



Beyond the shadow of a doubt: The effect of consumer knowledge on restaurant evaluation

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ABSTRACT

This paper investigates the effect of consumer knowledge about the type of restaurant on perceived restaurant quality on seven dimensions: food quality, healthiness, ambience, food variety, value, contextual, and social. Existing studies comparing chain restaurants with independent restaurants have yielded mixed results. The findings of the present investigation show that both types of restaurants are equally likely to do well and their success or failure depends on what consumers know about a restaurant and how they evaluate it. In contrast, not having a clear identity and position in consumers' minds does not help the restaurant to succeed. The implications of these findings are discussed in detail.

1. Introduction

With an estimated total annual sales of \$800 billion (National Restaurant Association, 2017), the U.S. restaurant market has remained highly competitive (IBISWorld, 2017; Madanoglu, 2008; Young et al., 2007). Every shopping area or gathering place has several competing restaurants, which include both chain restaurants and independent establishments, resulting in abundant and sometimes confusing choices for consumers. According to a recent report published by Pentallact Inc. (a food industry consulting firm), while the total annual sales of independent restaurants was lower than that of larger chains, from 2017 through 2020, independent restaurants are expected to see annual revenue growth of 4–5%, which is almost double the 2–3% growth expected for chain restaurants (Nation's Restaurant News, 2017). Similarly, while the findings of previous academic studies are mostly favorable towards chain restaurants (Madanoglu et al., 2011, 2013; Parsa et al., 2011), other studies have found that franchise units fared only marginally better, if at all, than independent restaurants (e.g., Castrogiovanni et al., 1993; Parsa et al., 2005). While such discrepancies could be partially due to lower sales performance of family-owned franchisees compared to nonfamily-owned franchisees (Patel et al., 2018), other factors such as promotional dollars, atmosphere, food quality, service attributes, satisfaction, and loyalty could also play a significant role (Stassen and Mittelstaedt, 2002; Sulek and Hensley, 2004; Young et al., 2007).

These somewhat mixed findings provide the impetus for our study.

We take the stance that both independent and chain restaurants can be successful or unsuccessful, and that their success/failure is determined by how consumers evaluate these restaurants on several dimensions and then patronize them. Further, we argue that consumers will form opinions about a restaurant and its offering based not only on their knowledge about the type of restaurant—chain or independent—but also by their lack of knowledge about the type of restaurant. As a point of clarification, the term “independent” in this study refers to restaurants that have full authority in all aspects of their operations and management (location, lay out, decoration, menu items, pricing, promotions, branding, sourcing, etc.). In contrast, “chain” restaurants are part of a network of restaurants, either franchised or company-owned, that operate under the same brand name and follow standardized procedures to run their business. Previous research has paid little attention to understanding the effect of knowledge (or lack of knowledge) about the type of restaurant on patrons' opinion about the restaurant and its offerings. The main objective of this research is to fill this gap by investigating the research proposition that consumers have preconceived notions about chain versus independent restaurants, and this may influence their perceptions about the restaurant and its offerings: for instance, expensive or affordable, unique or standardized cuisine, good or average service, welcoming or business like and cold ambience. In addition, there may be situations where consumers do not know whether it is a chain or an independent restaurant. How does this affect their attitude towards that restaurant?

In our empirical investigation, we focus on fast food and casual

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dining restaurants and use the shopping/eating market area adjacent to a large comprehensive university (i.e., University of North Texas) as the research context. This shopping/eating area caters primarily to students and other stakeholders of the focal university. This investigation is important because the success of any restaurant, whether part of a chain or not, is determined by its consumers' perceptions and acceptance. This is particularly pertinent in the franchise sector because of its unique characteristics, the standardization of offering and procedures, the formalization of offerings and procedures, and its formalized governance and structure. In comparison, independent restaurants may be different on some of these same dimensions. For both, the findings of this study have important marketing, positioning, and promotional implications. The key may be developing strategies that help position the restaurant in clear and unambiguous terms.

Our next section presents a review of the literature on consumer knowledge and its consumer behavior outcomes, followed by a review of literature on restaurant quality and its dimensions, and the related hypotheses. Then, we present the research method utilized to test the hypothesized relationships, as well as the study's results and discussion. Finally, we present our study's implications and limitations.

2. Conceptual background and hypotheses

2.1. Consumer knowledge

Consumer knowledge has been extensively discussed in consumer behavior literature along with its effects on how people search for information, evaluate alternatives, make consumption decisions, and judge and evaluate their consumption experiences (e.g., Alba and Hutchinson, 1987; Bettman and Park, 1980; Brucks, 1985; Cordell, 1997; Frank and Shane, 2016; Johnson and Russo, 1984; Maheswaran and Sternthal, 1990; Nepomuceno et al., 2014; Qian et al., 2017; Sujjan, 1985). The level of prior knowledge enhances or undermines the impact of a brand's message (Alba and Hutchinson, 2000; Bettman and Sujjan, 1987; Liao et al., 2015). This process is also supported by attribution theory that establishes that consumers choose specific outcomes to a stimulus through cause and effect (Heider, 1958; Settle and Golden, 1974). In other words, consumers interpret brand messages and construe an outcome or an action. This interpretation is affected by persuasion knowledge—consumers are aware that the message is trying to influence their perception (Bambauer-Sachse and Mangold, 2013; Isaac and Grayson, 2017)—and thus consumers tend to be more persuaded by information that is more aligned to their prior beliefs (Wood and Lynch, 2002) and underlying moral foundations (Kidwell et al., 2013).

Furthermore, consumers with a high level of prior knowledge are selective in their information search and thus tend to evaluate and make judgments and decisions faster (Bettman and Park, 1980); while those with limited prior knowledge tend to engage in more in-depth information searches and are slower to evaluate and make judgments and decisions (Mitchell and Dacin, 1996; Sujjan, 1985). A high level of prior knowledge facilitates consumer retrieval of relevant information regarding the brand message that, in turn, enhances the person's judgments and evaluation of a brand; while consumers with limited prior knowledge exhibit opposite outcomes (Hong and Sternthal, 2010). Hong and Sternthal's (2010) findings additionally suggest that consumers' prior knowledge can influence evaluations, judgments, and decisions when they experience a subjective feeling of processing fluency—"the subjective experience arising from their judgment and decision-making process" (p. 301). In other words, a high level of fit between consumer prior knowledge and the brand information may enhance brand evaluation favorableness due to not only content compatibility, but also ease of the judgment and decision-making experience itself (Hong and Sternthal, 2010). This is a very relevant finding for restaurants, given the fact that most restaurants are service oriented, and great part of the evaluation and judgment process happens while in the locale experiencing the service—high experience quality (Lovell, 1996; Zeithaml et al., 1985).

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2.2. Restaurant quality attributes

Restaurant quality has been the focus of investigation in the franchising, services, and hospitality literature and this has resulted in a rich description of what constitutes restaurant quality and its dimensions. One common and important factor in the literature is *food quality*, which has been widely regarded in previous research as an important factor in determining restaurant quality (e.g., Lee et al., 2012; Lim and Ya, 1997; Pettijohn et al., 1997), overall dining experience (Nield et al., 2000), and customer satisfaction and behavioral intentions (e.g., Bujisic et al., 2014; Namkung and Jang, 2007). This dimension, sometimes generally referred to as meal (Liu et al., 2014), includes attributes such as tastiness, presentation, freshness, and serving temperature (Bhuiyan, 2008; Josiam et al., 2014; Kivela et al., 1999; Liu et al., 2014; Ryu et al., 2012). As discussed, consumers with more knowledge about the restaurant tend to evaluate and make judgments faster (Bettman and Park, 1980) because higher levels of prior knowledge facilitate retrieval of relevant information regarding the brand message, which in turn enhances a person's evaluation of a brand and its offerings. Therefore, we argue that consumer knowledge positively influences how food quality is perceived:

H1. Consumer knowledge about the type of restaurant positively influences perceptions of restaurant food quality.

Healthiness is the second factor which has been considered as either a subcategory of meal and food quality (e.g. Kivela et al., 1999; Qin and Prybutok, 2008) or a separate factor (e.g., Oyewole, 1999, 2012). This dimension includes attributes such as offering nutritious and healthy food, offering vegetarian items, and preparation of food following health trends (e.g., Knutson, 2000; Liu et al., 2014). While some chains restaurant such as Subway, Panera Bread, and Pita Pit have been offering healthy food options, other names such as McDonald's and KFC have traditionally been associated with unhealthy food offerings. Therefore, being part of a restaurant chain by itself does not seem to be a strong indicator of healthiness. However, standardization of sourcing and food preparation processes may provide consumers with additional confidence and peace of mind when their favorite restaurant is part of a chain. Therefore, consumer knowledge is expected to have a positive influence on perceptions and evaluations of healthiness only for chain restaurants. More precisely:

H2. Consumer knowledge about the type of restaurant positively influences perceptions of food healthiness only for chain restaurants.

The dimension of *ambiance* has also featured in extant literature as one of the critical factors in evaluating restaurants (e.g., Bujisic et al., 2014; Liu et al., 2014), corresponding to tangibles in SERVQUAL (Parasuraman et al., 1988) and DINESERV scales (Stevens et al., 1995). This factor has been referred to in previous research as comfort (Oyewole, 1999, 2012; Soriano, 2003), atmosphere (Auty, 1992; Johns and Howard, 1998; Kivela et al., 1999; Knutson, 2000; Pettijohn et al., 1997), and physical environment (Kim et al., 2009; Ryu et al., 2012). A variety of atmospheric factors have been categorized under this dimension such as interior design and decoration, comfortable seating, background music and noise, scent, lighting, restaurant's temperature, dining privacy, cleanliness, and staff appearance (Bhuiyan, 2008; Kivela et al., 1999; Liu and Jang, 2009; Liu et al., 2014; Pettijohn et al., 1997; Ryu et al., 2012). Similar to the argument provided for food quality, we expect consumer knowledge to exert a positive influence on how its ambiance and other atmospheric attributes are evaluated by its patrons. More specifically, a high level of prior knowledge may enhance brand evaluation favorableness due to ease of the judgment and decision-making experience (Hong and Sternthal, 2010). Therefore:

H3. Consumer knowledge about the type of restaurant positively

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