory factor analyses (EFA) and confirmatory factor analysis (CFA) to identify and confirm the various factors in the study respectively. Structural equation modeling has been used to test the relationship between the constructs. The study finds that innovation positively impacts CE and CP. Further, the study also verified that CE positively impacts CP and it acts as a partial mediator between CE and CP. Research is restricted to the QSRs

of Jammu region which includes McDonald's, KFC, Domino's Pizza, and Pizza Hut. This study recommends the implementation of innovative practices in QSRs to enhance the CE that in turn will leads to higher CP in selected QSRs.

KEYWORDS

Innovation, Customer Experience, Customer Performance, Quick Service Restaurants.

ECONLIT KEYS

L83, M31, O30

1. INTRODUCTION

Food is a prime necessity of every individual, so people relish their meals in a pleasant atmosphere with the company of family and friends (Poulain, 2017). The restaurant is a commercial establishment that encompasses the sale of food and beverages (Alfiero et al., 2017). The quick service restaurants (QSRs) are considered as an indispensable portion of the Indian food sector. They provide both quick food cuisines and negligible table service and are mainly aimed at millennial professionals and workers generally in the 15 to 40 age group (Gharia & Acharya, 2019). Furthermore, according to recently published TechSci Research report (2020), the market for Quick Service Restaurants (QSRs) in India is anticipated to develop at a Compound annual growth rate (CAGR) of more than 18% over the period 2020-2025. The main reason is that now day's lifestyle of the people is changing every day which results in a mounting number of people choosing food outlets. The convenience of the food like ready to cook, ready to drink and ready to eat and ready to deliver is also gaining popularity these days. So, the restaurant sector is facing massive and vibrant changes in the competitive market. It influences various innovative practices that lead to the perception of the customer and their experience. It plays an essential role, as eating out is people's most preferred social activity these days. Innovativeness in the context of the hospitality industry is the ability to cater to new or improved services to the hospitality and tourism marketplace (Dzhandzhugazova et al., 2016). It is one of the input drivers of expansion and competitiveness (Parola et al., 2017). Moreover, innovation is a vital concern for the betterment of business service capability and quality excellence to the endorsement of services in the QSRs (Orfila-Sintes, Crespi-Cladera & Martínez-Ros, 2005; Tseng et al., 2015). Quick Service Restaurant (QSR) which is offering innovativeness in

product and services according to consumer needs tend to increase the satisfaction of customer and loyalty as well.

According to Durst et al. (2015), innovation is considered as altering the way you serving your customers to build a better assessment for them and deliver more profits for your business. Further, it is the innovation by a QSR perspective that tends to approach a novelty in services or increasingly recovering in manufacturing. In other words, innovation is a new way of industry outlook for improvement in conventional and inflexible operational procedures and processes, which can renovate quick service restaurants to enhance meet the needs and wants of the customers (Witell et al., 2016). The significance of the innovation is to offer various dimensions such as service delivery, service issues, service performance that tends to approach the gaining spirited over the present competitive market. Customers do not receive the risk to switch to a brand. If any brand wants to survive in the long term in the market, the efforts have to be made to provide excellent quality in a product as well as in service delivery. Further, to recover customer experience, service providers must be able to serve individual customers well.

Most of the empirical studies on innovation treat it as theoretical, short, and fragmented that too in developed countries like Europe, China, Spain, U.S.A, etc. (Taques et al., 2020; Rose, 2019; Storey et al., 2016). Studies on QSRs in emerging economics are scanty and in the context of Northern India almost negligible (Fu & Chang, 2019; Snyder et al., 2016; Li et al., 2017). Moreover, the extant literature focused on customer perception & green practices in QSRs, perceived value & intentions to purchase in QSRs, food quality, customer environment & behavioral intentions and corporate image & coupon promotion (Pietro, Gregory & Jackson, 2015; Ryu, Han & Kim, 2008; Ryu & Han, 2009; Qin & Prybutok, 2008; Wu, 2015; Taylor & Tolbert, 2002; Kurien, 2017; Rather, 2017; Rather & Sharma, 2018; Rather & Shakir, 2018) but failed to focus on the relationship between innovative practices, customer experience and customer performance in the QSRs. Hence, the proposed study will examine the relationship between innovative practices with customer experience. Second, the study evaluates the relationship of innovation with customer performance. Third, the study examined the relation of customer experience with customer performance. Finally, the study also assessed the impact of customer experience as a mediator in between innovation and customer performance in

QSRs. To conclude, the article provided the structural model to show several hypothetical relationships and in the end, the article closes with discussions, implications, limitations, and future scope of research.

2. HYPOTHETICAL FRAMEWORK AND DEVELOPMENT OF THE HYPOTHESES

2.1) QUICK SERVICE RESTAURANTS (QSRs)

Quick service restaurants commonly referred to as fast food restaurants and usually known for a short spell between the time of over-the-counter ordering to service for dining or taking out meals (Albayrak et al., 2019). It has turned into a well-reputable segment of the Indian food industry and it has possible for expansion all over the country. Further, it is rising by leaps and bounds with several national and international brands escalating by the franchisee model. In India Quick Service Restaurants (QSRs) market is predicted to develop at a CAGR of 20% by 2019-20 (Anitharaj, 2018). A further addition to this statement all over the India QSR has full-fledged as international fast foodstuff players such as Domino's, KFC, McDonald's, and Pizza Hut have set up their business either mutually with Indian associates or independently. Further, QSR food is extremely mild and ready on a huge scale with standardized cooking and manufacturing technique. In the contemporary era, consumers do not stand for waiting in queues for a long time to entertain any sort of products and services, unless that gear is of real significance and essential than the time spent on waiting. Minimum waiting time and waiting lines are essential aspects that enhance the satisfaction of the customer and it must be taken very sincerely by all the quick service restaurants to recover their consumer support (Adiele & Kenneth, 2017). Moreover, quick service restaurants are usually known for offering and serving meals with minimal and realistic cost with a notable facility. Therefore, the main reasons for the popularity of fast-food restaurants are inexpensive, good food value, easily accessible at reasonable prices (Thackston, 2013).

2.2) INNOVATION (IN) AND CUSTOMER EXPERIENCE (CE) PERSPECTIVE

Customer experience and particularly customer experience innovations have become the main competitive variables in increasingly businesses (Kraft, 2012). Innovations have continuously been a crucial element of customer experience management and its philosophy (Schmitt, 2003). This has driven companies to persistently analyze present and future challenges and consumption trends and to implement the results of innovations. Customer experience innovation directly impacts on how pertinent the company is being seen by its clients (Schmitt, 2003).

Agreeing to different literature basis, for example Pine and Gilmore (1998), Schmitt (2003) and Edelman and Singer (2015), it can be expressed that customer experience innovations are necessary to acquire and keep up a competitive advantage. Innovation starts with the observation that focuses on product and services for customers to offer new ways of preparing, serving and delivering concepts, or innovative business practices through continuous functioning expansion, expertise, investment in employee performance, or management of the customer experience (Verma et al., 2008). As stated by Su (2011), innovation has an essential influence on experimental design. Customer experience is a surveillance of a drive that leads to service encounters, passes through the delivery of service, and prolongs even after service delivery (Berry et al., 2002). Meyer and Schwager (2007) stated that customer experience is an impression that customer leaves which are associated with the inner finding while using innovative services in the restaurants and facing diverse communications with service providers, even if direct or indirect services. According to Bilgihan et al. (2016), additional aspects of customer experience is communication with the service providers. It is not just linked to food items, entrainment, and accommodation but also connected with a numeral supporting design and method i.e. online booking of orders, online bill payment via apps, etc (Jaakkola et al., 2015; Verleye, 2015). The outcome of the various previous studies also recommended that service innovation positively influences customer experience (e.g. Djellal & Gallouj, 2001; Su, 2011; Foroudi et al., 2016; Mihardjo, et al., 2019).

Based on the literature, we developed the following hypothesis:

H1: Innovation has a significant positive impact on customer experience in select QSRs.

2.3) INNOVATION (IN) AND CUSTOMER PERFORMANCE (CP) PERSPECTIVE

Innovation comprises of innovation in product, service, and process, and their amalgamation influences the performance of customers' (Djellal & Gallouj, 2001). The survival of the business itself depends on innovation because it helps managers to find a solution to the business problem and present new things that are effective and contribute to the performance of the business (Pesämaa, 2012). Innovativeness adds to business performance (Hult et al., 2003). Saunila et al. (2014) revealed that the innovation capabilities of an organization tend to achieve better performance.

Furthermore, the innovation strategy leads companies to improve the performance of their customers (Karabulut, 2015). Rosli and Sidek (2020) found that product innovation within the form of the presentation of a new product, technological novelty within the product, and product differentiation offers more prominent esteem and a more noteworthy effect on the performance indicators of a company as compared to process innovation. Dzhandzhugazova et al. (2016) revealed that innovative technologies in the hospitality industry aim to effectively meet consumer needs and increase the competitiveness of service organization.

Besides, the author suggested that the profoundly competitive environment of the hospitality industry motivates the search for innovative ways and components of efficient performance. Ma, Qu, and Eliwa (2014) examined the structural coordination among innovativeness in services, products, behavior in service providers leads to increase the level of satisfaction, and customer loyalty within the perspective of fine-dining restaurants. The various approaches that can be used for improving customer satisfaction are customer complaint handling, reasonable policy for menu cost, quality service delivery, provision of security and proper satisfaction management, polite staff, and employee upgrading skills (Chamayne, 2013). Hotel industries are mounting their savings to get innovativeness in their normal practices to enhance customer satisfaction and loyalty, thus ensuing better relations with each other (Jones et al., 2007). Pesämaa, Shoham, and Ruvio (2011) report a positive relationship between innovativeness and performance in the health care industry. Studies by Gunday et al. (2011), Varis and Littunen (2010), Boachie-Mensah Quah (2015) analyzed the impacts of products, processes, marketing organizational

innovations on the performance of SMEs. Further, the study of Kalay and Lynn (2015) has recommended that performance is impacted by companies' innovation strategies. Studies by Mazzanti et al. (2006), Bowen et al. (2010), Gunday et al. (2011) performance are positively linked. Moreover, results of various other studies (e.g. Vasconcelos & Oliveria, 2018; Coad et al., 2016; Bigliardi, 2013; Coad & Rao, 2008; Lööf & Heshmati, 2006; Thornhill, 2006) confirmed that innovation activities positively influence performance of a firm. Also, as revealed in many studies, innovation and firm performance have a positive relationship (e.g. Baba, 2012; Alegre et al., 2006; Bayus et al., 2003; Zahra & Das, 1993; Capon et al., 1990; Calantone et al., 1995; Han et al., 1998).

Based on the literature, we developed the following hypothesis:

H2: Innovation has a significant positive impact on customer performance in select QSRs.

2.4) CUSTOMER EXPERIENCE AND PERFORMANCE PERSPECTIVE

In the view of Klaus and Maklan (2013), the customer experience is the intellectual and emotional evaluation of the customer of all the immediate and tortuous experiences with the company which identifies with its acquisition behavior. It is considered to be a determining factor in consumer behavior and an imperative vital objective for service companies (Klaus & Maklan, 2013). Pine and Gilmore (1998) explained successful experiences as those that “a customer finds unique, memorable and sustainable over time” (p.12) while Verhoef et al. (2009) stated that the customer experience is the customers inside and individual reaction to any direct or indirect contact with a company. Maes, Sels, and Roodhooft (2005) observed that many models of performance, victory, or survival appear in the literature, demonstrating both financial and non-financial methods of performance. Customer experience is considered as one of the main performance antecedents (Wilkins, Merrilees & Herington, 2009). The performance in the present study is measured in terms of customer satisfaction and loyalty. Researchers see the customer experience as a key factor of customer satisfaction and loyalty (e.g. Caruana, 2002). It promotes satisfaction, which in turn stimulates loyalty (Shankar et al., 2003).

Providing a good experience is vital since it influences customer satisfaction (Liljander & Strandvik, 1997), guarantees customer loyalty (Mascarenhas et al., 2006; Pullman & Gross, 2004; Yu & Dean, 2001). Better customer experience can deliver values to businesses and customers, such as greater customer satisfaction and loyalty to organizations' offerings, positive word of mouth, greater loyalty, decreased complaints and fines, which can develop profitability (Reichheld et al., 2000). Also, the customer experience has a strong impact on overall satisfaction and had a positive and significant impact on loyalty individually (Koenig-Lewis & Palmer, 2008). Customer satisfaction is a collection of past consumer experience and gives a constrained expectation of prospect customer behavior, while loyalty provides a better forecast of repeat buying intention (Liang et al., 2009). A four-dimensional brand experience scale has been developed by Brakus et al. (2009) highlighting the positive relationship between brand personality, brand experience, satisfaction, and loyalty. Product features also have an impact on customer satisfaction, commitment/trust, loyalty, and performance (Liang et al., 2009). The relationship between customer satisfaction and financial performance in the hotel industry in the United States has also been proved by Chi and Gursoy (2009). Maklan and Klaus (2011) suggested that researchers ought to investigate customer experience dimensions that are imperative for organizational performance. The framework of Klaus and Maklan (2013) studied the relationship between customer experience, satisfaction, and loyalty and found that the customer experience has a significant and positive impact on important marketing outcomes, in particular customer satisfaction, loyalty, and word of mouth behavior. The study by Grønholdt et al. (2014) has demonstrated that customer experience management affects the performance of Danish companies. Calvo-Porrá and Lévy-Mangin (2015) recommended that branding is linked to the experience or the general impression of the company and constitutes an essential aspect of customer satisfaction. The results of the study of Mbama and Ezepue (2018) indicated that there is a significant relationship between customer experience, satisfaction, and loyalty, linked to financial performance. Numerous other researchers also associated the customer experience with customer loyalty (Mascarenhas, Kesavan & Bemacci, 2006; Reichheld &

Markey, 2006; Haeckl, Carbone & Berry, 2003), customer satisfaction (Pullmann & Gross, 2004; Burton, Sheather & Roberts, 2003).

Based on the literature, we developed the subsequent hypothesis:

H3: Customer experience has a significant positive impact on customer performance in select QSRs.

2.5) INNOVATION, CUSTOMER EXPERIENCE, AND PERFORMANCE PERSPECTIVE

Innovation is a fundamental apparatus for advancement in commerce and supporting fierce competition in the market section (Gupta & Malhotra, 2013). Innovation is the introduction of new or novel ideas which focus on services that provide new ways of delivering a benefit, new service concepts, or new service business models through continuous operational improvement, technology, investment in employee performance, or management of the customer experience (Verma et al., 2008). Furthermore, innovation comprises of innovation in service, product, and process, and their amalgamation influences the performance of customers' (Djellal & Gallouj, 2001). Moreover, innovation focuses on the proficiency to improve the experience of the consumer and enhanced the level of customer performance i.e. satisfaction and high returns in the competitive environment (Rust & Kannan, 2003). Furthermore, technological innovation is the employment of products with better performance forms to supply modern or developed services, which positively impacts customer experiences (Oh & Teo, 2010). Quick extension within the hospitality fragment creates competitiveness and executes innovative practices with the assistance of service suppliers to guarantee a colossal and amazing experience for the customer's performance (Quadri-Felitti & Fiore, 2013).

Additionally, innovative skills build company reputation and enhance loyalty among customers (Gupta & Malhotra, 2013). In today's competitive market, customer experience is a fundamental aspect of a company's success (Verhoef et al., 2009; Levy & Weitz, 2012; Petermans et al., 2013), especially with the introduction of online competitors that have shaped modern markets and pulled in buyers through tailor-made services (Herring et al., 2014). Subramaniana et al. (2014) demonstrated that improving the quality of intangible services can advance customer satisfaction

and maintain the experiences of customers. The customer experience can altogether more vital if creativity and innovation in the provision of services tend to achieve customer performance (Ali et al., 2014). The findings from the study of Vasconcelos and Oliveria (2018) suggested that two dimensions of innovation stand out concerning constant performance, i.e. the brand and customer experience, which contributes significantly to business performance.

Based on the above literature, we developed the following hypotheses:

H4: Innovation positively impacts customer performance through customer experience in select QSRs.

Based on the above literature following the conceptual framework has been developed for the study:

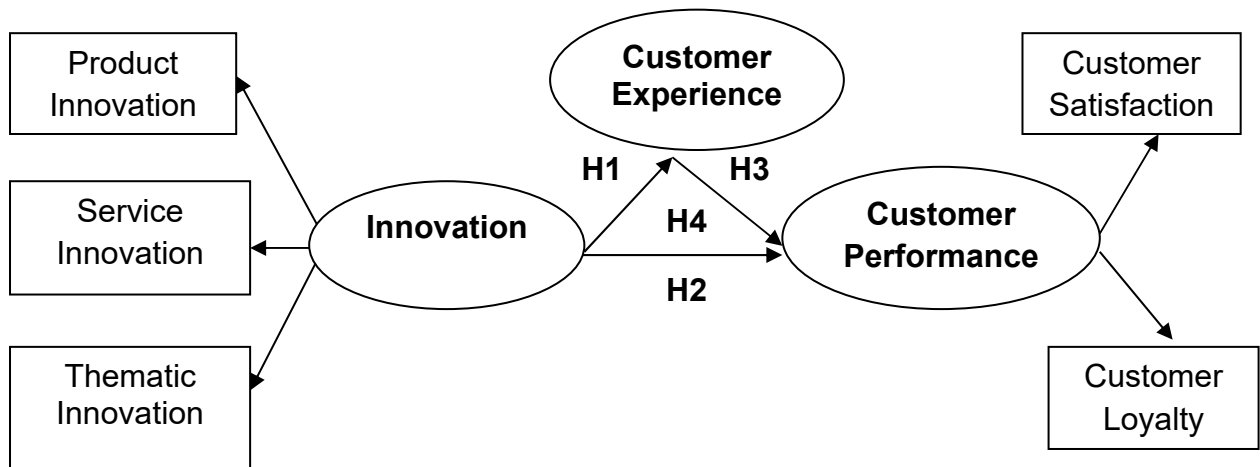


Figure1: Conceptual Framework of Innovation, Customer Experience, and Customer Performance
Source: Author's own elaboration

3. METHODOLOGY OF THE STUDY

The current study applied a non-probability convenience sampling technique (Amick & Walberg, 1975) to disperse 400 questionnaires to the targeted respondents in the QSR located in the Jammu region namely, Mc Donald's, KFC, Domino's Pizza and Pizza Hut. The survey was conducted during the period of November 2019 to January 2020 from chosen QSRs. The questionnaire was drafted in English language. The average time required to complete the questionnaire was 10 minutes. Out of 400 questionnaires, 346 were returned. The response rate was 86.5%. In

total, 322 questionnaires were found valid for analysis. The questionnaire consists of two sections and includes questions on the following categories: The Section 'A' of the questionnaire is concerned about the demographic profile and Section 'B' comprises of items of innovation, customer experience and customer performance adopted from studies of Wangila (2018), Ali et al. (2014) and Rather (2018). Articles were measured on a 5-point Likert scale ranging from "strongly disagree" (1) to "strongly agree" (5).

4. DATA ANALYSIS AND INTERPRETATION

4.1) DEMOGRAPHIC BREAKDOWN OF THE SAMPLE

Results show that out of the total 322 respondents, 186 respondents were males and 136 were females. Most respondents belong to the age group of '20-40' (42.5%), which represents a mature range of the respondents in age. In terms of respondents' education level, the majority of them were bachelors (137) followed by postgraduate students (112) and then others (73). Respondents were classified according to their profession into 5 categories viz. 118 were students, 67 were self-employed, 40 were government employees, 83 were private employees and 14 were homemakers.

4.2) SCALE PURIFICATION-EXPLORATORY FACTOR ANALYSIS (EFA)

Exploratory factor analysis has been used to identify the various factors and for purification of scale. For this study, factor analysis has been applied on 15-items of innovation which converged into three factors after four iterations in which ten items are retained and factors were named as 'Product innovation', 'Service Innovation', and 'Thematic Innovation'. The KMO value has arrived at 0.758 and BTS assessed chi-square=673.811, df=21 at 0.000 significance level, which supports the suitability of data for pursuing factor analysis. Further, the 8-item scale of customer experience was also purified which converged into one factor with 4 items, and all items were having factor loading above 0.5. In customer performance construct, 7 items were retained out of 12 items which converged into two factors

and were named as 'customer satisfaction' and 'customer loyalty'. The value of KMO is above the threshold criteria i.e. 0.7 and Eigen value is also more than one for all constructs (Hair et al., 2010). The scale purification results are exhibited in Table 1.

4.3) SCALE VALIDATION-CONFIRMATORY FACTOR ANALYSIS (CFA)

Confirmatory factor analysis (CFA) uses a multivariate technique to test whether there is a predefined relationship between the manifest and latent variables and to what extent the measured variables represent latent constructs (Demirbag et al., 2006). Elements with standardized regression weights (SRW) less than 0.70 are deleted (Hair et al., 2006). The adequacy of the model was assessed with various global fit indices such as goodness of fit index (GFI), adjusted goodness of fit index (AGFI), comparative fit index (CFI), root mean squared error (RMR) and root mean square error of approximation (RMSEA). For the model to be adapted, at least one absolute criterion, and one incremental criterion ought to meet the prescribed limits (Hair et al., 2006).

4.4) MEASUREMENT MODEL OF INNOVATION

EFA extracted three factors of innovation, namely 'product innovation', 'service innovation', and 'thematic innovation' which initially included fifteen items, subsequently decreased to ten items after application of the EFA. All the items got retained in CFA of innovation. The model was found to be valid and consistent with standardized loadings greater than 0.70. Cronbach's alpha value of product innovation came out to be 0.745, service innovation is 0.768 and that of thematic innovation is 0.724 whereas, the overall reliability for construct is 0.726. In addition, the model fit values i.e. chi-square statistics of 2.26, GFI=0.987, AGFI=0.926, CFI=0.971, RMR=0.008 and RMSEA=0.056, predicted a good model fit.

4.5) MEASUREMENT MODEL OF CUSTOMER EXPERIENCE

The customer experience scale is comprised of 4 statements and emerges within a single factor. The measurement model fit values with chi-square statistics of 3.89, GFI=0.956, AGFI=0.923, CFI=0.944, RMR=0.0064 and RMSEA=0.054, predicted a good model fit. All the elements retained were heavily loaded on the latent construct, thus meeting the converging validity criterion.

4.6) MEASUREMENT MODEL OF CUSTOMER PERFORMANCE

The customer's performance emerged with two factors 'customer satisfaction' with 4 items and 'customer loyalty' having 3 items. Measurement model too produced superior results (i.e. chi-square statistics of 2.47, GFI=0.979, AGFI=0.943, CFI=0.961, RMR=0.047 and RMSEA=0.078). All the elements retained were heavily loaded on the latent construct.

4.7) PSYCHOMETRIC TESTING

Internal consistencies of all the items were tested through the Cronbach's alpha coefficient (α). The reliability of the data was established as all the alpha values were above the threshold criterion i.e. 0.70 (Hair et al., 2009). Furthermore, the reliability and validity of the measurements were assessed with CFA. Composite reliabilities of all constructs were more than the suggested threshold of 0.70 (Hair et al., 2009).

Moreover, all the constructs (i.e. innovation, customer experience, and customer performance) item loadings were high in magnitude, positive, statistically significant, and the average variance extracted for each factor exceeded 0.50, thereby establishing strong convergent validity. Discriminatory validity was also established because each variance estimate explained is more than the corresponding square correlation estimates between the factors (Malhotra, 2007), which implies that the main constructs were distinctive. Detailed CFA results were presented in Table 1.

Factors	Items	Mean	EFA FL	CFA FL	'α'	CR	AVE
Innovation	QSR provides a wide array of unique products to choose from.	4.027	.69	.71	.745	.805	.579

(F1) Product Innovation	Products offered at QSR are frequently supplemented with new flavours and ingredients for the customers.	3.973	.72	.76			
	The product offered at QSR meets customer tastes and preferences.	3.940	.70	.81			
(F2) Service Innovation	QSR managers are always willing to adjust their supply to the client's needs.	3.918	.62	.72	.768	.835	.559
	The staff knows their job and they are well trained and equipped.	3.974	.76	.74			
	The QSR actively seeks customer feedback and complains.	3.915	.77	.78			
	QSR always provide effective service delivery method.	3.765	.72	.75			
(F3) Thematic Innovation	The QSR décor is always customized to customer needs.	3.451	.56	.70	.724	.799	.571
	QSR is open to the ideas which are suggested by customers.	3.342	.54	.73			
	The installed environmental friendly devices have improved the level of QSR climate.	3.826	.79	.83			
Customer Experience	My experience has made me more knowledgeable to this QSR	4.124	.62	.74	.821	.856	.599
	I feel that my experience with this restaurants has been enjoyable	4.094	.81	.85			
	I totally forget about my worries while visiting QSR	4.130	.75	.77			
	If initially employees of QSR were not able to answer my queries, they immediately start finding answers and get back to me quickly	4.094	.58	.73			
Customer Performance (F1) Customer Satisfaction	I am delighted to visit the QSR	4.345	.54	.71	.761	.833	.556
	I am satisfied with my decision to choose this QSR	3.973	.76	.77			
	The price quality relations of the dishes and drinks were satisfactory.	3.940	.74	.72			
	I am extremely satisfied with the food and services offered at the QSR	3.918	.77	.78			

(F2) Customer loyalty	I will keep on visiting this QSR as long as it offers the best quality food and services.	4.094	.72	.77	.723	.781	.543
	This QSR is always my first choice to visit for dining.	4.130	.56	.71			
	I intend to recommend this QSR to my family and friends.	4.094	.56	.73			
KMO=0.758, BTS assessed chi-square = 673.811, df= 21 at 0.000, TVE = 60.454%							

Note: Here, FL=Factor Loadings, Cronbach's Alpha= α , KMO=Kaiser-Meyer-Olkin, and TVE=Total Variance Explained.

Table1: Summary of Exploratory and Confirmatory Factor Analysis

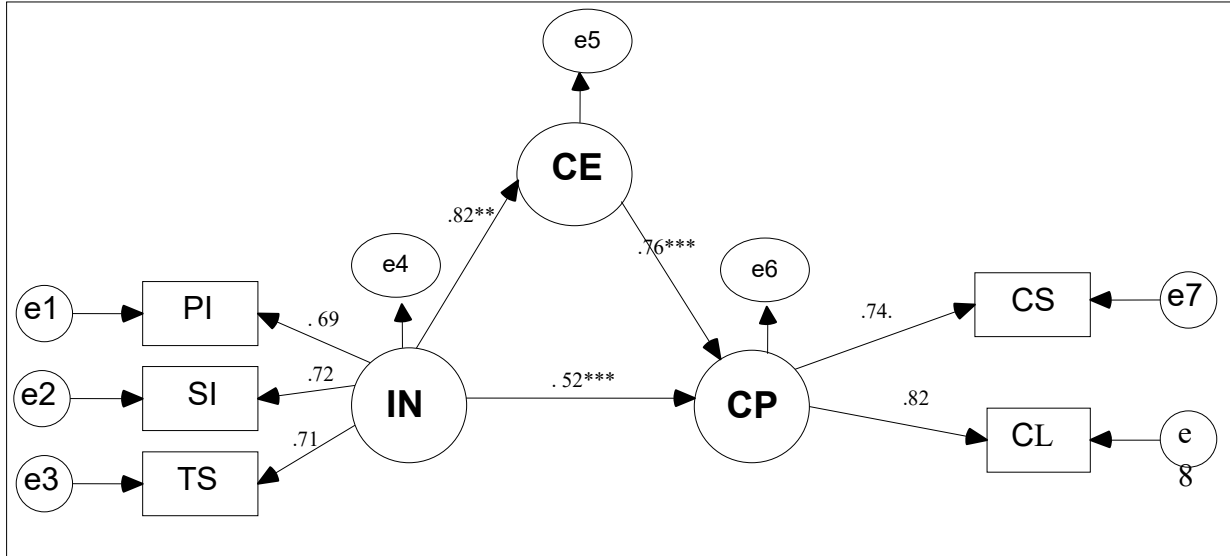
Source: Author's own elaboration

4.8) HYPOTHESES TESTING RESULTS

Structural equation modeling (SEM) has been applied to test the hypothesized relationships among observed and latent variables. After running SEM, a significant and positive impact of innovation on CE (SRW=0.82; p-value <0.01) has been established. Thus, it leads to acceptance of H1 hypothesis of the study. Further, the impact of innovation on CP has also been proved (SRW=0.73; p-value<0.05) and thus H2 hypothesis got accepted. Besides, the impact of CE on CP has also found significant and positive (SRW=0.76, p<0.05) and hence lead to acceptance of H3 hypothesis of the study.

In addition to the above, the mediating role of CE in the relationship between innovation and CP has been checked through Baron and Kenny Approach. Baron and Kenny Approach (1986) suggested that a mediator is a variable that influences the relationship between an independent and dependent variable. Figure 2 represents the hypothesized relationships between the latent construct shown by single-headed arrows. To sum up, the structural model integrated (a) path from IN-CE (b) path from IN-CP (c) path from CE-CP (d) path from IN-CE-CP. In this model 8 paths are outlined, which were found positive and significant. Furthermore, the model fit indices i.e. CMIN/DF=1.710., GFI=0.965, AGFI=0.921, CFI=0.978, RMR=0.013 and RMSEA=0.068, were also found satisfactory. Based on integrated SEM model results, partial mediation has been proved because the direct relationships between IN and CP was found positive and significant (SRW=0.73, p<0.05) but when mediator (CE) was entered in between IN and CP, the direct

relationship got reduced from SRW=0.73 to 0.52 but still found significant and hence lead to the acceptance of H4 hypothesis of the study. Detailed hypotheses testing results were presented in Table 2.



Keywords: IN=Innovation, CE=Customer Experience, CP=Customer Performance, PI= Product Innovation, SI=Service Innovation, TS=Thematic Innovation, CS=Customer Satisfaction, and CL=Customer loyalty
 Note: Here ** represents $p < 0.01$ and *** represents $p < 0.05$
 Figure 2: Structural Model
 Source: Author's own elaboration

Hypotheses	Path (Structural Relationships)	Standard Regression Weights (SRWs)	Relationship Significant	Decision
H1	IN-CE	0.82**	Significant	Supported
H2	IN-CP	0.73***	Significant	Supported
H3	CE-CP	0.76***	Significant	Supported
H4	IN-CE-CP CE(Mediator)	0.52***	Reduced but significant (Direct relationship after addition of mediator)	Supported

Keywords: IN=Innovation, CE=Customer Experience and CP=Customer Performance
 Note: Here ** represents $p < 0.01$ and *** represents $p < 0.05$
 Table 2: Impact of IN on CP: Mediating Role of CE
 Source: Author's own elaboration

5. DISCUSSION AND IMPLICATIONS OF THE STUDY

This paper investigates the impact of innovation (IN) on customer experience (CE) and customer performance (CP) in terms of Quick Service Restaurants (QSRs). Further, the study also checks the impact of CE on CP in QSRs. The theoretical contribution of the present study adds to the growing research on the relationship between the consumer and the QSR (e.g. Ottenbacher et al., 2019; Su, 2011; Ottenbacher & Harrington, 2009) by empirically addressing the relationships among innovation, customer experience, and customer performance. The outcome of the research suggests that there is a significant and positive impact of IN on CE.

Gomezelj (2016) established that QSRs are forced to execute innovative practices to attract potential customers and always provide a unique customer experience. Hall and Williams (2008) defined innovation as a systematic method to generate, accept, and execution of new ideas, practices, products, or services to improve customer experiences in QSRs. Therefore, innovation in products and services boost the delivery of quality services and help in creating ultimate memorable customer experiences in QSRs. This study argues that innovation is a fundamental aspect of the customer experience and measuring customer experience can be achieved by studying the experimental elements, namely the behavior of service personnel, price, the best experience service, healthy food options, and their dining experience (Choudhary & Singh, 2017). Innovation in service delivery, product development, and ambiance of a QSR help in creating a unique and memorable experience for the diners. It is a continuous process to bring transformation and help to create a novel experience for the customers. So, it is suggested to QSR managers to focus on service innovation design, including equipment, music, and service landscape color, and enhance the customer experience through the infusion of exotic methods and cultures. Accordingly, the study describes the relationship between how innovation influences customer experience in select QSRs. On the other hand, innovation also plays an essential role in increasing customer performance. The findings of the present study proved that innovation significantly and positively impact the performance of customers. For customer satisfaction, QSR managers needs to bring new transformation and features in accordance with the expectations of the prospective customer. When any new product or services in QSR is introduced on customer demand, it helps organizations to attract more and more customers and enlarge its customer base with the positive word of mouth and recommendation from

the satisfied customers. So, it is recommended to QSR managers to implant innovation in their products and services to enhance customer satisfaction and loyalty. The furnishings of the QSRs must always be personalized according to the client's needs. QSRs must properly provide and judiciously organize its service innovation activities, to offer exceptional innovative services that satisfy customers (Mahmoud et al., 2018). They must have an effective customer satisfaction policy, which should include following up on customer complaints, giving more breath to ensure that services are directly available and providing facilities that meet customer needs (Nobar & Rostamzadeh, 2018). Moreover, QSR service provider must offer special services to individual customers to create a positive QSR experience and in turn will lead to satisfaction among customers (Hussain et al., 2016) because customer experience is the primary forerunner of satisfaction and thereafter others (Choi et al., 2013). In addition to this, QSRs operate in a highly competitive and dynamic environment. To help the QSR to survive in the severe competition, innovations are emerging in the QSR industry to make the dining experience and satisfaction better. It can deliver food quickly like online ordering via mobile app or either one click of your finger. The innovativeness enhances customer experience and then automatically will influence their satisfaction. Results also indicate that the behaviour of the customers at QSRs also demands new innovative practices and techniques to satisfy and retain the maximum number of customers. When any new product is introduced according to the tastes of the customer in food products, it automatically increases the customer satisfaction. In the present scenario, management of customer performance is essential, which can better the supply chain of an organization. Customer performance is considered a critical aspect of the excellence of products and services for the survival and productivity of a QSR. Customers often share their experience with others which includes contacts and relatives. Most of the people who visit QSRs come to enjoy a good quality meal with their family members and friends. Eating out in QSRs provides them with an escape from their daily routines have a relaxing time and release the stress and pressure of work. Thus, QSRs must provide them with first-class opportunity to calm down and offer them with a sensation of escape. It is only possible if the services provided by QSRs and its employees make the experience of customers one to remember. The way employees provide services and the quality of food offered by the QSRs would

be the most critical factor which leads to customer satisfaction and loyalty. Thus, owners of the QSRs must work on improving the innovative theme and try to make surroundings of QSRs more relaxing so that customers could experience the best of the services and satisfy their needs as per the expectations. Moreover, innovation in the hospitality industry is based significantly on people, not only in their capacity of innovators but also in their ability of providers of hospitality services. The study describes the relationship of innovation with customer performance through customer experience in the QSRs and further proved that innovation affects customer performance through customer experience in QSRs.

6. LIMITATION AND FUTURE RESEARCH

There is always a scope of improvement or further investigation of research. As innovation in QSRs is an evolving and dynamic process, there is always a scope to advance the research in the field. Also, innovation in QSRs is still under-explored and has a lot to add to the success of QSRs. Moreover, the study is confined to the Jammu region only. Carrying out the same study in some other regions may produce different results. Additionally in the future, research can be undertaken to test the present research model using a larger sample. Comparative studies between different QSRs can be carried out in the future. The study can also be conducted to find out some more underlying factors of the innovation in the QSRs that will help the QSR managers to focus on those particular factors to enhance the customer experience that ultimately will lead to higher customer performance.

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