Ambience and Customer Loyalty of the Sport-themed Restaurant

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Abstract  Restaurant atmosphere can produce hedonic and practical shopping value and induce consumption loyalty. The aim of this study is to construct a consumer behavior model regarding the restaurant atmosphere, experiential value, restaurant image, and consumption loyalty by using a Sport-themed Restaurant. Regarding the materials and methods, the sample frame is a Sport-themed Restaurant in Kaohsiung, Taiwan. Data were from employee convenience sampling with personal interview to collect data. The research targets obtain around 400 useful questionnaires. Regression analysis is to be used to test hypothesis. The results show that (1) Sport-themed restaurant atmosphere positively impacts experiential value, (2) experiential value positively impacts restaurant image, (3) restaurant image positively impacts consumption loyalty, and (4) restaurant atmosphere positively impacts consumption loyalty. The conclusion of this study includes that hypotheses 1, 2 and 3 are supported and this study also makes suggestion for the practitioners to plan and manage Sport-themed Restaurant in Taiwan.

Keywords  Restaurant Atmosphere, Experiential Value, Restaurant Image, Consumption Loyalty

1. Introduction

There are a lot of studies regarding the effect of restaurant atmosphere on customers’ buying behaviors. These studies suggest that customers’ buying decision is affected not only by the quality of product or service itself, but also the environment where the transaction took place. Kolter [26] is amongst the first to propose that restaurant environment is sometime more important than the product itself in terms of persuade customers to purchase. Spence et al. [43] and Nistorescu & Barbu [35] stated that the restaurant environment may include a lot of elements ranging from interior decoration to human components. These elements can generally be categorized into two aspects, namely internal and external.

Rook [36] and Saad & Metawie [37] stated that the store is a place where merchandizes are sold to customers who might be purchasing based on an unplanned impulsive behavior. Creating a nice environment can help to prolong the time that customers linger in the store and increase the possibility of buying. Babin & Darden, [2] and Muhammad, Musa & Ali [34] suggested that store environment can enhance the hedonic and utilitarian values of the product, which is a strong incentive to encourage purchase decision. Lavidge & Steiner [27] and Joshi & Rahman [22] explained that this is due to a fact that customers’ emotion is a major determinant in purchase behaviors. Sirgy, Grewal & Mangleburg [41] and Hanzae & Javanbakht [19] asserted that creating a desirable shopping environment to induce positive emotion is than an important marketing strategy. Dabija & Băbuţ [10], Babin & Darden, [2] and Sherman, et al. [40] confirmed that the impact of restaurant environment is not limited to increase purchase intention, but also extend to the improvement of satisfaction and loyalty.

2. Materials and Methods

2.1. Literature Review

Bitner [6] asserted that store environment is one of the key determinants in the success of business, especially in retail industry where environment is a key contributor for experiential value. Physical environment and the ambience is a vital part of a store’s image(Sharma & Stafford, [39]). A good restaurant environment created by the combination of lighting, music and color can help to stimulate customers’ emotional responses, which helped to encourage impulsive buying. Utilitarian aspect of restaurant environment, on the other hand, can help the customers to form their cognitive appreciation, (Donovan, Rossiter, Marcoelyn, & Nesdale, [13]), which helped to form rational buying decision.

According to past study (Engel, Blackwell, & Kollart, [14]) at least 50% of supermarket customers made their decision
impulsively. Welles (cited in: Madhavaram & Laverie, [30]) found that 9 out of 10 shop browsers exhibit impulsive buying behavior. Ahtola[1] noted that approximately 50% of customers did not plan for their shopping activity, which leads to unplanned impulsive behavior. These studies agreed that the main reason that causes impulsive buying is restaurant environment. Restaurant environment can help to elevate cognitive perception of the value of a product or service. Restaurant environment can interact with customers to create an enjoyable circumstance and contribute to impulsive buying behavior (Madhavaram & Laverie, [30]).

Sirgy et al. [41] proposed a model that helped to describe the interrelationships between restaurant environment, restaurant patron image, shoppers' self-concept, self-congruity, functional congruity, and retail patronage. The result indicates certain moderating and mediating effect between the constructs. Restaurant environment is able to produce a desirable situation that stimulates patronage. Furthermore, it has the ability to enhance the shopping experience and thereby improve customer loyalty (Babin & Darden [2]; Sherman, et al. [40]). Donovan & Rossiter’s [12] study also indicated that customers will be willing to linger in the restaurant if the environment is appealing, which usually translate to impulsive purchase behavior. The literature indicates that restaurant environment is an important determinant in customers’ purchase decision process, which contribute to the motivation of the study.

2.2. Hypotheses Development

The subject of the study is a Sport-themed Restaurant. As a recreational entertainment provider, it is expected that the environment of Sport-themed Restaurant possess high arousing properties (van Rompay, Tanja-Dijkstra, Verhoeven, & van Es, [45]). The study, therefore, develops the following hypothesis based on literature review to farther the understanding between environment and behavior.

Restaurant environment can trigger emotional response of customers probably started from Kolter’s [26] assertion. The literature of environment affecting buying behaviors later spread to internet shopping (Katerattanakul, [23]). The study indicates that environment, virtual or actual, can help to arouse positive emotional responses from the customers if properly designed. The reason can be summarized in two words “flow experience”, which is used to describe a state where one fully immersed in what they do. People are more focused and can better enjoy themselves when they are fully immersed in what they are doing (Klasen, Weber, Kircher, Mathiak, & Mathiak, [25]). It is evident from these studies that environment can help to enhance experience. Therefore, the study made hypothesis H1:

H1: Restaurant ambience is positive effect on experiential value.

Past studies (Sénécal, Gharbi, & Nantel, [38]) indicated that flow experience can help to enhance hedonic aspect of experiential value, but not utilitarian aspect of the experience. The assertion suggests the multi-facet nature of experiential value. Fakeye and Crompton [15] asserted that destination image is an integrated perception of a place that the experience of each time of visit is incorporated and used to modify the perceived image. Past experience is a major contributor for an image of a place (Birgit, [5]), which contribute to the hypothesis H2:

H2: Experiential value is positive effect on restaurant image.

Bigné [4] proposed that destination image can affect the behaviors of tourists. Destination image is an emotional connection between tourists and a place (Davidoff & Davidoff, [11]), which gradually translate to place attachment (Lee, [28]). Restaurant images work in simpler way to create customer satisfaction and loyalty (Bloemer & De Ruyter, [7]; van Riel, Semeijn, Ribbink, & Bomert-Peters, [44]). Therefore, the study makes the following hypothesis:

H3: Restaurant image is positive effect on loyalty.

Sirgy, et al. [41] asserted that physical environment of shop can help to persuade customer to purchase. Physical environment can create a favorable condition that induce patronage and generate positive image. It has been suggested that environment not only induce buying, but might also help to build satisfaction and loyalty (Babin & Darden [2]; Sherman, et al. [40]). Enjoyable shopping environment is known to introduce impulsive buying Mattila & Wirtz [32]), especially amongst hedonic buyers (Babin & Darden [2]). Hence the study hypothesizes as follow:

H4: Restaurant Ambience is positive effect on restaurant loyalty.

The study, therefore, proposes a model that helps to explain the interrelationships between restaurant ambience, experiential value, restaurant image, and restaurant loyalty. The model is presented in Figure 1.

![Figure 1. Research Framework](image)

2.3. Sampling Method

The subject is a Sport-themed Restaurant in Kaohsiung city, Taiwan that prefers to remain anonymous. The survey is carried out during October to December, 2014. The clientele of the Sport-themed Restaurant were asked to complete the questionnaire, which is distributed with convenient sampling method.

The surveyors randomly approached individual customers at the sport-themed restaurant. The customer was first kindly asked whether he/she was above 18. The surveyors continued to distribute the survey if the customer responded yes. Otherwise, the surveyor thanked the customer and terminated the interview. It took averagely 15 min for a respondent to finish the survey. A total of 448 questionnaires were collected. After deleting 12 incomplete
questionnaires, 436 valid responses remained for use in the study.

2.4. Questionnaire Design

The questionnaire comprised of five parts including restaurant environment, experiential value, restaurant image, buying intention, and socio-demographic. The items of each dimensions are elicit from past studies. The restaurant environment part of the questions comprised 15 questions that can be allocated in three sub-categories namely social, ambience, and design (Baker, Parasuraman, Grewal, & Voss, [3]). Experiential value aspect of questions are designed based on the work of Mathwick et al. [31], which further divided into four dimensions namely customer return on investment (ROI), aesthetics, playfulness, and service excellence. The restaurant image parts of the questions are designed based on past studies (Mitchell, [33]). The study incorporates and modifies past studies and proposes four sub-categories of restaurant image namely product, facility, service, and price images which consist of 12 questions. The loyalty comprises of four questions, which is based on works regarding customer loyalty (Hudson & Gilbert, [20]). The above questions are in 5 point Likert scale where 1 denotes strongly disagree and 5 the opposite. The final part of the questionnaire is about respondents’ socio-demographic information, such as age, gender, marital status, education level, occupation, and yearly salary.

3. Results

3.1. Sample Characteristics

The study collects a total of 436 responses where majority of them are male (n=383, 87.8%), which can be expected since the subject of the sport-themed restaurant. In terms of age groups, only 16 respondents below 21 years old, which is reasonable since young respondents may not be able to afford the service. There are 141 respondents (32.3%) between 21 to 30 years old, 128 respondents (29.4%) between 31 to 40 years old, 96 respondents (22%) between 41 to 50 years old, and 55 respondents (12.6%) are 51 years old or above. Most respondents possess university (n=147, 33.7%) level education, followed by high school equivalent education (n=138, 31.7%), and Technical college (n=94, 21.6%). Only very few respondents possess secondary school, primary school, or post-graduate degree. In terms of occupation, 139 respondents (31.9%) are in service industry, 64 in business sector (14.7%), 56 housekeepers (12.8%), and 44 freelancers (10.1%). There are very few respondents who are either retired, industrial worker, or farmers. The sport-themed Restaurant is a relative luxury commodity, which means only adult respondents with respectable income may afford the service. Indeed, there are 232 respondents (53.2%) spend more than NT$1500 each time and 118 respondents (27.1%) who spend more than NT$1000.

3.2. Hypothesis Testing

The initial model fit indices are GFI=0.844, CFI=0.919, and RMSEA=0.058. Hair et. al. [18] suggested that GFI should be higher than 0.9 or at least 0.8, and RMSEA should be less than 0.05 or at least 0.08. The GFI and RMSEA value of the model is not perfect in the original setting. Therefore, the study follows using MI as a guideline for modifying the model. AMOS provides modification index (MI) that served as an indicator for modifying the model to achieve better chi-square and consequently better model fit. Based on researchers’ (Jöreskog, Sörbom, Du Toit, & Du Toit, [21]) suggestion, item or dimension with MI greater than 3.84 should be removed or at least modified. However, since chi-square is very sensitive to large sample size, it has been suggested as a rule of thumb that only MI of greater than 20 should be treated as indication of misfit. The MI indicates that 10 pairs of error terms have MI higher than 20. These error terms are than linked with covariance path. The modification improve the indices to GFI=0.877, CFI=0.948, and RMSEA=0.047. The RMSEA value effectively dropped below the suggested level of 0.05. The other indices include CMIN/DF=1.948, which is suggested to be lower than 2 or higher than 5 by different authors (cited in: Loo & Thorpe, [29]). The study, therefore, accept the modified model, which is presented in Figure 2.

Figure 2. Hypothesis Testing
Table 1. Regression Weights: (Group number 1 - Default model)

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiential Value &lt;--- Restaurant Ambience</td>
<td>1.150</td>
<td>.100</td>
<td>11.482</td>
<td>***</td>
</tr>
<tr>
<td>Restaurant Image &lt;--- Experiential Value</td>
<td>.766</td>
<td>.064</td>
<td>12.045</td>
<td>***</td>
</tr>
<tr>
<td>Restaurant Loyalty &lt;--- Restaurant Image</td>
<td>.762</td>
<td>.148</td>
<td>5.161</td>
<td>***</td>
</tr>
<tr>
<td>Ambience &lt;--- Restaurant Ambience</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design &lt;--- Restaurant Ambience</td>
<td>1.340</td>
<td>.113</td>
<td>11.898</td>
<td>***</td>
</tr>
<tr>
<td>Social &lt;--- Restaurant Ambience</td>
<td>1.203</td>
<td>.111</td>
<td>10.883</td>
<td>***</td>
</tr>
<tr>
<td>Product &lt;--- Restaurant Image</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facility &lt;--- Restaurant Image</td>
<td>1.376</td>
<td>.117</td>
<td>11.715</td>
<td>***</td>
</tr>
<tr>
<td>Service &lt;--- Restaurant Image</td>
<td>1.010</td>
<td>.089</td>
<td>11.348</td>
<td>***</td>
</tr>
<tr>
<td>Price &lt;--- Restaurant Image</td>
<td>1.259</td>
<td>.111</td>
<td>11.303</td>
<td>***</td>
</tr>
<tr>
<td>Restaurant Loyalty &lt;--- Restaurant Ambience</td>
<td>.244</td>
<td>.139</td>
<td>1.750</td>
<td>.080</td>
</tr>
</tbody>
</table>

*** < 0.001

4. Discussion

The results in Table 1 are un-standardized regression weights of the proposed causal relations. The result shows that there are significant causal relationships between Restaurant Ambience and experiential value ($\beta=1.150$, $p<0.001$), experiential value and restaurant image ($\beta=0.766$, $p<0.001$), and restaurant image and consumption loyalty ($\beta=0.762$, $p<0.001$). These are indication that hypothesis H1, H2, and H3 are supported. However, hypothesis H4 which postulates the causal relationship between Restaurant Ambience and consumption loyalty is not supported ($\beta=0.244$, $p=0.08$).

There are also other interesting findings. First, facility dimension is the strongest contributor to restaurant image ($\beta=1.376$, $p<0.001$), followed by price ($\beta=1.259$, $p<0.001$). It is not surprising that customer has predisposition of wanting cheaper price. Therefore, it is understandable that reasonable price can help to build positive restaurant image. As for the importance of facility, it further strengthens the main theme of the study (i.e. the importance of physical environment). Furthermore, design dimension is a greatest contributor ($\beta=1.34$, $p<0.001$) followed by social dimension ($\beta=1.203$, $p<0.001$). The items in design dimension are referring to more tangible aspect of environment attribute which, such as architecture, restaurant layout, indoor decoration, and more. These elements cannot be easily changed, not without more investment anyway. Therefore, their ability to create a desirable restaurant environment is much more substantial. The ambience dimension referred to “soft” aspect of environmental attribute, such as music, lighting, aroma, and comfort. These elements, albeit important, can be changed quite easily.

The finding that H1 (Restaurant ambience is able to enhance experiential value of customers) is accepted is consistent with the following literature. This finding is supported by Katerattanakul [23] that declared that the environment affecting buying behaviors later spread to internet shopping. It is also consistent with the finding of Klasen, et al. [25] that people are more focused and can better enjoy themselves when they are fully immersed in what they are doing.

The finding that H2 (Experiential value helped to form restaurant image) is accepted is consistent with the following literature. This finding is supported by Sénécal, et al. [38] who indicated that flow experience can help to enhance hedonic aspect of experiential value, but not utilitarian aspect of the experience. It is also consistent with the finding of Fakeye and Crompton [15] asserted that destination image is an integrated perception of a place that the experience of each time of visit is incorporated and used to modified the perceived image and Birgit [5] indicated that past experience is a major contributor for an image of a place.

The finding that H3 (Restaurant image contribute to restaurant Loyalty) is accepted is consistent with the following literature. This finding is supported by Bigné [4] proposed that destination image can affect the behaviors of tourists and van Riel, et al. [44] stated that restaurant image work in simpler way to create customer satisfaction and loyalty. It is also consistent with the finding of Davidoff & Davidoff, [11] and Lee [28] stated that destination image is an emotional connection between tourists and a place, which gradually translate to place attachment.

The finding that H4 (Restaurant ambience contributes to Restaurant Loyalty) is not supported is different from the following literature. This could be something different from Sirgy, et al. [41] asserted that physical environment of shop can help to persuade customer to purchase. Therefore, more studies can be developed to explore the theories of Babin & Darden [2] and Sherman, et al. [40] that environment not only can induce buying, but might also help to build satisfaction and loyalty and the assumptions of Mattila & Wirtz [32] and Babin & Darden [2] showed that enjoyable shopping environment is known to introduce impulsive buying, especially amongst hedonic buyers.
5. Conclusions

5.1. Conclusions

Summary of the hypothesis testing is presented in Table 2 below. The result of hypothesis indicates that all the hypotheses are supported by the data, except H4. The interrelationship between the dimensions can thus be interpreted as follow. Restaurant ambience is an important component in generating positive experiential values that ultimately elevate customers’ buying intention. However, restaurant ambience does not directly generate buying intention. The result of the study can also be explained by viewing and integrated result of numbers of past studies. Past studies has indicated that environment, physical (e.g. Countryman & Jang, [9]) or virtual (e.g. Kim & Fesenmaier, [24]), is effective in first impression formation. Furthermore, environment can enhance perceived quality of service and price acceptance (e.g. Baker, et al., [3]; Spangenberg, Crowley, & Henderson, [42]). However, the result of this study indicates that environment can only impact customers’ buying intention through arousing enjoyable experiential values and positive restaurant image. This finding is slightly similar to the result of online store study (e.g. Chang & Chen, [8]). The result of such study suggests that online environment inspire trust and mitigate perceived risk, which is what eventually convince customers’ patronage.

5.2. Managerial Implication

There are few managerial implications derived from the result of this study. First, the result of hypothesis testing indicates that restaurant ambience can only affect customers’ buying intention indirectly. This suggests that when design restaurant ambience, practitioners cannot blindly invest on costly environment upgrades, but had to think about how environment evokes.

Second, the result indicates that “hard” aspect of restaurant attribute is a greater contributor for restaurant ambience than the “soft” aspect. Since “hard” aspect of restaurant attribute cannot be change without additional financial investment, it is important to design them carefully in the initial construction stage of the restaurant. The result also indicates that facility is the strongest contributor to restaurant image, which further strengthen the above point.

For restaurant management, study results indicate that restaurant Image has positive influence of consumption loyalty. Such a finding implies that restaurant should intensify of the product, facility, service, and price as a means of enhancing guest loyalty. For example, a sport-themed restaurant in fostering guest loyalty can consider targeting advanced product, facility, service, with the guests leading into loyalty.

5.3. Recommendation for Future Studies

As discussed previously, restaurant ambience cannot affect customers’ buying intention directly. It is therefore important to understand what restaurant ambience can evoke. The study thus recommends future studies to include other dimensions, such as emotion in the study.

The result of the study also indicates that different aspects of restaurant ambience have different levels of contribution in the formation of restaurant ambience. It will be interesting to understand these elements further. Therefore, the study proposes that future study can try to understand the interrelationship between different aspects of restaurant ambience.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Content</th>
<th>Result</th>
<th>β</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Restaurant Ambience → Experiential value</td>
<td>Supported</td>
<td>1.15***</td>
</tr>
<tr>
<td>H2</td>
<td>Experiential value → Restaurant image</td>
<td>Supported</td>
<td>0.76***</td>
</tr>
<tr>
<td>H3</td>
<td>Restaurant image → Restaurant Loyalty</td>
<td>Supported</td>
<td>0.72***</td>
</tr>
<tr>
<td>H4</td>
<td>Restaurant Ambience → Restaurant Loyalty</td>
<td>Not supported</td>
<td>0.24</td>
</tr>
</tbody>
</table>

REFERENCES


