



## **AN ASSESSMENT OF PERCIVED QUALITY AND BRAND EQUITY OF SELECTED CHAIN RESTAURANTS OF AHMEDABAD CITY**

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### **ABSTRACT**

*Now a days franchising a business or owning a new chain store is an important option for business expansion. With emergence of retail chain era, restaurant services are also adopting this model of business. Sometimes it becomes difficult to maintain standard of the services and that leads to customer dissatisfaction. This research paper attempts to identify major factors affecting perceived quality and brand equity in chain restaurants. In this research, 6 major restaurant chains namely, Havmor, Honest, Sankalp, McDonald's, Domino's and Subway of Ahmedabad city were studied. Responses collected from 200 customers of said restaurants. Regression analysis was carried out to know the impact of perceived quality and brand equity on customer satisfaction. The findings of this study stated that perceived quality of a chain restaurants of Ahmedabad is predicted by five factors namely, Food, Price Convenience, Service Quality Atmosphere. However statements also identified one more factor that is brand equity.*

**Key Words:** Chain Restaurants, Perceived Quality, Brand Equity

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## 1. INTRODUCTION

Eating outside is considered as an experience more than just an event. It is more of family entertainment. Dining experience is not limited to food only it is extended as good ambience, entertainment and quick service. (Data monitor, 2009). A restaurant having food, with thematic ambience, formally clothed and well skilled staff is considered as Fine Dining Restaurants. A restaurant brand having more than one operational outlet is known as Chain Restaurants. Local chain restaurants are those which are operating different places of a specific region. This study attempts to examine factors of perceived quality and brand equity for local chain restaurant of Ahmedabad city. Leading chain restaurants namely Honest, Havmor, Sankalp, McDonald's, Domino's and Subway were studied for the research purpose.

Honest has more than 25 branches operating in Ahmedabad City. Bahji, Pulav, Indian (Punjabi), Chinese, Snacks are the most popular food of Honest. Sankalp is Ahmedabad's best South Indian cuisine restaurant and till date is on the top. There are more than 10 branches of Sankalp in Ahmedabad. Sankalp is famous for its south Indian cuisine. The third restaurant, Havmor has more than 30 branched across the city. Here for research purpose, Havmor Eateries are concerned. McDonald's, Domino's and Subway are international players and serve mostly fast-food at their outlets.

## 2. LITERATURE REVIEW

According to Kumar, Kee and Manshor(2009) High level of service quality leads to high customer satisfaction and thereby increases customer loyalty. For any marketing activity, customer satisfaction is major output.( Oliver, 1980; Naeem & Safi, 2009).

Perceived quality is considered as an important factor for customer decision making process as customer compares quality with price (Jin and Yong, 2005). According to Davis et al. (2003), perceived quality is directly related to the reputation of the firm that manufactures the product. But, Aaker (1991) and Zeithaml (1988a) said that, perceived quality is the judgment of services that take places in the mind of customers. There are many cues customers associate with the quality of the service. According to Zeithaml (1988b), physical characteristics of the products like performance, feature, reliability, durability, serviceability area concerned with perceived quality. These are intrinsic cues for perceived quality. As against to that , cues like price, brand

name, image of company, manufacturer's image, retail store image and the country of origin are considered as extrinsic cues for perceived quality. Perceived quality impacts directly to the purchase decision. (Aaker, 1991; Armstrong and Kotler, 2003).

Perceived quality in restaurant is widely studied area in service quality. Stevens (1995) has proposed the DINESERV model which indicates the factors affecting service quality in restaurants. According to this model, Assurance, Tangibles, Reliability, Responsiveness and Empathy are five dimensions to measure service quality in restaurants. SERVQUAL, SERVPREF, DINESERV have been used in food industry yet they have limitation in that they have not broadly covered food quality which is related to product itself and which proved to be an important dimension in the fast-food (Cao, 2011). Food, Service Quality, Price, Convenience and Atmosphere are the elements that affect service quality in the restaurant the most (Ng, 2005).

Aaker's (1991) definition of brand equity as "a set of assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or that firm's customers"

In the same manner (Srivastava and Shocker, 1991) narrates brand equity as "a set of associations and behaviors on the part of a brand's consumers, channel members and parent corporation that enables a brand to earn greater volume or greater margins that it could without the brand name and, in addition, provides a strong, sustainable and differential advantage."

Brand equity has its two dimension, one is on financial perspective of brand equity (Farquhar et al., 1991; Simon and Sullivan, 1993; Haigh, 1999) and others on the customer based perspective (Aaker, 1991; Yoo and Donthu, 2001; Vazquez et al., 2002; Keller, 1993; Pappu et al., 2005; Christodoulides et al., 2006).

### **3. RESEARCH METHODOLOGY**

#### **3.1 Objectives of the study**

This study has major 2 Objectives.

1. To study eating out habits of people of Ahmedabad city w.r.t. chain restaurants.
2. To identify factor affecting preference of local chain restaurant

### 3.2 Data Collection and sampling

A structured questionnaire of 33 questions on perceived quality and brand equity of a chain restaurant were asked on 5 point likert scale of agreement. Total 200 questionnaires were filled and analyzed.

### 3.3 Limitation of the study

The study is limited to Ahmedabad city only. 200 responses collected from selected chain restaurants only. The responses collected from dine-in customers of selected restaurants. These restaurants also give take away and home delivery services.

## 4. DATA ANALYSIS

Here, descriptive statistics are shown. Table 1 presents demographic statistics of the study.

<b>Sample Characteristics</b>		<b>N</b>	<b>%</b>
<b>Gender</b>	Male	143	71.5
	Female	57	28.5
<b>Age (years)</b>	Younger than 25 years	76	38
	25-35 years	47	23.5
	35-45 years	31	15.5
	45-55 years	25	12.5
	Older than 55 years	21	10.5
<b>Education</b>	Under Graduate	58	29
	Graduate	62	31
	Post Graduate	72	36
	Other	8	4
<b>Occupation</b>	Service	50	25

	Business	32	16
	Student	68	34
	Housewife	31	15.5
	Other	19	9.5
<b>Monthly Family Income (INR)</b>	Less than 25000	57	28.5
	25,001 - 50,000	46	23
	50,001 - 75,000	30	15
	75,001 – 1,00,000	27	13.5
	More than 1,00,000	40	20
<b>Dining Out Behaviour</b>		<b>N</b>	<b>%</b>
<b>How often do you visit chain restaurant?</b>	Once in a month	68	34
	Twice in a month	37	18.5
	More than twice in a month	48	24
	Once in two months	26	13
	Once in six months	21	10.5
<b>Spending on one visit (INR)</b>	Less than 500	71	35.5
	500-1000	82	41
	More than1000	47	23.5
<b>With whom do you visit chain restaurants frequently</b>	Family	55	27.5
	Friends	83	41.5
	Colleague	27	13.5
	Alone	35	17.5

<b>Chain Restaurant Visited Recently</b>	Havmor	33	16.5
	Honest	34	17
	Sankalp	31	15.5
	McDonald's	34	17
	Domino's	36	18
	Subway	32	16
(Source: Primary Data)			

Factor analysis was used to analyze the structural validity of the scales used in the study. The results of validity and reliability analyses are shown in Table 2. An exploratory factor analysis was carried out to identify main factors of perceived quality. As stated in Table 2, KMO value is greater than 0.5, and Bartlett's Test of Sphericity is less than 0.05. Factor analysis is an appropriate test to conduct. Cronbach's Alpha of the scales are between 0.7 and 0.796 and all of them are above 0.7, which is a commonly accepted figure in practice (Hair et al. 2005) and it may be stated that scales are considerably reliable.

<b>Variables</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
	<b>Food Quality</b>	<b>Price Value</b>	<b>Atmosphere</b>	<b>Service Quality</b>	<b>Convenience</b>	<b>Brand Equity</b>
Serves tasty Food	.640					
Food presentation is attractive	.628					
Food is served at the appropriate temperature	.626					
Healthy menu options are available	.618					
The restaurant offers fresh food	.615					
It has good value for money		.590				

It provides appropriate portion of food against price charged		.575				
Taxes and service charges are charged appropriately		.563				
It has a visually attractive dining area			.659			
It has clean facilities and utensils			.649			
Colors used creates a pleasant atmosphere			.581			
Lighting creates a comfortable atmosphere			.540			
Background music is pleasant			.570			
The restaurant serves my food exactly as I ordered it				.692		
It provides prompt and quick service				.539		
Employees are always willing to help me				.623		
Employees have the knowledge to answer my questions				.651		
It gives extra effort to handle your special requests				.723		
It has a menu that is easily readable					.781	
Menu items are always available					.684	
It has proper parking facility					.716	
It has convenient operation hours					.738	
It has a menu that is easily readable					.621	
I can recognize the chain restaurant brand among other competing brands						.786
I am familiar with the chain restaurant brands						.870
A chain restaurant brand has higher quality foodservices than independent restaurants						.682
The service quality of a chain restaurant brand is similar throughout the chain						.749

I can trust the chain restaurant brand to treat me fairly						.804
I prefer chain restaurant brand due to the standard, consistent menus they serve.						.691
I believe every branch of chain restaurant has consistent service ability						.754
A chain restaurant brand yields the same level of satisfaction at every outlet						.727
I prefer to visit a chain restaurant brand due to its popularity						.698
Even if existing price will increase I still prefer a chain restaurant brand						.709
I feel emotionally attached to the restaurant brand						.637
Eigen values	8.046	2.745	1.346	1.170	1.047	1.038
% of Variance	23.664	8.07	3.965	3.44	3.07	3.05
Cumulative %	23.66	31.74	35.69	39.14	42.21	45.27
Cronbach Alfa	0.7	0.774	0.741	0.727	0.796	0.754
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.939					
Bartlett's test of sphericity	0.000					
Number of Items	5	3	5	5	5	11
Source: Primary Data						

From EFA, major 6 factors are found and named as food quality, price value, service quality, atmosphere, convenience, brand equity.

**Food Quality:** Taste, Temperature, Presentation, Hygiene are major attributes of the food in restaurant. Hence they are named as Food Quality. The Cronbach Alfa is 0.774.

**Price Value:** Rate of the food, additional charges and taxes and value for money are major attributes to denote price and value factor. The Cronbach Alfa is 0.741.

**Service Quality:** Behaviour of restaurant staff, proper service to the restaurant visitors are the major variables represented as service quality. The Cronbach Alfa is 0.727.



**Atmosphere:** Internal ergonomics, cleanliness, background music, colours of walls, seating arrangements, and utensils are the items loaded under the factor which is named as atmosphere. The Cronbach Alfa is 0.796.

**Brand Equity:** Consistency in pricing and service quality, emotional attachment with brand are the items loaded under the factor which named as brand equity. The Cronbach Alfa is 0.754.

## 5. CONCLUSION

The main objective of the study was to analyse the factors affecting service quality of chain restaurants. The findings are shown in form of descriptive statistics and exploratory factor analysis. 38% of the respondents are having age of less than 25 years. Most of the respondents visit the chain restaurant once in a month. Average spending per visit is of between 500 to 1000 Rs. From factor analysis there were 6 factors found which affects services in chain restaurants. The new dimension of brand equity is loaded with 11 items which indicates that brand has its own importance in chain restaurants. Maintaining same level of taste, presentation, pricing and service quality help the chain restaurants to generate great level of satisfaction among dinners. Apart from that food quality, pricing, service quality, atmosphere and convenience are the major factors to assess perceived quality in chain restaurants.

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