Effect of Word of Mouth Communication on Consumer Purchase Decision: Malay upscale restaurant

Nur A’mirah Hassan Basri*, Roslina Ahmad, Faiz I. Anuar, Khairul Azam Ismail

Department of Culinary Arts and Gastronomy, Faculty of Hotel and Tourism Management, Universiti Teknologi MARA

Department of Tourism Management, Faculty of Hotel and Tourism Management, Universiti Teknologi MARA

Abstract

Word of mouth (WOM) has been acknowledged as the ultimate driver for a success of a restaurant, and few studies have examined in detail the focus attributes of WOM towards purchase decision. This study focuses on the relationship between attributes of WOM towards purchase decision in Malay upscale restaurants in Klang Valley. The study analyses service quality, food quality, physical environment quality and price as the focus attributes towards decision making of the Malay upscale post purchase. This quantitative research used self-administered questionnaires of 300 respondents with post experience in the Malay upscale restaurant. A multiple regression analysis was undertaken to analyse the data among the attributes. The results has shown that physical environment quality (p value = 0.000) bring the most impact on the word of mouth (WOM).

Keywords: Malay; upscale restaurant; word of mouth (WOM); purchase decision

1. Introduction

The restaurant industry is one of the key contributors for the service sector in many Asian countries (Voon, 2011). The rapid growth of restaurants in Malaysia is most likely an opportunity for consumer in
making the best choice to dine and fulfill their wants (Ahmad, Ghazali, & Othman, 2013). Additionally, high urbanization in Malaysia has caused consumer to switch dining pattern especially in urban area. They favor dining out instead of having a meal at home after long working hours, which causes lack of time or energy to prepare dinner (Euromonitor International, 2013). The trend of eating out has leads to the growth of this industry supported by the other emerging trends such as higher income and higher population especially in urban area (Sulaiman & Haron, 2013).

The Malay upscale restaurants business in the urban has gained popularity among the segments of local gastronomy. The positive demand for the Malay upscale restaurants has shown current lifestyle towards appreciating Malay gourmet as par to the other international fine dining restaurants offerings. Past researches signify that the word of mouth (WOM) communication is most likely the conventional effective tool to dominate the consumers purchase decision. It has been found to be very important in consumers purchase decision making. In the nutshell, upscale restaurants business are interested in influencing consumers through this verbal communication advertising. It brought significant impact on the consumers purchase decision and repeats dine in. Due to this importance, WOM has initially been recognized as an absolute influence in the market of restaurant business in particular the Malay upscale restaurants.

The rapid growth of international upscale restaurants had a significant impact on the restaurant industry in Malaysia especially in urban area like the Klang Valley. The aims of this study is investigate why Malay upscale restaurant outshining among international upscale restaurant in Klang Valley. Based on existing literature, Malay upscale restaurants is still outperformed by other international fine dining restaurants in Malaysia such as from Korea, Japan, France, and others. WOM communication is most likely the oldest device by which opinions on products, brands, sellers or organization are initiated, expressed and spread. It has been found to be very important in consumers’ purchase decision making. On the other hand, business organizations are particularly interested in WOM because of its impact on both customer purchase decision and retention. Because of WOM has long been recognized as an absolutely influence in the marketplace, many studies have investigated the factors that influence WOM and the relationships among those factors.

2. Literature review

2.1. Word of Mouth (WOM)

According to Wikipedia (the free encyclopedia, 2014) Word of mouth, or viva voce, can be defined the passing of information from person to person by oral communication, which could be as simple as telling someone the time of day. Word of mouth also can be defined as consumer to consumer communication about goods and services. It is a powerful persuasive force, particularly in the diffusion of information about new product (Dean & Lang, 2008). According to Ennew (2000) WOM is used to describe verbal communication either positive or negative between groups such as the product provider, independent experts, family and friends and the actual or potential consumer. Katz and Lazarsfeld (1995) found positive word of mouth seven times more effective than newspaper and magazine advertising, four times more effective than personal selling and twice as effective as radio advertising in influencing consumers to switch brands. Word of mouth is especially important for service providers whose offerings are largely intangible and experience or credence based on (Taghizadeh, Taghipourian & Khazaei, 2013). In these services consumers rely heavily on the advice and suggestions from others who have experienced the service. As stated by Oliver (1997), consumers take performance outcomes of a service and they use the information to shape their own subsequent expectations as well as expectations of others through word of mouth.
2.2. Service quality

Service quality has been defined by researchers in many different ways. Bitner, Boms and Mohr (1994) define service quality as the consumers overall impression of the relative inferiority or superiority of the organization and its services. As stated by Gronroos (1984), service quality is the outcome of an evaluation process, where the consumer compares his expectations with the service he has received.

Service quality is one of the vital factors of consumer satisfaction and it will directly affect the organizational success especially in the service industry such as restaurant industry (Tat et al, 2011). In addition, Shock and Stefanelli (1992) advocated that service quality, the place, the products, and the prices all affected restaurant operation. In line with that, Zeithamal, Berry, and Parasuraman (1996) proposed that service quality was only one aspect of consumer satisfaction, and the measurement of consumer satisfaction includes other criteria. They encompassed product quality, the price or cost, and personal factors.

Wong (2004) found that service quality positively would affect emotional satisfaction that in turn would have positive affect on both consumer loyalty and relationship quality. As stated by Keaveney (1995) service failures are likely the main reason for consumer dissatisfaction and resulting negative word of mouth. On the other hand, high levels of consumer satisfaction, trust, and commitment induce consumers to decide or behave favorably toward a firm, including the restaurant and sharing positive word of mouth.

Importantly, WOM can influence purchase decision, especially before purchase or usage, since consumers are not certain what kinds of services they would receive. If consumers are not sure about services benefits that they will received, they may stay with their current services providers or do not purchase at all (Brown et al., 2005). Therefore, WOM plays an important role influencing consumers’ purchase decision.

2.3. Food quality

Food quality is rated as the most important attribute influencing restaurant decisions in many studies on consumers’ restaurant selection behavior (Soriano, 2002) and directly correlated with consumers’ satisfaction (Bitner & Hubbert, 1994). It is considered the core element to fulfill consumer needs (Peri, 2006). According to Namkung and Jang (2007) presentation, health options, taste, freshness, variety, and temperature are some of the factors which relatively agree with food quality.

Good quality of food and beverages can be influential in satisfying and retaining the consumers who most probably enjoy eating delicious food. According to Voon (2011), food quality is also familiar as a one of the key factor for consumer satisfaction and loyalty. As stated in Andaleeb and Conway’s (2006) study, food quality had a strong influence on the relationship between restaurant consumers and the restaurant hence reinforcing its importance in developing restaurant consumers’ satisfaction and loyalty.

In many studies food quality is rated as one of the most important determinants of consumers’ patron of the restaurant (Andaleeb & Conway, 2006). In the restaurant setting, food quality not only provides tangible evidence of outcome quality but is also an important component of outcome quality in the hospitality industry (Kim, Lee & Yoo, 2006).

On the other hand, Josiam and Monteiro (2004) stated that unique food and ingredients play an important role for consumers when selecting a restaurant. Satisfied consumers will tell an average of five people, while dissatisfied consumers share their bad experience with ten people (Brockway, Mangold & Miller, 1999).
2.4. Physical environment quality

In a traditional service setting, the service environment relates to the physical ambience of the service encounter (Rust & Oliver, 1994). According to Bitner (1992), physical environment quality can be defined as physical surroundings, not the natural or social environment. Services are majorly intangible therefore, the physical environment has an immense impact on satisfaction level (Ryu & Jang, 2008).

The density of hospitality industry is one reason why restaurateurs should focus not only food quality but also other elements such as physical environment and employee service in order to increased consumer satisfaction (Kivela, 1997). In line with that, the image of a restaurant affects the consumer choice of one or more restaurants to dine in.

According to Ryu and Han (2011), eating away from home for a majority of restaurant consumer is more important than dining. Such consumers may seek a memorable dining experience away from home so that the atmosphere of the restaurant can play a critical role in making unforgettable experience (Ryu & Han, 2011).

Consumers visit upscale restaurants not only to satisfy appetite, but to enjoy a high quality dining experience and prestigious service in a luxurious setting (Walker & Lundberg, 2005). The physical environment of the restaurant which is restaurant atmosphere, ambience, décor, and other facilities can give great impact on the dining experience (Sloan, 2002). Consumers basically feel superior in the upscale restaurant as they are well looked after and they claim that the ambience and style suit their esteem need (Peter, 2005).

A favorable restaurant image with a unique concept is one of the valuable marketing assets to create a competitive advantage that is not easily duplicated by other restaurants. The image of a restaurant consists of either positive or negative perception. Tangibles, such as décor, dining area comfort, and cleanliness of both the dining area and restrooms, were all shown to impact perceived service quality, satisfaction and behavioural intentions.

2.5. Price

Price is the most important characteristics that consumers use in deciding where to dine out. Value of money is another highly rated attribute to dine in at upscale restaurant. The value-perspective emphasizes situations in which consumers make value trade-offs, such as price versus quality in purchasing a food product. According to Cousins et al. (2002) consumers have high perception on what they are willing to pay and people forgive more poor service than poor food quality (Denove & Power, 2006). It can therefore be expected that a consumers will prefer a low price to a high price and high quality to low quality. Furthermore, some consumers will emphasize price over quality, while others, in turn, will emphasize quality more than price (Zeithaml, 1996).

Based on the literature, the following hypotheses were formulated:

H1: Word of mouth positively influence with consumers’ purchase decision.
H1a: Service quality positively influence with consumers’ purchase decision.
H1b: Food quality positively influence with consumers’ purchase decision.
H1c: Physical environment positively influence with consumers’ purchase decision.
H1d: Price positively influence with consumers’ purchase decision.

3. Methodology

This research is conducted using both primary and secondary data. The secondary data are gathered from books, journal, articles, thesis and others. In this present study, purposive sampling method was
used since the specific type of respondents are needed which is among people that have experience dine in at Malay upscale restaurant. The prospective respondents were approach and asked a simple question whether they have experience dine in at Malay upscale restaurant. If the respondents have those criteria, then the questionnaires will be given. The location was chosen (Mid Valley Mega Mall, KLCC, Sogo, Paradigm and One Utama).

This quantitative research used self-administered questionnaire of 300 respondents who have been consumed food or used services at Malay upscale restaurant. A multiple regression analysis was undertaken to analyses the data namely service quality, food quality, physical environment quality, and price.

The questionnaire comprised of five sections namely general information (part A), WOM survey (part B), purchase decision (part D), and demographic profile (part E). Section C measures the attributes of WOM (service quality, food quality, physical environment quality, and price).

4. Results

4.1. Profile of sample

Based on analyses of the respondents’ profiles, the study found that the majority of the respondents fall in the range of 25 to 34 and 18 to 24 years. All of them are Malay (85.0 per cent) and female which consist of 61.7 per cent of total respondents. This is consistent with the proposition that married and family are more obviously in this study. All of them are Malay and most of respondents visit Malay upscale restaurant with their family for family dinner purposely (n=130) and 41.7 per cent of respondents spend approximately RM 100 to RM 150 for their meal. It was found that most of the respondents among professional which is 28.7 per cent and the result was revealed that 44.7 per cent of them very rare dine in at Malay upscale restaurant which is only one or two times a year.

4.2. Hypotheses testing

Table 1 provides the result of multiple regressions of the word of mouth attributes against purchase decision. The test determines whether attributes of WOM positively influence with consumers’ purchase decision towards Malay upscale restaurant in Klang Valley. Four (4) sub-hypotheses were also been tested to find out which element in WOM give more influence to consumer purchase decision.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Regression, $R^2$</th>
<th>Standardized Coefficients, B</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>.264</td>
<td>.196</td>
<td>.004</td>
</tr>
<tr>
<td>H1b</td>
<td>.224</td>
<td>.049</td>
<td>.491</td>
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<tr>
<td>H1c</td>
<td>.316</td>
<td>.316</td>
<td>.000</td>
</tr>
<tr>
<td>H1d</td>
<td>.224</td>
<td>.138</td>
<td>.032</td>
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Table 1 illustrates the result of the multiple regression analysis of the WOM attributes against purchase decision toward Malay upscale restaurant. At the significant level, physical environment quality overall has positive significant influence to consumer purchase decision with ($β = .316, p = .000$). The result obtained demonstrated that the higher the level effect on purchase decision. Malay upscale restaurant have be aware that word of mouth is an important part of the marketing strategy. A good restaurant image
or concepts is an asset for restaurant. All staffs must build good relations with consumers to earn their loyalty, and ensure their commitment to talk about the restaurant and products to others people. In line with that, managers must understand that the satisfied consumers can attract new consumers through word of mouth.

5. Discussion

Based from the findings presented, it was observed that the sub-hypothesis namely outcome physical environment quality (H1c) reported the most influenced with $R^2 = .316$ and have a high beta value ($\beta = .316$, $p$ value = .000). This result supported with the study of Han and Ryu (2009) that customers consciously (or unconsciously) see the physical environment surrounding before, during, and after meal when dining out in a restaurant. A favorable restaurant image with a unique concept is one of the valuable marketing assets to create a competitive advantage that is not easily duplicated by other restaurants.

Secondly, sub-hypothesis for consumer purchase decision namely service quality (H1a), also reported significant influence on consumer purchase decision at Malay upscale restaurants with $R^2 = .264$ and beta value ($\beta = .196$, $p$ value = .004). This is in line with various studies showed service quality is one of the vital factors of consumer satisfaction and it will directly affect the organizational success especially in the service industry such as restaurant industry (Tat et al, 2011). Hence, service failures are likely the main reason for consumer dissatisfaction and resulting negative word of mouth. On the other hand, high levels of consumer satisfaction, trust, and commitment induce consumers to decide or behave favorably toward a firm, including the restaurant and sharing positive word of mouth.

Lastly, the sub-hypothesis for purchase decision which is price (H1d), reported significant influence on consumer purchase decision with $R^2 = .224$ and beta value ($\beta = .138$, $p$ value = .032). Value of money is another highly rated attribute to dine in at upscale restaurant. According to Cousins et al. (2002) consumers have high perception on what they are willing to pay and people forgive more poor service than poor food quality (Denove & Power, 2006).

Based on the results, people love to talk about products they have bought, and services they have used, also they talk about the producer of the product, and the provider of the services. Also some people feel proud, because they brought a particular product, however, some of them provide advice to others not to think about buying a product. Then the word of mouth is about earning that good conversation. Other researchers have considered WOM as a key success for organizations.

6. Limitation and recommendation

The researcher acknowledges several limitations in this current research. Limitations are important for future researchers to improve the quality of this research or fill the gap of the study. Firstly, from the result of the study, majority of respondents are among Malay. This is due to the name of the restaurant itself. This is, however not others races do not had experience dine in at Malay upscale restaurant. Thus, it is recommended that future research are done more deeply across others ethnicity toward Malay upscale restaurant, and then the result and finding would be more meaningful.

Next, the sampling method in current study was utilizing purposive sampling and this study must be submitted on time with the short time frame. Thus, it is recommended that for the next study, the sampling method would be change to utilizing non-probability which is convenient sampling and the result can be obtained more easily due to the short time frame.

The third limitation was interrelated to the location chosen to conduct the current study. The location was chosen such as big city which is in Klang Valley where it was the only locations the entire sample
were obtained. However, due to the money and time constraints, surveying more location in future study and not only focusing in affluent area.

7. Conclusion

This study was conducted to have better understanding on consumer towards Malay upscale restaurant by clarifying the factors of food quality, service quality, physical environment quality, and price. This study has fulfilled its objectives to analyze which elements of WOM contribute the most towards consumers’ purchase decision. After running the Reliability Test Analysis, Pearson Correlation Analysis and Multiple Regression Analysis, result showed that the independent variables have positive significant relationship with the consumer purchase decision. As a conclusion, the outcome of the research indicates that physical environment quality is the most important factor that influencing consumer to dining at Malay upscale restaurant and the least important factor is food quality.

References


