



# Word of Mouth (WOM) of Purchase Decision

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## Abstract

WOM has been acknowledged as the ultimate driver for a success of restaurant business and these studies focus attributes of WOM toward purchase decision. This study focuses on the relationship between attributes of WOM towards purchase decision in Malay Upscale Restaurant. 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. 300 respondents were used for this studies. A multiple regression analysis was undertaken to analyse the data. The results has shown that physical environment quality bring the most impact on the (WOM).

**Keywords:** Malay Upscale, Word of Mouth, Fine dining, purchase decision

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## **1.0 Introduction**

The restaurant business 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 customer in making the best choice to dine and fulfill their wants (Ahmad, Ghazali, & Othman, 2013). Additionally, high urbanization in Malaysia has caused customer 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 led the growth of food service industry that sustained by the higher income and more senior higher population in urban area (Sulaiman & Haron, 2013).

The Malay upscale restaurants business in the urban area 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 customer purchase decision. It has been found to be vital in customer purchase decision making. In the nutshell, upscale restaurants business is interested in influencing customer through this verbal communication advertising. It brought significant impact on the customer purchase decision and repeats dine in.

The rapid growth of international upscale restaurants had a substantial impact on the restaurant industry in Malaysia especially in urban area like Klang Valley. The aims of this study is to investigate why Malay upscale restaurant outshine 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 crucial in customer' purchase decision making. On the other hand, business organizations were particularly interested in WOM because of its impact on both customer purchase decision and retention. Due to this importance WOM has long been recognized as an absolute influence in the marketplace, many studies have investigated the factors that influence WOM and the relationships among those factors.

## **2.0 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 customer to customer 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 customer. 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 customer 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 customer rely heavily on the advice and suggestions from others who have experienced the service. As stated by Oliver (1997), customer takes performance outcomes of a service, and they use the information to shape their subsequent expectations as well as expectations of others through word of mouth.

## **2.2 Service Quality**

Service quality has been defined by researchers in many different ways. Bitner, Boms and Mohr (1994) define service quality as the customer impression of the relative inferiority or superiority of the organization and its services. As stated by Gronroos (1984), service quality is the outcome of an evaluation process, where the customer compares his expectations with the service he has received.

Service quality is one of the vital factors of customer satisfaction and it will directly affect the organizational success especially in the service industry such as restaurant industry (Tat et al, 2011). Also, Shock and Stefanelli (1992) advocated that service quality, the place, the products, and the prices all affected restaurant operation. In line with that, Zeithamal, Berry, and Parasuraman (1996) proposed that service quality was only one aspect of customer satisfaction, and the measurement of customer satisfaction includes other criteria. They encompassed product quality, the price or cost, and personal factors.

Wong (2004) found that service quality positively would affect emotional satisfaction that in turn would have a positive effect on both customer loyalty and relationship quality. As stated by Keaveney (1995) service failures are likely the main reason for customer dissatisfaction and resulting negative word of mouth. On the other hand, high levels of customer satisfaction, trust, and commitment induce customer to decide or behave favorably toward a firm, including the restaurant and sharing positive word of mouth.

Importantly, WOM can influence purchase decision, especially before purchase or usage, since customer are not certain what kinds of services they would receive. If customer are not sure about services benefits that they will receive, they may stay with their current services providers or do not purchase at all (Brown et al., 2005). Therefore, WOM plays an important role influencing customer' purchase decision.

### **2.3 Food Quality**

Food quality is rated as the most important attribute influencing restaurant decisions in many studies on customer' restaurant selection behavior (Soriano, 2002) and directly correlated with customer' satisfaction (Bitner & Hubbert, 1994). It is considered the core element to fulfill customer needs (Peri, 2006). According to Namkung and Jang (2007) presentation, health options, taste, freshness, variety, and temperature are some of the factors which relatively agree with food quality.

Good quality of food and beverages can be influential in satisfying and retaining the customer who most probably enjoy eating delicious food. According to Voon (2011), food quality is also familiar as a one of the key factor for customer satisfaction and loyalty. As stated in Andaleeb and Conway's (2006) study, food quality had a strong influence on the relationship between restaurant customer and the restaurant hence reinforcing its importance in developing restaurant customer' satisfaction and loyalty.

In many studies food quality is rated as one of the most important determinants of customer' patron of the restaurant (Andaleeb & Conway, 2006). In the restaurant setting, food quality not only provides tangible evidence of outcome quality but is also an important component of outcome quality in the hospitality industry (Kim, Lee & Yoo, 2006).

On the other hand, Josiam and Monteiro (2004) stated that unique food and ingredients play an important role for customer when selecting a restaurant. Satisfied customer will tell an average of five people, while dissatisfied customer share their bad experience with ten people (Brockway, Mangold & Miller, 1999).

### **2.4 Physical Environment Quality**

In a traditional service setting, the service environment relates to the physical ambience of the service encounter (Rust & Oliver, 1994). According to Bitner (1992), physical environment quality can be defined as physical surroundings, not the natural or social environment. Services are majorly intangible. Therefore, the physical environment has an immense impact on satisfaction level (Ryu & Jang, 2008).

The density of hospitality industry is one reason why restaurateurs should focus not only food quality but also other elements such as physical environment and employee service in order to increased customer satisfaction (Kivela, 1997). In line with that, the image of a restaurant affects the customer choice of one or more restaurants to dine in.

According to Ryu and Han (2011), eating away from home for a majority of restaurant customer is more important than dining. Such customer may seek a memorable dining experience away from home so that the atmosphere of the restaurant can play a critical role in making unforgettable experience (Ryu & Han, 2011).

Customer visit upscale restaurants not only to satisfy appetite, but to enjoy a high quality dining experience and prestigious service in a luxurious setting (Walker & Lundberg, 2005). The physical environment of the restaurant which is restaurant atmosphere, ambience, décor, and other facilities can give great impact on the dining experience (Sloan,

2002). Customer feel superior in the upscale restaurant as they are well looked after, and they claim that the ambience and style suit their esteem need (Peter, 2005).

A favorable restaurant image with a unique concept is one of the valuable marketing assets to create a competitive advantage that is not easily duplicated by other restaurants. The image of a restaurant consists of either positive or negative perception. Tangibles, such as décor, dining area comfort, and cleanliness of both the dining area and restrooms, were all shown to impact perceived service quality, satisfaction and behavioural intentions.

## **2.5 Price**

Price is the most important characteristics that customer use in deciding where to dine out. Value of money is another highly rated attribute to dine in at upscale restaurant. The value-perspective emphasizes situations in which customer make value trade-offs, such as price versus quality in purchasing a food product. According to Cousins et al. (2002) customer have high perception on what they are willing to pay and people forgive more poor service than poor food quality (Denove & Power, 2006). It can therefore, be expected that a customer will prefer a low price to a high price and high quality to low quality. Furthermore, some customer will emphasize price over quality, while others, in turn, will emphasize quality more than price (Zeithaml, 1996).

Based on the literature, the following hypotheses were formulated:

H1: Word of mouth positively influence with customer' purchase decision.

H1a: Service quality positively influence with customer' purchase decision.

H1b: Food quality positively influence with customer' purchase decision.

H1c: Physical environment positively influence with customer' purchase decision.

H1d: Price positively influence with customer' purchase decision.

## **3.0 Methodology**

This research is conducted using primary and secondary data. The secondary data are gathered from journal, articles, books thesis and others. In this present study, purposive sampling method was used for the specific type of respondents are needed which is among people that have experience dine in at Malay upscale restaurant. The prospective respondents were approach and asked a simple question whether they have experience dine in at Malay upscale restaurant. If the respondents have those criteria, then the questionnaires will be given. The location was chosen (Mid Valley Mall, KLCC, Sogo, Paradigm and One Utama).

This quantitative research used self-administered questionnaire of 300 respondents who have been consumed food or used services at Malay upscale restaurant. A multiple regression analysis was undertaken to analyses the data namely service quality, food quality, physical environment quality, and price.

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#### 4.0 Result And Discussions

The result of findings presented that the sub-hypothesis namely outcome physical environment quality (H1c) reported the most influenced with  $R^2 = .316$  and have a high beta value ( $\beta = .316$ , p value = .000). This result supported with the study of Han and Ryu (2009) that customers consciously (or unconsciously) see the physical environment surrounding before, during, and after meal when dining out in a restaurant. A favorable restaurant image with a unique concept is one of the valuable marketing assets to create a competitive advantage that is not easily duplicated by other restaurants.

Secondly, sub-hypothesis for customer purchase decision (H1a), also reported significant influence on customer purchase decision at Malay upscale restaurants with  $R^2 = .264$  and beta value ( $\beta = .196$ , p-value = .004). This is in line with various studies showed service quality is one of the vital factors of customer satisfaction and it will directly affect the organizational success especially in the service industry such as restaurant industry (Tat et al, 2011). Hence, service failures are likely the main reason for customer dissatisfaction and resulting negative word of mouth. On the other hand, high levels of customer satisfaction, trust, and commitment induce customer to decide or behave favorably toward a firm, including the restaurant and sharing positive word of mouth.

Lastly, the sub-hypothesis for purchase decision which is price (H1d), reported significant influence on customer purchase decision with  $R^2 = .224$  and beta value ( $\beta = .138$ , p-value = .032). Value of money is another highly rated attribute to dine in at upscale restaurant. According to Cousins et al. (2002) customer have high perception on what they are willing to pay and people forgive more poor service than poor food quality (Denove & Power, 2006).

Table1 Result of Multiple Regressions of the Word of Mouth attributes against Purchase Decision

Hypotheses	Regression, $R^2$	Standardized Coefficients, B	Sig.
H1a	.264	.196	.004
H1b	.224	.049	.491
H1c	.316	.316	.000
H1d	.224	.138	.032

The results show people love to talk about products and services provide by service provider. Also, some people feel proud, because they brought a particular product. However, some of them provide advice to others not to dine in at particulars restaurant. Then the WOM is about earning good conversation and on the other hand, researchers have considered WOM as a key success for restaurants operation.

## 5.0 Conclusion

This study was conducted to have better understanding on customer towards Malay upscale restaurant by clarifying the factors of food quality, service quality, physical environment quality, and price. This study has fulfilled its objectives to analyze which elements of WOM contribute the most towards customers purchase decision. After running the Reliability Test Analysis, Pearson Correlation Analysis and Multiple Regression Analysis, result showed that the independent variables have positive significant relationship with the consumer purchase decision. As a conclusion, the outcome of the research indicates that physical environment quality is the most important factor that influencing consumer to dining at Malay upscale restaurant and the least important factor is food quality.

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