



Does offering an organic food menu help restaurants excel in competition? An examination of diners' decision-making

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ABSTRACT

This study aims to examine whether the presence of an organic food menu can positively influence diners' decision-making. A 3 (restaurant segment: quick service vs. casual dining vs. fine dining) by 2 (price discrepancy between competing restaurants: small vs. large) scenario-based experiment was conducted with 405 U.S. consumers. MANCOVA results indicate that using organic ingredients offers a greater advantage for the quick-service segment regarding perceived food quality, attitudes towards the restaurant, and willingness to select, compared to casual and fine dining segments. The magnitude of a premium price of organic ingredients negatively influences such advantage in the process of consumers' decision-making. When a large (vs. small) premium price is charged for using organic ingredients, customers' preferences for the restaurant (over its rival) significantly drops to such an extent that customers are more willing to choose the competitor (i.e., rival restaurant with a conventional menu). Discussions and implications are further elaborated.

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1. Introduction

In recent years, consumers have shown an increasing enthusiasm for organic food and begun to incorporate it into their staple diets. According to the [Organic Trade Association \(2015\)](#), 83% of U.S. families at least occasionally purchase organic products. The organic food market is expanding rapidly at an annual rate of twenty percent ([Pino et al., 2012](#)). This growing interest in organic food is grounded in the belief in a healthier and sustainable lifestyle. This emerging trend has motivated many individuals to endorse products and/or services that are considered ecologically viable and socially responsible (e.g., organic and local produce, green hotels and restaurants, and eco-tourism) (e.g., [Jeong et al., 2014](#); [Lu et al., 2014](#); [Wang et al., 2013](#)). As of today, food choices at restaurants not only serves the purpose of satiation but also signifies individuals' beliefs and some form of social identity (e.g., environmentalism and ethical consumer) ([Pino et al., 2012](#)). Consumers indicate that having organic or local produce on a menu as one of the key reasons for choosing a restaurant ([NRA, 2014](#)). It is reported that 70% of consumers would support restaurants that offer sustainable food

(i.e., food produced via sustainable methods) such as organic food or local produce ([NRA, 2015](#)). Sustainable food has quickly become a buzz word in today's menu offerings.

Sourcing organic ingredients helps restaurateurs underscore their beliefs in an ethical business concept and green practices (e.g., [Wang et al., 2013](#)). More importantly, restaurateurs believe that providing sustainable food is an effective strategy to differentiate their menu offerings from their competitors ([Patton, 2014](#)) since many consumers choose restaurants based on restaurants' menu offerings and customer reviews ([NRA, 2014](#)). Research suggests that three in four smartphone users choose restaurants through the assistance of online search results ([Brandau, 2013](#)). About 80% of consumers believe that it is necessary to view restaurant menus before they decide where to eat because they want to have multiple restaurants to choose from before finalizing a decision ([Brandau, 2013](#)). Restaurants' menu offerings have become critically important to today's consumers.

A recent study argues that restaurants may gain competitive advantages through promoting their sustainability initiatives and adopting organic labels on the menu offering ([Jimenez-Chavez et al., 2016](#)). However, there is little empirical evidence to support such proposition. Furthermore, once restaurants incorporate organic menu items, pricing issues are inevitable due to the higher cost of organic ingredients compared to their conventional coun-

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terparts (Poulston and Yiu, 2011). Also, the heterogeneity existing among restaurant segments further complicates how this menu practice is executed and received by consumers. For example, diners at upscale restaurants tend to have higher expectations of food quality, including ingredients, and are less price sensitive (e.g., Hwang and Ok, 2013). When eating at quick-service restaurants, consumers may pay more attention to the price paid and are less likely to expect specially sourced ingredients. Therefore, when capitalizing on sustainable food, there is no “one size fits all” within the restaurant industry. It is of great importance for managers within each segment to better comprehend how diners’ decision-making corresponds to this menu trend before executing strategies.

With this regard, this study utilizes a scenario-based experiment approach to examine consumers’ decision-making process between two competing restaurants upon an online menu search. One of the restaurants provides organic food items and is referred as the “target” restaurant while the other one has comparable attributes but uses conventional ingredients, referred as the “rival” restaurant. Hence, this study aims to 1) examine the impact of sustainable ingredients on diners’ decision-making between a target restaurant and its rival, 2) examine the differences in perceived food quality, attitudes, willingness to select (WTS), and final decisions between two competing choices at three major restaurant segments (e.g., quick-service, casual dining, and fine dining), and 3) explore how the magnitude (small vs. large) of a premium price of sustainable food influences diners’ decision-making drawing on two commonly used pricing methods.

2. Literature review

2.1. Healthy eating and sustainable dining

Spurred by the belief in a healthier and sustainable lifestyle, eating healthier food has started playing a critical role in consumer dining choices in recent years (e.g., Jeong and Jang, 2015; Kim et al., 2013). In response to this trend, while attempting to establish a socially responsible image, many restaurants have included healthier items (e.g., low-fat or low-calorie) and nutritional information on their menus (Gregory et al., 2006; Mariani, 2011) since healthier items are usually defined as menu items that have lower calories or light alternatives (Kang et al., 2015; Kim et al., 2013). Previous research has examined a host of subjects, including consumers’ health value and its influence on restaurant menu offerings (e.g., Jun et al., 2014; Kang et al., 2015), the impact of healthier alternatives on diners’ perceived value, satisfaction and intentions to revisit (Kim et al., 2013), and strategies that help promote healthier menu items (e.g., Hwang and Lin, 2010; Jeong and Jang, 2015; Wansink and Love, 2014).

As consumers dwell on their health more than before, a healthy eating belief captures more than a low-fat or low-calorie diet but also features a wholesome meal loaded with nutrients and high-quality ingredients. Thus, consumption of sustainable food (e.g., organic and local produce) has been gaining exponential attention from the public (NRA, 2015; Jang et al., 2011; Namkung and Jang, 2013; Frash et al., 2015). In the current literature, organic food and locally sourced ingredients are typical representatives of “sustainable food,” referring to agricultural products that are manufactured via an environmentally sustainable method with restricted pesticide use, growth hormones, and antibiotics (Jang et al., 2011; LaVecchia, 2008). Thus, this study defines sustainable dining as consuming menu items prepared with organic ingredients.

According to the Organic Trade Association (2015), health motivation is the primary driving force for the growing popularity of organic food followed by consumers’ world values (e.g., environmental consciousness and social responsibility). Many consumers

believe that the restaurant industry should engage customers in healthier and eco-friendly dining behaviors. Offering organic food is amongst three principal areas (i.e., green action, and green donation) restaurants use to enforce green practices (Schubert et al., 2010; Wang et al., 2013). Unlike hotel operations that directly involve guest interactions to conserve water, energy and participate in recycling, restaurants’ green practices are mostly performed behind the scene (Schubert et al., 2010). Thus, providing sustainable food becomes a visible and tempting approach for restaurants to project a prosocial image.

2.2. Food quality, attitudes, and willingness to select (WTS)

The presence of appealing menu items significantly drives consumers’ restaurant choices (NRA, 2014). Existing studies have examined the effects of atmospherics and service quality in determining customer experiences, while research on food quality and its influence on customers’ restaurant choices remains fragmented and unbalanced (e.g., Jeong and Jang, 2015; Wansink and Love, 2014). High-quality food is critical in creating a memorable dining experience and luring new and repeat visits (Harrington et al., 2012; Sulek and Hensley, 2004). When making a restaurant decision, customers may compromise other attributes in exchange for a high-quality meal (Parsa et al., 2012). Food quality is usually assessed utilizing numerous criteria, including the presentation, presence of nutritious and healthy ingredients, taste, freshness, and appropriateness of food temperature (Namkung and Jang, 2007). Organic food is known to carry a plethora of superior features for crafting a quality meal such as better taste, greater nutritional value, and having pesticides restrictions. Chefs suggest that a fine gastronomic experience conferred by organic food is one of the primary reasons for using organic ingredients (Poulston and Yiu, 2011). Many casual dining restaurateurs firmly believe that organic dining is a sustainable trend that supports consumers’ emerging life philosophy (Poulston and Yiu, 2011). Drawing on the *Consumer Inference Theory*, positive cues associated with organic food may automatically lead consumers to infer a superior quality of the dishes made from organic ingredients (Kardes et al., 2004).

Attitudes are an “evaluation of an object, concept, or behavior along a dimension of favor or disfavor, good or bad, like or dislike” (Ajzen & Fishbein, 2000; p. 3). According to Fishbein’s theory, attitudes are formed automatically upon receiving any attribute information relevant to the product, and consumers directly subscribe the value of this attribute to the object evaluated (Ajzen and Fishbein, 2000). In line with this rationale, diners’ attitudes toward a restaurant might be positively affected as soon as they discern a favorable attribute. Existing studies have found that perceived healthiness is a core quality attribute that positively influences diners’ attitudes and behavioral intentions (Hur and Jang, 2015; Kim et al., 2013). Perceived food quality is found to result in favorable attitudes and revisit intentions (e.g., Hur and Jang, 2015). According to Hwang and Ok (2013), favorable perceptions of food quality lead customers to choose a particular restaurant over another. Apart from promoting healthy eating behaviors, sourcing sustainable food represents restaurants’ engagement in green practices (Schubert et al., 2010; Wang et al., 2013), which is also found to prompt consumers’ attitudes and behavioral intentions (e.g., Jeong et al., 2014; Numkung and Jang, 2013).

The influence of food quality on diners’ attitudes and patronage intentions may vary according to the scale of the restaurant. Menu items served at mid-to-upper scale restaurants are evaluated via more complicated criteria that contribute to a delightful and refined gastronomic experience, compared to food served at quick-service restaurants. As explained by Oliver’s (1977) *Expectation-Disconfirmation Theory*, individuals develop positive evaluations and behavioral intentions when performance

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