

## Article

# Product Innovation and Customer Experience: Catalysts for Enhancing Satisfaction in Quick Service Restaurants

Parikshat Singh Manhas <sup>1</sup>, Priyanka Sharma <sup>2</sup> and Joana A. Quintela <sup>3,\*</sup>

<sup>1</sup> The Business School & School of Hospitality and Tourism Management, University of Jammu, Jammu 180006, India; psmanhas@hotmail.com

<sup>2</sup> School of Hospitality and Tourism Management, University of Jammu, Jammu 180006, India; priyanka4198@gmail.com

<sup>3</sup> Department of Tourism, Heritage and Culture, REMIT—Research on Economics, Management and Information Technologies, Portucalense University, 4200-072 Porto, Portugal

\* Correspondence: jquintela@upt.pt

**Abstract:** This study investigates the multifaceted relationships between product innovation, customer satisfaction, and experience within the quick service restaurants (QSR) sector. Moreover, it explores the reciprocal dynamics, scrutinizing the impact of customer experience on shaping customer satisfaction. Furthermore, the research delves into the mediating function of customer experience in establishing the connection between product innovation and customer satisfaction. The participant pool encompassed 221 respondents, patrons of well-established QSRs, such as McDonald's, Domino's Pizza, Pizza Hut, and KFC, strategically situated in three prominent north Indian cities—Jammu, Chandigarh, and Delhi. Employing a structural equation modelling technique, the study meticulously examines the relationships between these crucial elements (product innovation, customer experience and customer satisfaction). This research contributes to existing knowledge by offering a detailed study of the dynamics governing product innovation, customer satisfaction, and experience in the QSR sector. The findings bear practical implications for QSR operators, providing valuable insights into strategies for enhancing customer satisfaction through effective product innovation and an elevated dining experience.

**Keywords:** quick service restaurants; customer experience; product innovation; customer satisfaction



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## 1. Introduction

Innovation within the hospitality industry refers to the ability to introduce new or improved services tailored to the needs of the hospitality and tourism sector [1]. It serves as a key driver for [2].

The quick service restaurant (QSR) industry, encompassing the retail of food and beverages, is currently undergoing substantial growth, particularly with a targeted focus on attracting millennial professionals aged 15 to 40 [3,4]. In the context of India, the QSR market is projected to experience a compound annual growth rate (CAGR) exceeding 18% from 2020 to 2025, as indicated by a report from Tech Sci Research (2020) [5]. Recent research highlights the competitive dynamics within the sector, emphasizing the crucial role of innovation as a primary driver of success in QSRs [6]. Innovation within the QSR industry assumes a pivotal role in assimilating novel ideas, enhancing product and service excellence, optimizing food items and service efficiency, and adapting to customer needs. In [7], innovation is highlighted as an essential function in engaging customers, maintaining a competitive advantage, and thriving in dynamic markets. The emphasis on delivering dependable, high-quality service underlines the significance of product innovation and its associated dynamic competencies in shaping current practices within the hospitality industry [8,9]. This demonstrates the importance of continuous innovation

in addressing the multifaceted demands of the QSR market, fostering sustained growth and competitive success.

Product innovation, which creates novel and distinctive offerings, enhances brand effectiveness, and can lead to sustainable competitive advantage [10]. Additionally, product innovation is crucial for fostering brand loyalty, as it signals quality and organizational commitment [11]. This emphasizes the strategic importance of prioritizing product innovation over process innovation for companies seeking enhanced performance and competitive positioning [12].

The strategic shift by major QSR chains in India, such as KFC, McDonald's, Pizza Hut, and Domino's, reflects a proactive response to market dynamics [13]. By localizing menus, introducing innovative products, and expanding entry-level items, QSRs acknowledge changing consumer preferences and the slowdown in business [13]. This shift aims to cater to cost-effective options and the rising preference for regional brands. By embracing localization, these QSR giants aim to connect with customers on a regional and culturally relevant level. Introducing innovative products signals a commitment to staying competitive and adapting to emerging market trends.

#### *Quick Service Restaurants*

**KFC (Kentucky Fried Chicken)**—KFC, a subsidiary of Yum! Brands is a globally renowned fast-food chain specializing in fried chicken. Ranked consistently among the top QSR (quick service restaurant) brands worldwide, KFC boasts a massive international presence, with over 24,000 outlets across more than 145 countries. Noteworthy innovations include the introduction of the Double Down sandwich and the development of healthier menu options.

**McDonald's**—McDonald's, often recognized as the world's largest fast-food chain, maintains an unparalleled global footprint. With operations in over 100 countries and serving millions daily, McDonald's dominates the QSR industry. In recent years, they have revolutionized their menu with healthier offerings, such as salads and fruit options, while also launching popular promotional items like the McRib and McFlurry.

**Pizza Hut**—Pizza Hut, a subsidiary of Yum! Brands is a leading pizza chain celebrated for its expansive menu and innovative offerings. Despite growing competition, Pizza Hut has maintained a strong presence globally, with over 18,000 restaurants across more than 100 countries. Notable innovations include the introduction of stuffed crust pizzas and diverse menu options catering to local tastes in various markets.

**Domino's**—Domino's Pizza has emerged as a global powerhouse in the pizza delivery segment. With operations spanning 85 countries, Domino's success lies in its efficient delivery model and customer-centric approach. In recent years, Domino's has leveraged technology, introducing features like the Pizza Tracker, and embracing online ordering trends to enhance customer experience.

The above table depicts various innovative practices adopted by QSRs in India, including KFC, McDonald's, Domino's, and Pizza Hut. Further, QSRs in India are actively pursuing product innovations to cater to evolving consumer preferences. In emphasizing local flavors and customization, these chains are incorporating regional spices and ingredients to enhance the appeal of their menus, recognizing the diversity of tastes across the country. Health-conscious offerings, such as grilled items and salads, reflect a growing awareness of wellness among consumers, while the introduction of plant-based and vegetarian options aligns with the increasing demand for alternative diets.

Elfarmawi (2019) [14], suggests that product innovation leads to higher customer satisfaction by delivering novel features or improved performance [14]. This is particularly relevant in the northern Indian market, with diverse preferences demanding innovative solutions.

Hajar et al., 2022 [15] emphasizes that consistent innovation builds customer loyalty by showing a long-term commitment to satisfaction in the dynamic QSR landscape, innovation fosters loyalty by addressing changing preferences. Michel et al., 2008 [16]

describe innovation as discovering solutions to customer issues and providing insights into continual improvement. For instance, offering health-conscious options addresses the growing wellness trend, solving customer pain points in QSRs.

In the QSR sector, innovation plays a vital role in driving customer satisfaction by tailoring offerings to meet diverse needs and by enhancing the overall experience. Major Indian QSR brands, like Domino's, Pizza Hut, McDonald's, KFC, Starbucks, Burger King, and Subway, have strategically adjusted menus to align with local tastes [17]. However, a research gap exists in understanding the implications of product innovation (PI) for customer satisfaction (CS) and experience (CE), particularly in northern India. Recent research emphasizes the need to investigate how product innovation influences customer satisfaction and loyalty [18]. QSRs' adaptability to Indian flavor preferences, coupled with their speed, service excellence, and cost-effectiveness, attracts customers by meeting their expectations. Despite extensive exploration of various aspects of product innovation, there remains a notable gap in understanding its implications for customer satisfaction and experience within QSRs, especially in northern India. Existing studies have mainly focused on customer perceptions and operational aspects in QSRs.

These studies have overlooked the intricate relationships between among product innovation (PI), customer satisfaction (CS), and customer experience (CE). To address this gap, the current study seeks to investigate the impact of PI on CS and CE, evaluate the influence of CE on CS, and explore CE as a mediator in the connection between product innovation and customer satisfaction in QSRs in northern India. Additionally, the article introduces a model, derived from an extensive literature review, that empirically tests the proposed relationships. Subsequent sections interpret the findings, engage in discussions, outline implications, acknowledge limitations, and propose avenues for future research. This comprehensive exploration aims to provide valuable insights for both academia and practitioners within the hospitality industry.

This research paper is structured in six sections. The abstract summarizes the study's purpose, findings, and methodology. The introduction defines the Indian QSR landscape, introduces key constructs, highlights the research gap, and outlines the objectives. The literature review explores existing research on the relevant constructs. The methodology details the research design, data collection methods, and data analysis techniques. The results section presents the findings obtained through statistical analysis. Finally, the discussion and implications section interpret the findings, acknowledges limitations, and explores practical and theoretical implications. The concluding section is followed by the reference list containing all cited studies.

## 2. Literature Review

Theoretical frameworks serve as foundational pillars in directing research endeavors, offering guidance, and aiding researchers in the interpretation and contextualization of results [19]. This study is anchored in two primary theories: Signaling Theory (ST) and Expectation Disconfirmation Theory (EDT). Signaling Theory, initially formulated by [20] and subsequently refined by [21], provides the groundwork for various concepts, models, and assumptions. Rooted in the information economy concept, ST posits that consumers often lack complete access to necessary information for evaluating the quality or value of newly introduced innovations in the market. Consequently, companies employ signaling mechanisms, such as brand names, promotions, pricing, and guarantees, to convey the significance of these innovations and assess customer satisfaction or dissatisfaction [22]. Essentially, innovation acts as a signal observed by consumers from a business, shaping their perceptions. Expectation Disconfirmation Theory (EDT) draws upon the Theory of Cognitive Dissonance (CDT) proposed by [23], elucidating how the dissonance between cognition and reality influences subsequent cognition and behavior [24]. Rooted in the work of [25,26], EDT explores consumer satisfaction by analyzing the variance between customer expectations and their actual experiences with perceived services or products. It provides insights into how the disconfirmation of expectations impacts satisfaction levels.

This research framework contributes a robust theoretical underpinning for understanding the dynamics of innovation and customer satisfaction in the context of the study. Signaling theory and expectation disconfirmation theory have emerged as prominent frameworks with which to evaluate innovation and satisfaction in various research studies [22,27–33]. These theories play a crucial role in advancing our comprehension of how firms convey information about innovations to consumers and how consumers' experiences with these innovations influence their satisfaction levels.

In this study, signaling theory and expectation disconfirmation theory are employed to explore the mediating role of customer experience (CE) in the relationship between product innovation (PI) and customer satisfaction (CS) within the context of QSRs in India. This theoretical framework lays the foundation for a comprehensive investigation into the intricate dynamics of product innovation, customer experience, and satisfaction within the unique context of QSRs in India. The utilization of these theories contributes to a deeper understanding of the complexities involved in shaping customer satisfaction through product innovation and the ensuing experiences within the QSR industry.

#### *Quick Service Restaurants (QSRs)*

A QSR caters to the preferences of a demographic primarily consisting of young individuals and professionals, providing a diverse range of fast-food options coupled with efficient counter service [34]. Positioned as retail fast-food establishments, QSRs showcase a succinct menu comprising pre-prepared or swiftly made food items [35]. Commonly recognized as fast-food restaurants, these establishments are renowned for their expeditious services, enabling customers to place orders conveniently over the counter for dine-in or takeout [36]. The paramount objective of QSRs revolves around the rapid preparation and delivery of meals, placing a significant emphasis on service efficiency [37]. Despite the provision of a limited menu, fundamental services, and economically competitive prices [38], QSRs meticulously design their food items to ensure swift preparation and streamlined service processes. This strategic approach enables QSRs to meet the demands of their target demographic effectively, offering a convenient and satisfying dining experience for their patrons.

In the current consumer landscape, the duration of waiting times emerges as a crucial factor influencing customer satisfaction. Contemporary consumers place a high premium on expeditious service and display reluctance to endure extended queues unless essential [39]. Acknowledging this evolving trend, QSRs strategically position themselves to specifically cater to individuals aged 16–35, a demographic known for their interest in exploring novel flavors and their frequent engagement with fast-food choices [40]. The attractiveness of fast-food establishments is rooted in their affordability, perceived food value, and widespread accessibility, offering reasonable prices to consumers [41]. QSRs meticulously uphold uniformity in service quality, standardization, and ambience across all their outlets, making substantial contributions to their robust growth within the Indian market [42]. This strategic approach not only aligns with the preferences of the target demographic but also reinforces the consistent brand experience sought by consumers. In this context, the QSR industry's emphasis on minimizing waiting times and ensuring a uniform customer experience becomes pivotal for sustaining and furthering its success in the competitive market landscape.

QSRs, colloquially referred to as fast-food establishments, specialize in providing expedited food services with minimal table assistance, as elucidated by [43]. The operational strategy of QSRs involves pre-preparing food and meticulously maintaining it at optimal temperatures until it is served to ensure quality preservation. Situated in a highly competitive restaurant landscape where consumers have a plethora of choices, QSRs not only contend with each other but also face competition from various fast-food and casual dining establishments. Moreover, they are confronted by the challenge of the ready-made meals increasingly prevalent in grocery stores. To thrive in this fiercely competitive milieu,

QSRs must adopt a customer-centric approach, differentiating their business processes from competitors, while attentively addressing customer needs and expectations [44].

### 3. Hypothesis Development

#### 3.1. Product Innovation (PI) and Customer Satisfaction (CS)

The role of product innovation in driving economic development within the service industry is widely acknowledged by scholars such as [45–47]. In the dynamic landscape of contemporary business, product innovation assumes a central and transformative role, aiming specifically to enhance customer satisfaction levels [27]. This process entails the creation of inventive goods and services that effectively address the rapidly changing needs of consumers [48]. The evaluation of innovativeness in products and services involves critical elements, like service delivery time, product excellence, support, and post-sales service, that are often measured through customer satisfaction surveys [49]. Product innovation, as defined by [50], refers to the introduction or initiation of a new good or service. In simpler terms, it is linked to the invention of novel products and the enhancement of existing ones [51,52].

The primary objective of product innovation is to meet customer needs and preferences across all sectors. In the context of QSRs, introducing novelty in products tailored to consumer preferences enhances satisfaction and fosters loyalty among customers [53]. Customer trust in the product is crucial for building loyalty, as once a customer relies on a particular product, switching to an alternative becomes challenging. Upholding trust is essential for the product's sustainability, and strong customer loyalty consistently leads to heightened satisfaction [54]. Brands that quickly establish connections with customers tend to cultivate loyalty, and perceived product quality serves as a key indicator for product development. [55] emphasize the importance of designing products that can withstand the challenges of a highly competitive market, focusing on aspects such as on-time availability, product development, creative design, and overall satisfaction.

In the domain of premium hotels, innovation is frequently associated with nuanced adjustments in day-to-day operations overseen by administrators who prioritize an enduring commitment to client satisfaction [48]. The sustained success and increased returns of a restaurant hinge on paramount customer satisfaction, as contented customers evolve into advocates, fostering additional clientele through word-of-mouth referrals [56]. The integration of innovation is strategically employed to address customer needs and unlock market potential, thereby contributing to augmented business revenue [57]. Additionally, [1] has established a direct causal relationship between innovativeness in the hotel industry and customer satisfaction, encompassing the fulfilment of customer requests and bolstering competitiveness within the industry. Numerous empirical studies conducted by diverse researchers, including [22,27,58], consistently affirm a robust and positive association between product innovation and customer satisfaction. This amplifies the pivotal role of innovation in fostering customer contentment and fortifying the competitive position of high-quality hotels.

Based on the above rationale, it was hypothesized that:

**H1:** *Product innovation has a positive impact on customer satisfaction in QSRs.*

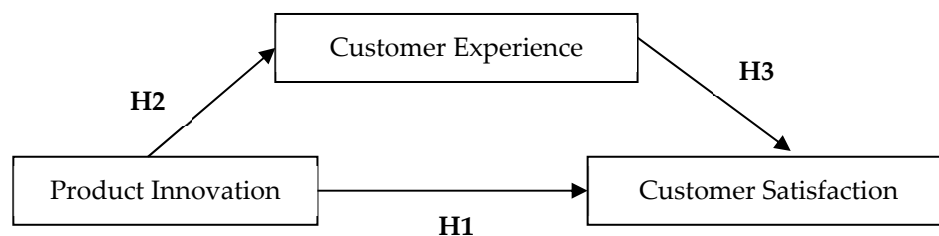
#### 3.2. Product Innovation (SI) and Customer Experience (CE), and Customer Satisfaction

Innovation in QSRs is a continuous process encompassing menu development, culinary techniques, and technology integration (e.g., mobile apps). This focus on novelty aligns with customer preferences for variety and caters to evolving dietary needs [16,17]. Customer experience in QSRs extends beyond the transaction, encompassing service quality, speed, ambience, and digital interactions [59]. A positive experience fosters customer satisfaction and loyalty. The connection between product innovation and customer experience is a two-way street. Innovative menu items can create excitement and meet evolving

taste preferences, leading to a positive experience [60]. Conversely, customer feedback can shape future product innovations, creating a cyclical relationship [16].

Customer experience (CE) in QSRs is a holistic concept encompassing the entire customer journey, from entering the restaurant to post-purchase interactions. It includes tangible factors, like food quality, service speed, and cleanliness, as well as intangible elements like emotions and perceptions [61]. A positive CE is crucial for shaping customer loyalty and influencing online reviews [62]. Customer satisfaction (CS) is a specific component within CE, focusing on a customer's evaluation of specific aspects like service speed and food quality. Surveys and online reviews are common methods used to measure CS [63]. A positive CE generally translates into higher satisfaction levels, as customer satisfaction arises when perceived performance meets or exceeds expectations set by the overall experience [64]. CE and CS are interconnected, but distinct, concepts. Satisfaction emerges from a combination of tangible elements and emotions associated with the experience [65,66]. In QSRs, the overall customer experience significantly shapes customer expectations and satisfaction, with factors like service offerings, ambience, and past encounters influencing how customers perceive value [67,68]. Businesses that prioritize service delivery and create positive emotional experiences are more likely to cultivate customer satisfaction and positive word-of-mouth promotion [69]. Understanding the link between CE and CS is crucial for strategic decision-making in the competitive QSR industry. Studies consistently show a positive impact of CE on CS e.g., [70–72]. This knowledge allows businesses to tailor their customer interactions, focusing on aspects that significantly influence both customer experience and satisfaction, ultimately leading to loyalty.

Customer satisfaction (CS) is crucial for QSRs to remain competitive and meet evolving customer needs. Research suggests that continuous product innovation (PI) can significantly enhance the overall customer experience (CE) [73]. This includes introducing new menu items, incorporating technology, and advancing culinary techniques. A more engaging and satisfying dining experience, fostered by PI, plays a key role in shaping customer satisfaction [74]. The positive impact of PI extends beyond the initial experience. Satisfied customers appreciate innovative offerings, leading to repeat visits, positive recommendations, and a stronger brand reputation [75,76]. QSRs prioritize PI to enhance the customer experience and improve satisfaction, ultimately driving loyalty [76]. Studies show that service-oriented QSRs can leverage market competition by consistently improving CE and ensuring prompt customer satisfaction through ongoing product innovation [77]. The success of PI in QSRs hinges on understanding customer needs and experiences. Staff skills and knowledge play a vital role in creating innovative experiences that resonate with customers [78,79]. When customers perceive value from innovative offerings, they experience greater satisfaction [80]. Additionally, innovative customers are likely to share positive experiences with others, fostering positive word-of-mouth promotion [81]. Based on these statements, the study conceptual framework was designed (Figure 1).



**Figure 1.** Conceptual framework of the study.

**H2:** *Product innovation has a positive impact on customer experience in QSRs.*

**H3:** *Customer experience positively impacts customer satisfaction in QSRs.*

#### 4. Research Methodology

A structured questionnaire was meticulously designed to systematically collect crucial data for the research. The questionnaire comprised two primary sections: the initial part aimed at gathering comprehensive demographic information, including age, gender, occupation, reasons for dining out, and the specific QSR visited by the respondents. The second part incorporated thoughtfully crafted scales to measure variables associated with product innovation, customer satisfaction, and customer experience. This methodological approach ensured a thorough and nuanced examination of the interplay between demographic factors and key variables, contributing to a comprehensive understanding of the dynamics within the QSR context.

##### *Sample Size Determination*

The determination of the sample size adhered to the principle that having a minimum of 5 and a maximum of 10 respondents for each item in the questionnaire is considered adequate [82]. Accordingly, a sample size of 230 was deemed appropriate, facilitating the application of structural equation modelling (SEM) in the subsequent analysis [83–86]. This approach ensures sufficient statistical power and robustness in handling the intricacies of the research model, thereby enhancing the dependability and applicability of the study findings.

Aligned with the recent research in [3], prominent players in the Indian QSR market included McDonald's, Domino's Pizza, Pizza Hut, Café Coffee Day, and KFC, among others. The data collection process specifically targeted these five major brands in three cities in India—Jammu, Chandigarh, and Delhi – throughout the year 2020. The selection of the QSRs was predicated on their status as leading fast-food chains in these cities. To ensure the data's non-seasonal nature, data collection was conducted at various times of the day over several months.

The scales employed in the instrument were adapted from various studies within the hospitality sector, as detailed in Table 1. Each statement was formulated as an item, and respondents were instructed to indicate their level of agreement or disagreement using a 5-point Likert-type scale, ranging from “strongly agree” (5) to “strongly disagree” (1). This methodological approach aligns with the research strategies used by [87] in the examination of ethnic restaurants and [88] in the investigation of QSRs, ensuring methodological coherence in data collection across comparable research studies. This careful adaptation and consistency in methodology contribute to the reliability and validity of the research findings.

Two distinct methods were employed for data collection: in-person surveys distributed and collected on-site, and online surveys conducted using Google Forms. Adhering to established research methodologies [89–92], a non-probability sampling technique, specifically convenience sampling, was applied to select respondents for the study. A total of 350 surveys were distributed, with 286 returned, resulting in an 82% response rate. The distribution of more questionnaires than the required sample size served as a precautionary measure to ensure a sufficient number of completed questionnaires after accounting for potential outliers or rejections [93,94]. Following data verification, addressing missing values, and assessing normality, multicollinearity, and outliers, 221 responses were deemed suitable for the analysis. A demographic breakdown indicated that 59% and 41% of respondents were male and female, respectively. Additionally, 53% of customers reported visiting all the selected QSRs (Tables 2 and 3).

**Table 1.** Innovative strategies and adaptations of KFC, McDonald's, Pizza Hut, and Domino's in the Indian market.

Innovation Focus	KFC	McDonald's	Domino's	Pizza Hut
Local Flavors & Customization	Regional spices, local ingredients	Regional flavours, local adaptations (McAloo Tikki burger)	Local toppings, regional variations (Peppy Paneer Pizza, Kadhai Paneer Pizza)	Regional specialities, localized toppings (Masala Lemonade Pizza, Tandoori Paneer Pizza)
Healthier Options	Grilled options, salads	Healthier menu items, salads, wraps	Health-conscious pizza options, salads	Healthier pizza and side options
Plant-Based & Vegetarian	Vegetarian alternatives, plant-based items, Krunch Burger	Veggie burgers, plant-based options (McAloo Tikki burger)	Vegetarian pizzas, plant-based toppings (Peppy Paneer Pizza, Kadhai Paneer Pizza)	Vegetarian and vegan pizza options (Tandoori Paneer Pizza)
Sustainability Initiatives	Sustainable sourcing, eco-friendly	Sustainable sourcing, eco-friendly initiatives	Eco-friendly packaging, responsible sourcing	Sustainable packaging, environmentally friendly
Snackable & Shareable Items	Snack-sized options, shareable buckets	Snack wraps, shareable sides	Snackable items, shareable combos	Shareable pizza options, snack-sized items
Experiential Dining	Themed promotions, interactive experiences	Play areas, themed events	Pizza parties, themed promotions	Themed dine-in experiences, interactive events
Delivery & Packaging	Improved delivery packaging	Seamless delivery experience, packaging upgrades	Efficient delivery systems, improved packaging	Delivery-friendly packaging, quality assurance

Source: Author's elaboration.

**Table 2.** Demographic characterization of the sample.

Demographics	Frequency	Percentage (%)
<i>Gender</i>		
Male	130	59
Female	91	41
<i>Age</i>		
Below 20 yrs	19	9
20–30 yrs	117	53
30–40 yrs	65	29
40–50 yrs	18	8
Above 50 yrs	2	1
<i>Qualification</i>		
Matriculation	7	3
Undergraduate	30	14
Graduate	105	48
Postgraduate	69	31
Others	10	4

Table 2. Cont.

Demographics	Frequency	Percentage (%)
<i>Occupation</i>		
Students	101	46
Self-employed	82	37
Government employed	26	12
Home Maker	3	1
Private employed	9	4
<i>Reason for Eating Out</i>		
Birthday	56	25
Anniversary	2	1
Parties	19	9
Other occasions	144	65
<i>QSR Brand</i>		
KFC	12	6
Mc Donald's	9	4
Dominos	64	29
Pizza Hut	13	6
Café Coffee Day	5	2
<b>All</b>	<b>118</b>	<b>53</b>

Table 3. Generation of scale items.

S.NO.	Constructs	No. of Items	Source of Information
1.	Product Innovation	9	[95,96]
2.	Customer Satisfaction	9	[97]
3.	Customer Experience	5	[98,99]

## 5. Data Analysis

### 5.1. Measurement Model

Mean scores and standard deviations were calculated to assess customers' average perceptions. As shown in Table 4, all items received an average score above the midpoint of 3. Respondents assigned the highest overall mean to product innovation ( $M = 4.18$ ), followed by customer satisfaction ( $M = 4.16$ ), with customer experience ( $M = 4.10$ ) receiving the lowest score. The mean values for all measurements are provided in Table 4.

The statistical analysis involved utilizing the social science statistical package (SPSS version 21) for initial coding, raw data entry, cleaning, and computing descriptive statistics. Subsequently, confirmatory factor analysis (CFA) was implemented using AMOS, version 16, to validate the theoretical factor structure, assess construct validity, and evaluate the internal consistency of the scale for its efficacy.

To assess multicollinearity, the study employed squared multiple correlations (SMCs). Multicollinearity is typically identified when SMCs are close to or equal to 1.0 [100]. The reported values indicated that all SMCs were less than 1.0, with the highest SMC value observed for CS7 (0.649), suggesting that multicollinearity was not a significant concern in the data. The SMC values are detailed in Table 5.

**Table 4.** Measurement model results.

Constructs, Items Codes and Statements	M	SD	SL	SMC
<i>Service Innovation</i>				
PI1 QSR consistently introduces new menu items	4.06	0.763	0.70	0.482
PI6 QSR has differentiated its products to suit customer needs	4.13	0.812	0.72	0.536
PI7 QSR provides a wide array of unique products to choose from	4.22	0.719	0.71	0.543
PI8 The product offered at QSR meets customer tastes and preferences	4.36	0.674	0.73	0.521
PI9 Products offered at QSR differ from competing models in the market	4.44	0.639	0.75	0.574
<i>Customer Experience</i>				
CE1 'My experience has given me more knowledge of this QSR'	4.20	0.703	0.74	0.531
CE2 'I totally forget about my worries while visiting QSR'	3.29	0.836	0.72	0.522
CE3 'If initially, employees of QSR were not able to answer my queries, they immediately start finding answers and get back to me quickly'	3.95	0.922	0.79	0.628
CE5 'I feel that my experience with this restaurant has been enjoyable'	4.04	0.803	0.70	0.483
<i>Customer Satisfaction</i>				
CS1 'I am extremely pleased with the food and services offered at the QSR'	4.12	0.623	0.73	0.521
CS3 'I am delighted to visit the QSR'	4.22	0.710	0.78	0.603
CS4 'QSR staff offer services effectively and efficiently'	4.19	0.723	0.79	0.624
CS6 'I was happy with the dining experience in the QSR'	4.12	0.708	0.79	0.625
CS7 'I am satisfied with my decision to choose this QSR'	4.23	0.702	0.81	0.646
CS8 'Overall, the QSR meets all my expectations'	4.04	0.756	0.79	0.620
CS9 'QSR gives me overall satisfaction'	4.89	0.732	0.74	0.586

$\chi^2 = 220.798$ ;  $df = 100$ ;  $\chi^2/df = 2.208$ ;  $RMR = 0.023$ ;  $GFI = 0.891$ ;  $AGFI = 0.851$ ;  $CFI = 0.947$  and  $RMSEA = 0.074$ .

Note: M = Mean, SD = Standard Deviation, SL = Standard Loadings and SMC = Squared Multiple Correlation.

**Table 5.** Reliability and validity results.

Constructs	A	CR	AVE
PI	0.823	0.841	0.586
CE	0.815	0.881	0.563
CS	0.914	0.934	0.673

Notes: SI = Service Innovation, CE = Customer Experience, CS= Customer Satisfaction, CL = Customer Loyalty,  $\alpha$  = Cronbach's Alpha, CR = Construct Reliability and AVE = Average Variance Extracted.

Following the two-step approach proposed by [100], the initial step involved evaluating the measurement model, and the subsequent step involved assessing the structural model.

In the initial step, CFA scrutinized the goodness of fit, reliability, and validity of the measurement model. Four product innovation elements (PI2, PI3, PI4, PI5), one customer experience element (CE4), and two customer satisfaction elements (CS2 and CS5) were excluded due to low standardized factor loading (SFLs). All items with standardized loadings > 0.70 were retained in the measurement model for further analysis [100]. CFA results reduced the initial 23 items to 16 reliable and valid items. Additionally, the reliability and validity of the scales were assessed, with all reliability values (Cronbach's alpha ' $\alpha$ ' and

composite reliability ‘CR’) surpassing the acceptable level of 0.70, confirming satisfactory internal consistency [100,101] (Table 5). Standard loadings for all items and average variance extracted (AVE) values were noted above the threshold values of 0.70 ( $p < 0.001$ ) and 0.50, respectively, indicating adequate convergent validity [102] (Table 4). Furthermore, AVE was compared to the square root of inter-construct correlations to validate discriminant validity, revealing that the AVE values for all constructs exceeded the square root of inter-construct correlations, confirming discriminant validity [102].

The fitness indices of the model obtained through CFA, including  $\chi^2 = 220.798$ ;  $df = 100$ ;  $\chi^2/df = 2.208$ ; RMR = 0.023; GFI = 0.891; AGFI = 0.851; CFI = 0.947 and RMSEA = 0.074, collectively indicate a satisfactory fit of the measurement model [100]. This confirms the successful completion of the first step—the evaluation of the measurement model.

5.2. Structural Equation Modelling  
Hypotheses Contrast Subsections

After ensuring that the model fit the measurement model and validating the research constructs, the study proceeded to investigate various hypothetical relationships through structural path modelling. This involved a meticulous examination of the model summary to ensure the alignment between the hypothetical model and the data, adhering to the proposed conceptual model.

The hypotheses were subjected to testing via structural path modelling, where product innovation (PI) served as the independent variable, and customer satisfaction (CS) acted as the dependent variable. The results revealed a substantial and positive impact of PI on CS ( $\beta = 0.79$ ,  $t = 11.426$ ,  $p < 0.01$ ), providing validation for H1. This emphasizes that heightened levels of product innovation led to increased customer satisfaction.

Additionally, the study affirmed the significant and positive impact of product innovation (PI) on customer experience (CE) ( $\beta = 0.80$ ,  $t = 11.601$ ,  $p < 0.01$ ), and of CE on CS ( $\beta = 0.73$ ,  $t = 8.415$ ,  $p < 0.01$ ), corroborating H2 and H3, respectively (Figure 2). The elevated and positive regression weights of PI on CE and CE on CS suggest that increased product innovation contributes to enhanced customer experience, and that a superior customer experience leads to heightened levels of customer satisfaction.

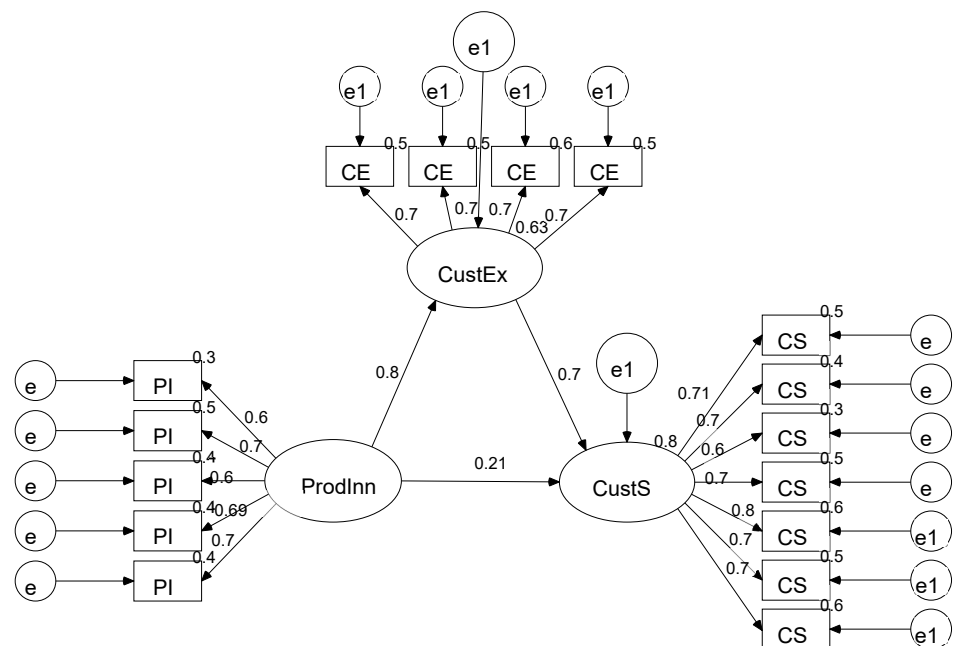


Figure 2. Structural model showing mediating effect of customer experience on service innovation and customer satisfaction relationship.

For the evaluation of H4 concerning the mediating role of CE between PI and CS, a mediation analysis was conducted using AMOS 16 (Figure 2).

The analysis employed a bias-corrected percentile bootstrap with a 95% confidence interval for the standardized effects. The results supported “Partial Mediation,” as the indirect effect ( $\beta = 0.58, p < 0.01$ ) was less than the total effect ( $c$ , i.e.,  $0.79, p < 0.01$ ) with the same sign and significance. Hence, H4 was substantiated, signifying that CE partially mediates the relationship between PI and CS.

The model fit indices ( $\chi^2 = 325.480, df = 101, \chi^2/df = 3.223, GFI = 0.921, AGFI = 0.893, NFI = 0.914, CFI = 0.939, RMR = 0.030, RMSEA = 0.069$ ) demonstrated a commendable fit of the structural model, affirming the success of the second step—the assessment of the structural model. The summarized results of the hypothesis test are provided in Table 6.

Table 6. Hypotheses testing results and model fit indices.

Paths	$\beta$ -Coefficients	T-Values	Decision	
Direct Effect (Without Mediator)				
(H1) Product Innovation $\longrightarrow$ Customer Satisfaction	0.74 **	11.436	Supported	
Standardized Total Effects (With Mediator)				
(H2) Product Innovation $\longrightarrow$ Customer Experience	0.80 **	11.601	Supported	
(H3) Customer Experience $\longrightarrow$ Customer Satisfaction	0.73 **	8.415	Supported	
<b>Standardized Direct, Indirect and Total Effects of Mediation Model</b>				
Paths	Total Effect ( $\beta$ )	Direct Effect ( $\beta$ )	Indirect Effect ( $\beta$ )	Decision
(H4) Product Innovation $\longrightarrow$ Customer Experience $\longrightarrow$ Customer satisfaction	0.78 **	0.21 *	0.58 **	Supported (Partial Mediation)
$\chi^2 = 325.480, df = 101, \chi^2/df = 3.223, GFI = 0.921, AGFI = 0.893, NFI = 0.914, CFI = 0.939, RMR = 0.030$ and $RMSEA 0.069$				

Note: \*\*  $p$ -value < 0.01, \*  $p$ -value < 0.05. Source: Amos Output.

## 6. Conclusions

### 6.1. Discussion

The present study makes a significant contribution to the marketing literature by delving into the complex interrelationships between product innovation, customer satisfaction, and customer experience within the quick service restaurants (QSRs) sector. The findings highlight the pivotal role of continuous product innovation in influencing both customer satisfaction and experience. This emphasizes the importance for QSR operators of constantly innovating their menu offerings and service delivery to enhance the overall dining experience and ultimately improve customer satisfaction levels.

A key revelation from this research is the mediating effect of customer experience in linking product innovation with customer satisfaction. It was found that innovative products not only directly impact satisfaction but also do so indirectly by enhancing the quality of the customer experience they provide. This highlights the need for QSR operators to implement initiatives that elevate the overall dining experience in tandem with innovative product strategies to optimize customer satisfaction and loyalty.

Furthermore, the study highlights the reciprocal dynamics between customer experience and satisfaction within the QSR industry. Positive dining experiences were shown to significantly contribute to overall customer satisfaction, while satisfied customers were more likely to perceive their dining experiences positively. This cyclical relationship emphasizes the importance of a holistic approach by QSR operators that focuses on enhancing

employee training, ambience, and service quality to consistently deliver memorable experiences that foster customer loyalty and positive word-of-mouth.

The practical implications derived from this research offer actionable insights for QSR operators seeking to strengthen customer relationships and competitive advantages. By integrating innovation with service excellence, improving menu diversity, and enhancing overall customer engagement, QSRs can better position themselves in the market. This research contributes not only to advancing theoretical frameworks but also provides valuable guidance for strategic initiatives aimed at fostering sustainable growth and customer-centricity within the QSR industry.

### 6.2. Theoretical Implications

This study constitutes a substantial contribution to multiple dimensions within the existing literature. Primarily, it enhances our comprehension of the pivotal role played by product innovation (PI) as a primary driver for customer satisfaction (CS) within QSR brands. The research delves into the impact of PI on customer experience (CE), emphasizing the crucial role of CE in bolstering CS and by examining CE as a mediator in the PI-CS relationship. By empirically addressing consumer relationships with QSRs, the study aligns with prior research and establishes the positive impact of PI on both CS and the customer's innovation experience, reinforcing findings from similar studies. This research illuminates the psychological process of the customer's innovation experience, providing a framework for scrutinizing product innovation and nurturing profound customer satisfaction within QSR brands.

Second, the study emphasizes the critical role of PI in the restaurant business, evolving from a strategic choice to an essential management activity. Despite the acknowledged significance of product innovation in the Indian hotel sector, the innovation process in the service sector, especially in the food service domain, has received limited attention and lacks empirical validation. This research addresses this gap by contributing to developing countries and validating a model illustrating product innovation in QSRs. The proposed theoretical framework, while specific to QSRs, is suggested to have broader applicability across various service industries. The study complements the existing literature by validating the role of PI in the Indian QSR context, and in influencing customer experiences and satisfaction.

Third, the research sheds light on the unexplored role of innovation within QSRs, expanding our understanding of the significance of PI in building CE and CS in this specific context. It serves as a foundational study for understanding the intricate relationships between product innovation, customer experience, and customer satisfaction within QSRs. This study, being among the first in this domain, contributes to the emerging field of exploring innovation within the QSR setting.

Fourth, the study collectively addresses product innovation, customer experience, and customer satisfaction, which have not been extensively studied in QSR research. By doing so, it provides a theoretical underpinning for these constructs within the context of QSRs. Lastly, the empirical work conducted in a developing or emerging setting adds to the existing literature on product innovation, customer experience, and customer satisfaction.

In summary, this research significantly advances our understanding of the relationships between PI, CE, and CS in the QSR context, offering valuable insights that contribute to both theoretical frameworks and practical applications in the field.

### 6.3. Managerial Implications

This study offers valuable insights for QSRs managers to evaluate the effectiveness of innovative service practices in enhancing customer satisfaction and experience. Managers are advised to address customer complaints and criticisms attentively, considering them as indicators of brand strength. Regularly seeking customer feedback is crucial for improvement, contributing to enhanced human capital and customer satisfaction [103]. The

establishment of an effective customer satisfaction policy, involving thorough follow-ups on complaints and ensuring direct and customer-centric services, is recommended [104].

The implications of product innovation for managers in quick-service restaurants (QSRs) are profound and diverse. First, cultivating a culture of ongoing innovation within the managerial teams is crucial, fostering collaboration and creativity to introduce unique menu items and enrich the dining experience. The integration of technology, such as digital menus, online ordering systems, and efficient delivery platforms, is essential for enhancing customer experiences and optimizing operational processes. Additionally, a nuanced understanding of local preferences and cultural nuances is imperative in the customization of products for specific markets, underscoring the importance of robust market research and feedback mechanisms from consumers. The continual updating and diversification of the menu with innovative offerings not only attracts new customers but also contributes to retaining existing ones, thereby nurturing brand loyalty. Furthermore, investing in staff training to adeptly communicate and upsell innovative products ensures their successful integration into the overall customer journey. In essence, a strategic and proactive approach to product innovation is paramount for QSR managers, enabling them to remain competitive, meet evolving consumer expectations, and foster sustained business growth. This approach aligns with the dynamic nature of the QSR industry and positions managers to capitalize on emerging trends and preferences.

The study emphasizes the pivotal role of product innovation in shaping the customer experience, focusing on experiential elements such as service personnel behavior, pricing, high-quality service, health-conscious food options, and the overall dining experience [104].

Findings suggest that QSRs offering personalized products consistently enhance customer experiences and satisfaction. Therefore, QSR managers are encouraged to prioritize the design of product innovation, incorporating elements like ambience, music, color schemes, infusion of diverse methods and cultures, and personalized furnishings aligned with customer preferences.

Given the profound influence of customer experience on customer satisfaction, QSR managers must engage proactively with customers, keeping them informed about new offerings and additional services. Creating a welcoming environment that enables customers to enjoy a worry-free experience is crucial. Employees should be well-trained to respond promptly to customer inquiries, and a commitment to ongoing product innovation is necessary to maintain a positive customer experience and satisfaction. Importantly, the study highlights that customer experience acts as a mediator in the relationship between product innovation and customer satisfaction. Hence, QSR managers should carefully plan product innovation activities that enhance customer experience, leading to increased satisfaction with their offerings. Recommending intelligent marketing strategies, coupled with outstanding product innovations, is advised to secure and expand market shares. Additionally, adopting the experimental marketing model in product innovation can further enhance customer satisfaction.

#### *6.4. Limitations and Future Scope*

While this study provides valuable insights, it has several limitations that warrant consideration. First, the cross-sectional data is a limitation, suggesting that future researchers might opt for a longitudinal study design to achieve a more comprehensive understanding of the subject. The sample size, along with constraints related to time and cost, in conjunction with the specific focus of the study, led the researchers to confine the geographical scope to Chandigarh, Delhi, and Jammu. To enhance the generalizability of the findings, future research should include other cities in India. The study primarily focused on QSRs in the specific context of Chandigarh, Delhi, and Jammu. To gain a thorough understanding of the evolving landscape of innovation in QSRs, it is recommended that future studies explore the impact of innovative practices, not only on products but also on services, processes, marketing, and business models. Additionally, conducting separate studies to evaluate the influence of these innovative dimensions on customer satisfaction in the In-

dian QSR setting would provide a more nuanced understanding. Another limitation arises from the exclusive focus on QSRs, which may not be entirely representative of various service sectors. Future research endeavours could extend to diverse service industries, such as air transport, hotels, banking, telecommunications, healthcare, insurance, and others, facilitating cross-comparisons within the broader services sector. Furthermore, conducting comparative studies among different QSRs in India would yield valuable insights into variations and similarities in customer satisfaction strategies.

Lastly, the study did not incorporate any moderating variables. Future research could explore the impact of moderators on the relationships examined in this study, introducing a layer of complexity and greater depth to the analysis.

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