What matter experiential value in casual-dining restaurants?

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Abstract

The focus of this research is the chain restaurant industry, and its purpose is: (a) to determine which factors influence “experiential value” and “customer loyalty formation,” and (b) to examine the connections between experiential value and that loyalty. Based on the literature review, five dimensions were identified that influence restaurant patrons’ behavior: (a) food quality, (b) price, (c) interpersonal service quality, (d) environment, and (e) brand image. Theoretical relationships between attributes influencing patron’s behavior, experiential value, satisfaction, and loyalty are derived from the literature review

Key word: Experiential value, satisfaction, customer loyalty

Literature review

Previous research has shown that customer loyalty reduces marketing costs and increases profits to marketers (Bowen & Chen, 2001). Loyal customers also tend to participate in positive word-of-mouth (WOM) behaviors and will spend higher dollar values at those same service providers because of loyalty (Ladhari, Brun, & Morales, 2008; Tepeci, 1999). In this respect, creating and maintaining customer loyalty is one of the central objectives in many firms, especially in the current tough economic environment (Berry, Carbone, & Haeckel, 2002; Bloemer, De Ruyter, & Peeters, 1998). According to the National Purchase Diary (NPD) report (National Restaurant News, 2010), the number of annual restaurant visits per capita has been decreasing from 206 visits in 2004 to 197 visits during 2009, 2% decline.

Moreover, it is predicted that by 2019 the number of visits per capita will fall even further, to 190, suggesting that marketers for this industry need a better understanding of consumers’ expectations in order to attract and retain them as loyal customers. For this reason, service marketers have focused on “high customer satisfaction” because customer loyalty depends mainly on customer satisfaction (Oh & Parks, 1997). Accordingly, one key challenge to service marketers is to identify the critical factors that determine customer satisfaction (Heung & Ngai, 2008).

In recent years, managing the customer experience has gained much attention from marketers and researchers because of the important role it plays toward satisfying customers, creating a loyal customer base, and, thus, achieving a sustainable competitive advantage (Berry et al., 2002; Berry et al, 2006; Pine & Gilmore, 1998; Verhoef et al., 2009). A survey of casual dining restaurants conducted by NPD, for example, has reported that over 40
percent of diners expected an enjoyable experience as well as tasty food (National Restaurant News, 2010).

Experience, or more specifically consumption experience, can be defined as “the total outcome to the customer from the combination of environment, goods, and services purchased” (Lewis, 2000, p. 46). In line with this view, Pine and Gilmore (1999) stressed that creating a distinctive customer experience can bring enormous economic value for firms. This experience is the core of the hospitality sector because intangible experience plays an important role in this business. For instance, it has been argued that the success of Starbucks Coffee comes from providing a distinctive experience for their customers (Yuan & C Wu, 2008). On this same subject, Williams (2006) posited that the products of hospitality industry are experiential and can be categorized as a “total experience.”

The restaurant experience also includes much more than simply eating what the customer wants; all events and activities before and after dining can generate total experience for diners. Therefore, when considering a multilayered experience in a table-service restaurant (Wall & Berry, 2004), it is necessary to explore customers’ experiential values to improve our understanding of customer experience in the consumption setting.

Experiential value theory advocates that consumers form their experiential value via the “interactions involving either direct usage or distanced appreciation of goods and service” (Mathwick, Malhotra, & Rigdon, 2001, p. 41). In other words, to fully understand the various functions of experiential value in service settings, it is necessary to find the relationship between experiential value and other variables, such as antecedents, satisfaction, and loyalty.

In the restaurant industry, quality of food is the most critical factor for patrons’ behavior (Hyun, 2010; Namkung & Jang, 2007; Wall & Leonard L. Berry, 2007). Consequently, many studies on restaurant marketing have focused on the determinants of food quality (Leonard L. Berry et al., 2006; Hyun, 2010; Namkung & Jang, 2007). Additionally, price has always been regarded as an important criterion in restaurant marketing in that a reasonable price level is a pivotal factor influencing customer satisfaction (Hyun, 2010).

Research also has shown that ultimately, customer satisfaction is strongly influenced by interpersonal service quality and restaurant environment (Han & Ryu, 2009; Wu & Liang, 2009). These two factors are deemed part of a complex process in which personal service interactions and surrounding environmental factors such as design, decoration, scent, and music work in relation to the form and function of customer expectations of service quality (Keng, Huang, Zheng, & Hsu, 2007). Further, researchers recently have suggested that considering the interaction between brand and customer experience is another facet of understanding how customer experience is generated in consumption settings (Ofir & Simonson, 2007; Verhoef et al., 2009).

Despite indication that some influential factors of experiential value such as food quality, price, interpersonal service quality, environment, and brand image combine to affect customer satisfaction and loyalty, surprisingly little research in the service sector, specifically the restaurant industry, has examined the roles of these variables in shaping customer loyalty. Additionally, no empirical research has yet verified the relationships between these five antecedents (food quality, price, interpersonal service quality, environment, and brand image) and experiential value; nor has there been research on the possible influence of such relationships on customer satisfaction and customer loyalty. Furthermore, the role of experiential value in increasing the level of satisfaction and in forming loyalty still remains unclear both empirically and theoretically. Thus, the elements that combine to define customer loyalty in the restaurant industry should be empirically tested in order to develop efficient marketing strategies to satisfy customer desire.
The primary objective of this study, therefore, is to investigate the relationships among: (a) the five antecedents of experiential value (b) experiential value, (c) customer satisfaction, and (d) customer loyalty (Figure 1). Using additional tests to better understand the mechanism behind the relationships among antecedents and outcome variables in the conceptual framework, this study will also examine the mediating role of experiential value in the relationships between customer satisfaction and each of the five influential factors of dining experience and will measure the mediating effect of customer satisfaction on the relationship between experiential value and customer loyalty in the restaurant industry.

Figure 1. Conceptual framework.

Methodology

Sample and procedures

A self-reporting questionnaire will be distributed to a randomly selected group of undergraduate and graduate students, as well as faculty members at a large public university located in the southwestern United States. Using the university’s listservs, an email survey will be sent to potential participants. When answering the survey questions, respondents will be asked to consider their experiences with any casual dining restaurants they are currently using when answering the survey questions.

Research Design

The questionnaire will consist of four sections. Section one is comprised of questions to measure predictors of experiential value. Section two will gather the information about experiential value. Section three will consist of questions to identify customer satisfaction and loyalty. Lastly, section four will be comprised of questions designed to gather respondents’ demographic profiles.
Measurement of variables

Experiential value will be measured with items developed by Mathwick et al (2001). Items on customer loyalty will be based on the work of Zeithaml, Berry and Parasuraman (1996). The items on satisfaction (Oliver, 1980), food quality (Namkung & Jang, 2008), price (Andaleeb & Caskey, 2007), interpersonal service quality (Gremler & Gwinner, 2000), environment (Law, To, & Goh, 2008), and brand image (Kim & Kim, 2004) will be used to find the relationship among those variables.

Analytical method

The PASW 18.0 statistical package will be used to analyze the results. The researchers will use Structural Equation Modeling (SEM) to test the relationship among variables by using Amos 5.0.

References


