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

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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).

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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

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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.

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