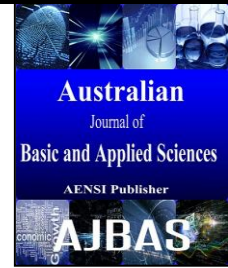




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Examining on Customer Retention of Visits on Service Qualities and Word of Mouth Intention in Upscales Malay Restaurant Through Utilitarian and Hedonic Value Judgements

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ABSTRACT

Service qualities in food industries, a technological interface where the customer takes on a partial employee role during a service experience, has become a topic of growing interest to many food services businesses. The research on service quality in the Upscale Malay Restaurant is rather sparse, with the majority of studies, performing qualitative analysis on what customers like and dislike about the restaurant. This study is to review empirically how both the utilitarian and hedonic aspects of a service quality in the Upscale Malay Restaurant. The experiences have also influenced a consumer's future behavioral intention to visit. In an addition, predictors of utilitarian and hedonic value judgment are proposed and tested. This study attempted to investigate on the consumers' intention of the visit by effect of word of mouth intention. Though a consumer's perceived utilitarian value had a stronger effect, the hedonic judgment that takes place in a service experience was found to have a significant impact on consumer attitudes. This dissertation was set to examine the consumers behavioral toward Upscale Malay Restaurant. It also hypothesized and predict consumer utilitarian and hedonic attitudes toward service quality and customer retention of visits. If consumers know about service quality that the restaurant was given, the consumer will use both types of these value judgments in forming an attitude about the service which ultimately influences their future behavioral intentions to visit the restaurant..

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INTRODUCTION

The food industry is one of the competitive industries. It is fast growing in the restaurant industry include Upscale Dining, where sales are increasing at double-digit rates. In highly competitive Upscale Malay Restaurant in Klang Valley, restaurateurs are increasingly concerned with satisfying customers, who are not easily satisfied with the restaurants' service quality. One of the reasons for the lack of focus on customer satisfaction may be because the concept of service quality has been difficult to define, measure and maintain. This study approach for investigating and examine consumer types are affected by customer retention of the visit. Hedonic and Utilitarian consumers are then compared to see if there are any differences in how these consumers experiences dining the environment.

Hospitality service is complex, so restaurateurs must focus not only on food quality but also other elements such as employee service and the physical environment to attract more customers, serve them better, and keep them returning (Kivela, 1997;

Reuland, Coudrey, & Fagel, 1985). For this reason, restaurants must ensure they meet customers' various needs and wants. The level of this performance, in serving customers, has been a barometer of customer satisfaction and behavioral intentions (Brady & Cronin, 2001). The leading researchers in service quality are primarily responsible for creating the first instrument to measure this construct are Parasuraman, Zeithalm, and Berry (1985, 1988, 1991). Further research by Parasuraman *et al.* (1988) identified levels of overlap among some of the dimensions identified earlier in 1985.

In restaurant businesses, low levels of service quality will create unfavorable behavioral intentions to dine, which in turn will decrease relationships with establishments (Alexandris, Dimitriadis, and Markata, 2002; Zethalm *et al.*, 1996). The goal of the study is to understand what factors influence customers' decisions to visit the restaurant. In order to fully understand the customers' intentions to revisit the restaurant, this study also explored the hedonic and utilitarian value on service quality and how these two value judgments impacted a

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consumer's attitude toward Upscale Malay Restaurant.

Emphasis on service quality is no exception in an Upscale Malay Restaurant. Upscale Malay Restaurant patrons are willing to pay a premium for the signal of their social status, wealth, and power (Alden, Steenkamp, & Batra, 1999). Thus, when customers dine out at an Upscale Malay restaurant, they want to be treated differently from patrons of fast food or casual dining restaurant. For this reason, seeing the utilitarian and hedonic judgment value is important for restaurants to make retention and sustain their status in Upscale dining restaurant market.

2. Literature Review:

2.1 Upscale Malay Restaurant:

The growing trend of foreign food consumption among Malaysian consumers is one of the reasons that boosted the value growth of full-service restaurant. The high demand towards international full-service restaurant has made local restaurant, mainly Malay full-service restaurant trying to be the player and taking a share of this market. In order to win the competition in today's market, the operators will have to take efforts to offer the best value of their food and provide customer with favorable ambiance (Soriano, 2002). For this reason, during and after 2000, the Upscale Malay Restaurant industry flourished significantly. An Upscale Restaurant is defined as a food service operation that provides a very high quality of food and beverage products served at a very high standard of service with appropriate tabletop appointments in a tasteful environment. These restaurants are also referred to as fine dining or white table cloth properties.

There are many ways used by the customer in deciding where to eat. There are a variety of methods to set the preferred selection of the restaurant. Belief and attitude assessment after the purchase of a main effect for more traditional options set by the customers. For instance, Lewis (1981) identified three distinct restaurant types: family/popular, the atmosphere and gourmet restaurant. Auty (1992) identified the choice factors in the restaurant decision process based on four occasions: a celebration, social occasion, convenience/quick meal and the business meal.

In the behavior of consumers, the characteristics of the private is one of the factors that determine the consumer decision making. For example, older customers are more concerned about their health and quality of food rather than young customers (Knutson and Patton, 1983). Value for money is a factor that influences to select a restaurant. The restaurant customers use price as a measure of the quality of the restaurant, assuming that an expensive restaurant serves better food and offers better quality (Muller and Woods, 1994). The relative importance of the restaurant choice factors differs considerably

by restaurant type, dining occasion, age and occupation (Kivela, 1997). Customers with higher income select ambiance and comfort level as their determinant selection variables (Kivela, 1997). Satisfied customers tell an average of five people while dissatisfied customers share their bad experiences with ten people (Brockway, Mangold and Miller, 1999). Service quality is rated as the most important attribute influencing restaurant decisions in many studies on consumers, restaurant selection behavior (Soriano, 2002).

Consumers place more trust on their family and friends' recommendation when making a restaurant choice (Mill, 2007). Since customers hold different expectations and perceptions of their different dining experiences in a different type (Kim and Moon, 2009), they may also have different selection criteria when they decide where to dine out according to the restaurant types (Wahida Shahan Tinne, 2012). According to Chung and Kim, (2011), stated that restaurants can be broadly divided into two categories: Fast-service and full-service restaurants. Full-service restaurant is more likely to attract hedonic customers who pay more attention to restaurant environments, because a fast-service restaurant tend to appeal utilitarian customers who value functional benefits (Chung and Kim, 2011). In the case of upscale restaurant, it is important, how the restaurants induce customers' by offering good service qualities are the main point to give retention to visit by the customers to the restaurant.

2.2 Customers Retention Of Visit:

Retention is defined by different studies in different ways like Gerpott, Rams and Schindler (2001) as that "It is the continuity of the business relations between the customer and company". As it stated that, the vital issue in relationship marketing research was the effects of relationships and quality of customer retention (Lin & Wu, 2011). Customer satisfaction involves attitudinal, behavioral and emotional commitment to the restaurant.

Thus, the impacts of satisfied customer are the drivers for increasing market share and revenues (Rust, Zohorik & Keiningham 1995). In the retention of customer, it is important for the Upscale Malay Restaurant to know whom to serve their customers. Service quality is the important drivers for the customer retention (Saeed, Grover & Hwang, 2005). It is important for the food industry provider to emphasis on the quality of product and service. It was examined on customer behavior is the major steps toward great customer retention (Verhoef, 2003). According to Wong, Chan, Ngai and Oswaldow (2009) Proved that a good relationship with the customer has a significant relationship impact on customer behavior. Customer retention can be reflected Customer behavior (Halowell, 1996). Similarly, Bolton, Kannan and Bralett (2000) studied that customer behavior has a significant effect on

retention. Based on the study, company managers are advised to satisfy, and better managed their relationships through quality services with the customers as a competitive policy in the restaurant market.

2.3 Service Qualities:

Service quality in the food service industry is defined "a consumer's overall impression of the relative inferiority/superiority of the organization and its services" (Park, Robertson, and Wu, 2005). A positive perception of service quality occurs when a consumer's expectation of what should happen in a more general sense are met (Larouche *et al.* 2004; Park, Robertson, and Wu 2005). A customer satisfied with specific service encounters will, over time, establish a positive perception of the overall quality of the business (Parasuraman, Zeithaml, and Berry 1998; Hutton and Richardson 1995).

In restaurant businesses, low levels of service quality will create unfavourable behavioral intentions to dine, which in turn will decrease relationships with establishments (Alexandris, Dimitriadis, and Markata, 2002; Zethalm *et al.*, 1996), Thus the restaurant must not only meet their customer's expectation, but often must exceed them, striving to provide customers with total satisfaction (Parasuraman, Berry, and Zeithaml 1991; Pritchard and Howard 1997; Schneider and Bowen 1999; Le Bel 2005). Upscale Malay Restaurant business is extremely competitive, therefore, increasingly concerned with satisfying customers are major strategies to restaurateurs. One of the reasons for the lack of focus on customer satisfaction may be because the concept of service quality has been difficult to define, measure, and maintain (Seyanont,A., 1995). Customer behaviour and service quality are prominent marketing factors.

Since the point of service quality in the restaurant business significantly affects a business's ability to maintain its position in the competitive restaurant market (Andaleeb & Caskey, 2007; Andaleeb & Conway, 2006; John & Tyas, 1996). The concept paper also shows the relationship between the service quality and customer behaviour. The relationship indicates satisfaction with service quality is the important keys to the customer retentions. According the Kotler (2001), describes the customer satisfaction in service quality as a degree of actual performance of a company that fulfilling customers' expectation, the customers' feel satisfied and otherwise feels unsatisfied. Completely satisfied customers are significantly more likely to repurchase. To increase the number of customers repurchase the product, the Upscale Malay Restaurant owner must strive for better service through service quality.

2.4 Word-Of-Mouth:

Customers are greatly influenced by information from people around them: friends, relatives, and

colleagues (Soderlund, 1988). Word-of-mouth (WOM) is a key to judging and choosing new products or services (e.g., Fong & Burton, 2006; Harrison-Walker, 2001; Oliver, 1980; Richins, 1983). Research supports the claim that WOM is more influential on behavior than other marketer-controlled sources. Indeed, it has been observed that WOM can be more influential than neutral print sources such as Which and Consumer Reports (Herr *et al.*, 1991). WOM has been shown to influence a variety of conditions: awareness, expectations, perceptions, attitudes, behavioral intentions and behavior (Francis A. Buttle, 1998).

Reported by Webster (1991) and Zeithaml *et al.* (1993). WOM can influence decisions either positively (Engel *et al.*, 1969; Richins, 1983) or negatively (Tybout *et al.*, 1981; Bolting, 1989). It does appear that negative WOM has a more powerful impact than positive WOM (Arndt, 1967). Technical Assistance Research Program (1986, p. 4), for example, reported that dissatisfied customers are likely to tell twice as many people as satisfied customers.

Customer satisfaction significantly influences an organization's current and future performance. Prior research suggests that customer satisfaction is an important source of competitive advantage often leading to customer loyalty and repeat purchase. The benefits of customer satisfaction include increases in

Revenues decreases in customer-related transaction costs and reductions in price elasticity among repeat Buyers (Lewin, 2009). Indeed, studies have confirmed that WOM has significant, positive impact on not only customer decision making, but post-purchase perception (e.g., Herr, Kardes, & Kim, 1991; Hennig-Thurau & Walsh, 2003).

2.5 Effects of Utilitarian and Hedonic Attitudes toward Upscale Malay Restaurant on Customer Retention of Visits:

Customer satisfaction is a key concept in the food service industry. Service quality and customer satisfaction are unarguably the two core concepts in marketing theory and practice. Customer satisfaction has become one of the most critical marketing priorities because it is assumed to be a significant determinant of repeat sales, positive word-of-mouth and customer loyalty (Ryu and Han, 2010). Thus, to get more understanding of customer satisfaction and loyalty, utilitarian and hedonic components of attitude to better explain customers' consumption experiences (Voss, Spangenberg, & Grohmann, 2003). According to conformation/disconfirmation paradigm (Oliver, 1981; Parasuraman, Zeithaml, & Berry, 1988), customers will be satisfied when the service/product they receive is better than they expected and will be dissatisfied if the perceived performance does not meet their expectations.

According to (Majid Nili, Davood Delavari, Nafiseh Tavassoli, & Razieh Barati, 2013),

Nowadays, hedonistic values in the food service industry have a special importance for consumers. These values have had considerable impact on customers' behavior and choosing the restaurant by them. The difference among people while revisits the restaurant is considerable given that consumption values include both hedonistic and utilitarian values. The Purpose of marketing is to provide and satisfy needs of customers.

In particular, once Holbrook and Hirschman (1982) had introduced the utilitarian and hedonic elements of consumption, many scholars adopted the multidimensional view in examining customers' attitudes (e.g., Batra & Ahtola, 1990; Voss *et al.*, 2003). The utilitarian dimension is associated with instrumental, efficient, task-specific, and practical benefits (Holbrook & Hirschman, 1982). Thus, customers holding a utilitarian attitude are more likely to choose a product for its economic value, convenience, and time savings (Teo, 2001; Zethaml, 1998).

The hedonic dimension, however, is related to esthetic, experiential, and emotional arousal (Batra & Ahtola, 1990; Strahilevitz & Myers, 1998). Customers with hedonic attitude, for this reason, are more likely to prefer a product for its fun and playfulness (Holbrook & Hirschman, 1982; Bellenger, Steinberg, & Stanton, 1998). Normally, the hedonic dimension is more subjective than the utilitarian dimension because the hedonic aspect has a strong affective inclination (Babin, Darden, & Griffin, 1994; Carpenter & Moore, 2009; Cottet, Lichtle, & Plichon, 2006).

This multidimensional understanding of customer attitude has special implications for the restaurant industry especially Upscale Malay Restaurant. Customers dine out to satisfy their hunger (utilitarian aspect), but also for other purposes, like fun and playfulness (hedonic aspect). In other words, customers are influenced not only by the utilitarian aspect, but also from the hedonic aspect when dining out. Thus, restaurant owners should consider both aspects to serve their customers better (Jinsoo Hwang, 2003).

3. Conclusion:

Today business, the customer satisfaction is not enough, also besides to satisfaction, it must be paid attention to customer behavior (Guenzi & Pelloni, 2004). This study was performed with the aim of experimental relationships of hedonic and utilitarian on customer satisfaction in service quality and behavioral intention to visit on the restaurant industry. Examination of structural equations showed that behavioral intentions in the Upscale Malay Restaurant of Klang Valley seriously influenced by direct and significant relationship of Hedonic, Utilitarian and service quality variable.

According to the obtained result of in Hedonic and Utilitarian value, they have a considerable effect

on service quality and customer retention of the visit. According to Rebecca et al Li & John Cheng finding that examined the possible effect of Hedonic and Utilitarian value of repurchase decision. Also, the results of the mentioned have shown that Utilitarian and Hedonic value on purchase decision is direct and significant. Moreover, the customer hedonic orientation to the Utilitarian value orientation has the greatest role in the purchase decision.

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