Perceived Value and Brand Loyalty in Fine Dining Service

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ABSTRACT

Value is central to any marketing exchange. Success in marketing is dependent upon the perception of value or the perceived value that a consumer derives from consumption. It is a ratio between what a consumer perceives he gives up in lieu of what he gets. The perception of value is likely to have an influence on satisfaction, which in turn is expected to influence loyalty. Accordingly, it can be proposed that consumer perceived value drives loyalty moderated by satisfaction. This study was undertaken with the specific aim of exploring this relationship in an industry specific context of fine dining. The study found that out of twelve perceived value dimensions, nine were found to be related to attitudinal brand loyalty. Three value dimensions namely experiential value, image value and functional value were found to be major predictors of brand loyalty.

Keywords: Brand Loyalty, Consumer Expectations, Consumer Perceived Value, Consumer Satisfaction, Repurchase Intentions

INTRODUCTION

Marketing is a dominant philosophy that puts consumer at the centre of all business thinking and actions. The delivery of consumer perceived value is fundamental to success in a competitive environment. Value is the ratio between what consumer perceives to get in relation to what is sacrificed. It is therefore that the concept of consumer perceived value (CPV) has drawn attention of both marketers and managers (Marketing Science Institute, 2001). Value is instrumental in consumer retention that can dramatically alter revenues and costs in a business’s favor and thereby bestow it with competitive advantage (Reichheld & Sasser, 1990). Parasuraman and Grewal (2000) propose holistic marketing approach to build stronger bonds with consumer. It is imperative that firm’s offer must embody value that not only meets consumer expectations but also takes care of what is un-expected. Marketing essentially is an exchange between two transacting parties and CPV is a mediating phenomenon, which is a prominent element in developing relationships and competitive advantage (Dumond, 2000; Marketing Science Institute, 2001; Peterson, 1995; Ravald & Grönroos, 1996). CPV has gained heightened importance as the business environment is now characterized by intense competition unleashed by globalization and birth of demanding consumer expectations.
coupled with sluggishness in many economies. Integrating the value phenomena with marketing strategy can create differentiated exchange offers, which can play an important role in achieving consumer retention and brand loyalty goals (Woodruff, 1997).

THE VALUE PHENOMENON

The value phenomenon has assumed centre stage in marketing due to the developments in the demand and supply side of business. On the demand side, the choice and information is making consumer highly demanding, unwilling to absorb any dissatisfaction. On the other hand, there has been great intensification of competition fostered by diminished barriers to the flow of goods and firms. In such a scenario, development and delivery to loyalty generating value seems the only panacea. The strategy must therefore begin with an understanding of what constitutes value for target consumer. Value conceptualization broadens the exchange perspective to include all forms of flows between parties. A marketing exchange is much more than simple good and monetary flows. It involves other aspects including time and efforts. It is a tradeoff concept encompassing all qualitative and/or quantitative, subjective and/or objective aspects that constitutes the consumption experience (Zeithaml, 1988). The two sides in the value equation are made up of benefits and sacrifices. The benefits include functional, economic and social for which money, time, and efforts may be sacrificed.

Although the construct of CPV appeared long back in the marketing, yet the literature on the concept is fragmented and suffers from lack of clarity. Woodruff (1997) argues that there is an absence of widely accepted theoretical foundation. The abstraction surrounding the construct makes it amenable to misinterpretations. It is often confused with concepts like quality, benefits, and price (Zeithaml, 1988). It is in this background that the CPV construct deserves more academic attention and empirical verification. In terms of construct domain, the definitional analysis views CPV as ‘a trade-off between benefits received against sacrifices made’ in which functional or utilitarian aspect are the key components (Kainth & Verma, 2011).

CONSUMER PERCEIVED VALUE AND LOYALTY

The marketing thought places consumer satisfaction in the centre of marketing universe (Drucker, 1974; Levitt, 1960). Consumer retention through satisfaction is considered a key driver of business success (Gupta et al., 2007). Consumer satisfaction is also assumed to be linked to quality (Rust & Oliver, 1994). It happens when a marketing offer meets or exceeds consumer expectations. In this conceptualization, satisfaction is an intersection point between offered service and expected service. It is an evaluative response or feeling that results from disconfirmation process. Hunt (1977) defined satisfaction as an evaluation of consumption experience when it is at-least as good as, it was supposed to be. It is not the disconfirmation itself i.e. the discrepancy between prior expectations and actual performance, rather consumer response to the disconfirmation, feelings or emotions which are essential components of this fulfillment response (Oliver, 2010). In the context of fine dining, the consumer value is judged on various dimensions. Consumers are likely to consider product aspects such as food quality, restaurant ambience and characteristics of service including responsiveness of the staff and price. It is this complex perception that determines overall restaurant experience (Andaleeb & Conway, 2006).

In the new emergent economic scenario, the rules of game are changing and the only possible source of sustainable competitive advantage will be bonds of loyalty that business generates (Reichheld, 2001). The challenge is to build consumer relationships that are stronger than that of competitors. It has been a long held view that consumer satisfaction is an antecedent of brand loyalty. Two of the specific consequences of consumer satisfaction are word
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