



A conflict of choice: How consumers choose where to go for dinner



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ABSTRACT

Studies concerning consumers' decision-making regarding a restaurant choice commonly cite food quality, service quality, and price as important determinants. Less research has focused on how consumers are willing to trade off gains and losses from respective foodservice attributes. Also, extant literature does not account for consumers who use a non-compensatory decision-making strategy. The present study examined consumers' choices of casual restaurants using a simulation where trade-offs were inevitable. By utilizing a choice experiment, the researchers found that food quality is the most important attribute in restaurant choice, consistent with the literature reviewed. Good service quality, however, does not increase choice likelihood while poor service quality significantly reduces it. Most importantly, we determined a considerable percentage (24.57%) of respondents do not trade off food quality for better service or a lower price. Findings of the study are discussed with implications for practitioners.

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1. Introduction

The tyranny of choice, as coined by Schwartz (2004) which suggests that the abundance of available choices Americans experience may not be as desirable as first thought, is vividly displayed in today's casual dining restaurant sector. Potential restaurant guests have more dining choices than ever, resulting in a more dynamic demand and increasing menu selections at a variety of price points. Media outlets, such as the Food Network, portray an array of innovative and high quality food options, often mimicked by restaurants: choosing among alternatives may be perceived as a daunting task. Casual dining restaurant sales in 2012 were \$117 billion, a sizable percentage of the gross domestic product (GDP), embodying a dynamic marketplace with an increasing number of competitors. This dynamic environment has prompted numerous studies seeking to understand key choice drivers for restaurant customers.

Consumers may attempt to simplify the process of choosing a restaurant by first deciding on a restaurant type (quick-service vs. fine dining) for a specific occasion (celebration vs. casual meal), given their nuanced income and age (Auty, 1992). A number of studies have identified and ranked key restaurant attributes: food quality is consistently noted as the highest influential factor driving consumer dining choices, regardless of the occasion (Auty, 1992; Lewis, 1981; Namkung and Jang, 2007). For example, taste and presentation of food are found to significantly affect customer satisfaction and future return visits to the restaurant (Namkung and Jang, 2007), while the restaurant's style and atmosphere play a role in the decision making process only after the consumer's demanded food type and quality are satisfied (Ponnam and Balaji, 2014).

Much of the extant consumer behavior literature provides empirical evidence that food quality is highly correlated to consumer decision-making and choice (Olsen, 2002; Baker and Crompton, 2000; Cronin et al., 2000). Yet service quality and price also have proven to be critical antecedents and determinants of restaurant choice (Auty, 1992; Okeiyi et al., 1994; Koo et al., 1999; Iglesias and Guillen, 2004; Ladhari et al., 2008; Teng and Barrows, 2009; Ha and Jang, 2010; Cheng et al., 2012). Teng and Barrows (2009) argued in their review that service orientation and performance are closely tied with customer-perceived service quality, satisfaction, commitment, and value. Ha and Jang (2010) showed that when utilitarian aspects of the restaurant, rather than those that are hedonic, are valued by customers, satisfaction and

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behavioral intentions may be affected more by the perceived value of the transaction.

Although food quality in hospitality literature has been cited as a prime determinant of restaurant choice, other sources have claimed that price is the most critical factor in restaurant choice and intention to visit a restaurant, declaring food quality to be a secondary factor (Lewis, 1981; Okeiyi et al., 1994). Price has been widely regarded as a primary component of monetary sacrifice (i.e., what is given) for acquiring a certain product or service (i.e., what is received) yet the relationship between price and quality can be complex: price can serve as a cue for quality and perceptions of quality can often moderate price (Zeithaml, 1988).

Consumers who visit casual dining restaurants report that several factors motivate their choices, such as going for a treat, weekend dining-out, and promotions/discounts. Restaurant companies in the casual dining sector provide food in a casual atmosphere to seated patrons who pay servers after eating; restaurants in this sector also compete with the less expensive fast casual and quick-service (QSR) segments as consumers seek value-driven experiences (Mintel, 2013). While low-priced food options and convenience drive sales at QSRs and exquisite service accompanied by high quality meals in nicely appointed surroundings drive sales at full-service restaurants, casual restaurants appear to operate between these extremes. They must appeal to value-sensitive consumers wanting some level of service and more than adequate menu selections. Price would appear to dominate decision-making in this segment but diners consistently suggest food quality is the most important decision-making attribute (Mintel, 2013; Paul, 2013). A question arises. Do consumers trade-off quality and price in the casual dining segment and, if so, in what ways?

The present study attempts to examine consumer restaurant choice behavior under options where quality and price may compete with each other as factors of consumer decision-making. The study involves a focus on whether and how consumers trade-off decision-making factors. The study includes a manipulation involving lexicographic ordering rules as predictors of restaurant choice. Lexicographic ordering is observed when one compares alternatives on the most important attribute; if more than one alternative is best on the first attribute, a comparison is made on the next most important attribute. This continues until one of two end-states occurs: there are no clear preferences and the list of attributes is exhausted or one alternative is deemed best among the alternatives.

Meaningful research has been conducted on this topic with respect to demand segmentation (Koo et al., 1999), service attributes and situational effects (June & Smith, 1987), and service quality (Tse, 2001). However, in analytical frameworks commonly utilized (i.e., conjoint analysis), trade-off is assumed *a priori*. The present study is unique and differentiated from previous literature in two ways.

By utilizing a simple choice experiment the researchers examined trade-offs of restaurant attributes but also allowed identification of consumers not using trade-off decision-making but a *lexicographic* decision-making strategy (Fishburn, 1974). By further examining the characteristics of consumers with lexicographic preferences, the present researchers contribute to restaurant choice theories among competing and/or non-competing product attributes of service quality and price.

The extant hospitality literature is limited about lexicographic choice in restaurant settings. Lexicographic decision-making experiments are widely observed in psychology, behavioral economics, medical (particularly obesity) research, and food journals. This may be due to lexicographic decision-making dominating situations where available time is condensed, information is costly, or the penalty of an incorrect decision is low (Payne et al., 1993).

The hedonic nature of dining out may appear to preclude contexts where lexicographic decision-making is likely.

The present study poses three questions: (1) how do restaurant quality and price influence consumer choice when conflicts between quality and price are presented? (2) Do consumers trade-off food and service quality for price when choosing to dine out? and (3) if consumers trade-off restaurant quality for price, to what extent? This study utilizes a simple discrete choice experiment explained in the following section, asking respondents to choose restaurants based on quality and price attributes. Study findings and any implications of the study for researchers and managers are considered in the discussion section of the paper.

2. Theory

2.1. Consumer choice and decision-making

Consumer decision-making research has generated a number of models, generally involving the following steps: problem recognition, information search, an evaluation of alternative, the purchase (choice), and sometimes a post-purchase evaluation (Bettman et al., 1991). Although this is presented as a linear procedure, the process can be iterative where the consumer can revisit each stage multiple times until a decision is reached.

One may consider the approach in a familiar dining context: Shellee wants to invite Kathie to dinner (problem recognition) and needing to keep within a budget, she only considers pizzerias whose pies are priced under \$10. She remembers several restaurants in the category (information search) and, considering the sunny day, realizes she wants to dine outside, eliminating most area pizzerias except those with a patio (evaluation of alternatives). Shellee emails Kathie, confirms the date, chooses the pizzeria with a patio, and makes a reservation for the following day (choice). After seeing the weather forecast predicting rain, Shellee cancels the reservation and chooses another pizzeria (anticipated-purchase evaluation) with views of pizzas being baked in brick ovens rather than patio dining.

The task described above involved straightforward choices and a relatively simple decision task with few features to consider. Considering the currently growing number of features and attributes offered to diners, many decisions might not fit into such a framework, particularly the decisions that consumers encounter involving multiple attributes.

2.2. Multi-attribute decision-making models

Classical decision research is based on rational choice models of utility maximization: decisions are influenced by either a goal to maximize the accuracy of the choice or to minimize the cognitive effort required to produce a confident decision (Montgomery and Svenson, 1976). Such an assumption is reflected in conjoint models and part-worth utilities, suggesting that people weigh and add all available components of product information and then derive a global utility value for each option as the sum of its part-worth utilities. Part-worth utilities command the option that possesses the highest utility is preferred over options with lower utility (Dieckmann et al., 2009). As consumers bring prior experiences into choice situations, they will invariably use different types of decision strategies with the same choice dilemmas.

Multi-attribute models of consumer behavior originated with Lancaster's (1966) theory of consumer demand, where he suggested that consumers seek the characteristics that goods possess (status and experience) and not the goods themselves (fine-dining restaurants). The concept is that attributes of goods and their bundling are associated with user-defined benefits and various

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