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The Underlying Factors Affecting Consumersâ€™ Behavioural Intentions in Foodservice Business in Surabaya, Indonesia Wijaya. S., Widjaja, D.C., & Hariyanto. A. Petra Christian University Surabaya, East Java, Indonesia

ABSTRACT: The aim of this study was to investigate the role of three major dining experience

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aspects: food

quality, service quality, and physical dining environment on consumer perceived value and behavioural intentions

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in food service business in Surabaya, Indonesia. In total, 3096 samples were approached at 25 restaurants and cafes to participate in the questionnaire-based survey. The result showed that the quality of food was found to be the major antecedent that significantly influenced consumer perceived value when they went dining-out at the restaurants and cafes. Further, consumer

perceived value was proven to have a positive significant effect on

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consumersâ€™ behavioural intentions. 1 INTRODUCTION As lifestyles change, we are witnessing the increasing number of dining out activities. Consumers see eating out is not only to fulfill basic physiological need, but also to build social relationship and satisfy self-esteem needs such as enjoyment and pleasure representing a modern lifestyle (Warde and Martens, 2000). Restaurants, cafes, and other food-service establishments have become favourite places for consumers to do both social and business activities. Surabaya as the second largest city in Indonesia has strengthened its position as the centre of business and commerce after the capital city, Jakarta. In 2014, data of the Bureau of Statistics of Indonesia has indicated that with the growth of 6.14%, food-service sub-sector has contributed 12,96% to the total Gross

Domestic Regional Product (GDRP) of Su- rabaya (BPS, 2015). In terms of the number of foodservice establishments, data of the Association of Restaurant and Cafe Business Operators (AP- KRINDO) has recorded that in Surabaya in 2014, there were 500-600 restaurants and faces operated targeting medium upscale segments and about 2000 foodservice business operators that focused on cater- ing to medium lower market (Jati, 2015). Given those facts, consumers get benefited as they have more dining place alternatives to choose for eating-out, thus, giving consumers more bargain- ing power. On the other hand, the increasing number of foodservice establishments has inevitably created more intense competition among business players in the industry. In response to the higher competition pressure and the dynamic market preferences, each foodservice business operators must find ways to at- tract new and retain existing customers. The provi- sion of good food quality that is combined with ex- cellent quality of service, delivered at a nice physi- cal dining environment has become more important than before. The success of foodservice business will depend on the ability of management to provide a great dining experience whose value is positively perceived by consumers, which in turn, would make them become loyal to the company. Having said that, an understanding of what as- pects of dining experience that determine consumer perceived value

and behavioural intentions becomes crucial. In the context of foodservice industry  
in

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Su- rabaya, to the authorâ€™s knowledge, very few studies conducted to discover how perceived value along with the aforementioned three dining experience fac- tors affect consumersâ€™ behavioural intention to revis- it the same foodservice outlet in Surabaya. On that basis, the

purpose of this study therefore was to in- vestigate the influence of food quality,  
service quali- ty and

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physical dining environment on behavioural intentions throughout the mediating effect of con- sumer perceived value.

It is anticipated that the re- sult of this study could provide important

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insights for the foodservice business operators in Surabaya in developing marketing and operational strategies for improving their services to the consumers. 2 LITERATURE REVIEW Numerous consumer behaviour studies in food- service business context have predominantly fo- cused on three major aspects, namely:

the quality of food, the quality of service, and the physical dining environment

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(Ryu and Han, 2010, Ryu et al., 2012).

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Food quality has been widely recognised as a basic element of the overall dining experience.

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The

literature has shown a broad range of attributes measuring food quality. These vary from food presentation or appearance, taste, food health-related characteristics, food quantity and variety (Ha and Jang, 2010, Jang

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et al., 2009, Namkung and Jang, 2007, Raajpoot, 2002, Ryu and Han, 2010).

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Extensive

research has been devoted to examining the relationship between food quality and consumer behaviour constructs such as satisfaction, behavioural intention, and loyalty.

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Many researchers have revealed that the quality of food is a significant predictor of behavioural intention (Ha and Jang, 2010,

Haghighi et al., 2012, Ryu and Han, 2010, Namkung and Jang, 2007, Sulek and

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Hensley, 2004). Further,

Sulek and Hensley (2004) argue that compared to physical environment and service quality aspects, the quality of food is the most important element in determining customer satisfaction.

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Based on the above discussion, the following hypothesis was

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proposed: Hypothesis 1:

food quality has a positive significant influence on consumer perceived value.

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In addition to food quality, service quality also appears to be the major element in

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influencing the overall dining experiences. The concept of service quality is defined as the ability of products or services to perform tasks. Service quality is

more about measuring the subjective perceptions of customers.

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Zeithaml and Bitner (2002) defined service quality as "the customer's judgment of the overall excellence or superiority of the service".

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Parasuraman et al. (1988) developed "Service Quality" (SERV-QUAL) instrument to measure service quality. It comprises five dimensions, namely: reliability; responsiveness; empathy; assurance; and tangibles.

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Various researchers have measured service quality in the context of food service. It was Stevens et al. (1995) who

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developed "Dining Service" (DINE-SERV)

instrument. The first element of DINESERV is tangibles, which relates to a restaurant's physical design, the appearance and the cleanliness of staff. Second, reliability involves the freshness and temperature of the food, accurate billing and receiving the food that has been ordered. Next is responsiveness, which refers to staff assistance with the menu or wine list or appropriate and prompt responses to customer needs and requests. Assurance is the fourth element of DINESERV, which is described as the ability of restaurant staff to build customer trust, ensuring them that the food is safe and that good service will be

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provided. Finally, empathy refers to an ability to provide personalised attention to customers by anticipating special requirements or by being sympathetic towards customer problems.

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Since then,

DINESERV has been widely adopted to examine customer perceptions of restaurant service quality

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(Markovic et al., 2010). Service quality is viewed as key predictor of satisfaction which lead to consumersâ€™ behavioural intentions (Chow et al., 2007, Keith and Simmers, 2011). The foregoing discussion has led the

following hypothesis: Hypothesis 2: service quality has a positive significant influence on 8

consumer perceived value.

Following the discussions of food quality and service quality factors, the contribution of physical dining environment to affect dining 1

experience

has been recognised by researchers (Lockyer, 2005, Sulek and Hensley, 2004, Wall and Berry, 2007, Ha and Jang, 2010). 1

Bitner (1992), who prefers to use the term servicescapes than physical environment, describes three dimensions which represent servicescapes: ambient conditions; spatial layout and functionality; and signs, symbols, and artefacts. Whereas the ambient conditions relate to intangible backgrounds, such as music and lighting; spatial layout and functionality refers to the arrangement of machinery, equipment and furniture in the service place. Meanwhile, signs, symbols, and artefacts are linked with the explicit or implicit communication materials. Ryu and Jang (2008) adopted Bitnerâ€™s (1992) SERVICESCAPES model to develop their own DINESCAPE model. This incorporates six dimensions of the physical dining environment: aesthetics; lighting; ambience; layout; dining equipment; and service employees. 1

Physical dining environment

focuses on the important role of tangible quality on overall perceptions of restaurant quality and behavioural intentions (Raajpoot, 2002). 1

The

foregoing discussion supports the important role of physical environment 1

in providing comfort and satisfaction to diners, and the consequent effect on behavioural intentions

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(Ryu and Han, 2010, Ryu and Jang, 2008). Based on the preceding review, the following hypothesis was deduced: Hypothesis 3: physical dining

environment has a positive significant influence on consumer perceived value. Review of literature has

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shown that the analysis of the association between consumer perceived value and

intended future behaviors has revealed that perceived value often emerges as a reflection of

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consumer satisfaction as well

as an antecedent and a key determinant of

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future behavioral intentions (Cronin et al., 2000, Bajs, 2015). However, in foodservice context, not too many studies have been devoted to meticulously examining the relationships amongst consumers perceived value and

food quality, service quality, and physical dining environment.

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Likewise, few

research has been conducted to examine the effect of perceived value on

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consumers' behavioural intentions (Ryu and Han, 2010). Positive perceived value is an indication of satisfaction,

which in turn, lead to positive behavioural intentions such as brand attitude, WOM, and

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repeat purchases (Cronin et al., 2000). Having said this, the following hypothesis is formulated: Hypothesis 4: consumer perceived value has a positive significant



influence on behavioural intentions. the proposed research hypotheses. The aforementioned review on literature has directed to the development of the proposed conceptual model as shown in Figure 1 that portrays the relationships amongst the examined concepts. 4.1 Profile of participants Frequencies and percentages of age, gender, income, education level, and occupation are shown in Table 1. Among the 3096 participants, 51% were women and 49% were men.

The majority of the participants were between 20 and 40 years old

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(72.2%), were university students and employees (70.9%). More than 40% participants had monthly income of between IDR 2-10 million. Table 1. Demographic profiles. Figure 1. Conceptual model. Characteristics Descriptive statistics n % Gender 3 RESEARCH METHOD Male 1514 49.0 Female 1578 51.0 3.1 Survey instrument and sample Age group During a four-month period between June and 20 and under 618 20.0 21-30 1753 56.6 October 2015, the data were collected through self-administered questionnaire-based survey to restaurant and café patrons in Surabaya. The sampling process was one of convenience. Occupation A review of relevant literature was contributed to Students 1541 49.8 Civil servants 192 6.2 the development of the items of the instruments. The Employee 654 21.1 questionnaire was divided into four parts. Part 1 Self-employed 444 14.3 sought information about participant demographics Professionals 195 6.3 such as gender, age, and average monthly income. Others 69 2.2 Part 2 contained questions related to basic eating out Monthly income Less than IDR 2 million 1368 44.2 behavior namely: frequency of dine-out in a month, IDR 2-4,999,999 million 810 26.2 dining companion, and average money spent. In Part IDR 5-9,999,999 million 441 14.2 3, the participants were requested to weigh dining IDR 10-14,999,999 million 290 9.4 attributes related to quality of food, quality of service, physical dining environment and perceived value

on a five-point Likert scale ranged from "strongly disagree" (1) to "strongly agree" (5). The

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Table 2. Dining-out behavior profiles. last part of the questionnaire elicited participants' behavioural intentions. Characteristics Descriptive statistics n % Frequency per week 1-2 times 961 31.0 3.2 Preliminary data analysis 3-4 times 1318 42.6 5-6 times 571 18.4 A total of 5000 questionnaires distributed in 25 more than 6 times 216 7.0 restaurants and cafes in Surabaya, providing an Dining companion equal number of participants approached by the surveyors in every selected restaurant and cafe. There Family 608 19.6 were 3106 questionnaires returned generating a response rate of 62.12%. Prior to data analysis employing the above-mentioned statistical techniques, Average spent data-cleaning process was accomplished to test the Less than IDR 100,000 407 13.1 IDR 100,000-299,999 1143 36.9 normality and possible outliers. Ten questionnaires IDR 300,000-499,999 612 19.8 were dropped, leaving a total of 3096 usable questionnaires ready for further data analysis. More than IDR 700,000 42 13.7 The study used descriptive statistics to describe the participants' profiles meanwhile Partial Least Table 2 displays a breakdown of the participants' dine-out patronage characteristics. The majority of participants went out for dining 3-4 times per week (42.6%), together with friends and family (77.3%), and spent between IDR 100,000 to 299,999 per visit (36.9%). 4.2 Measurement model

In order to assess the research model and test the proposed hypotheses,

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PLS path analysis was employed. The result of the construct validity testing, as seen from the values of convergent validity and discriminant validity in Figure 2, showed that

the validity and reliability levels of the observable variables

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were good, that is, had loading values above the cut-off value of 0.50. This means all the empirical indicators were a valid reflector of the examined latent variables, respectively. Figure 2. Path diagram of the research model. Moreover, Table 3 exhibits the composite reliability of five latent variables. It shows that all had the score

above the cut-off value of 0.70 (reliable). Table 3. Composite reliability of

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latent variables. BI (Behavioural Intentions) 0,938910 FQ (Food Quality) 0,804146 PV (Perceived Values) 0,912240 QPE (Physical Environment) 0,852248 SQ (Service Quality) 0,860502 The result of R-square Model is presented in Table 4. Goodness of fit in PLS

can be seen from the Q2 value. The value of Q2 has

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the same meaning with the determination coefficient (R-square / R2) in regression analysis. The higher the R2, the more fit the model with the data. From the R2 values, the Q2 value can be calculated as follow:  $Q2 = 1 - [(1 - 0.5372) \times (1 - 0.2792)] = 0.842 = 84.2\%$ . Table 4. R Square result BI (Behavioural Intentions) FQ (Food Quality) PV (Perceived Values) QPE (Physical Environment) SQ (Service Quality) 0,537 - 0,279 - - Moreover, the subsequent path analysis revealed the result of the inner weights. Table 5 shows that the relationship among the variables was positive (original sample estimate). From the result of the t-statistics, it appeared that there were two kinds of relationships which were not significant, meaning that the values were less than the cut-off value of 1.96. These were: 1) the

relationship between quality of physical dining environment (QPE) and perceived value (PV) which obtained a

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value of 0.547596; and 2) the association between quality of service (SQ) and perceived value (PV) which gained a value of 1.458612. Table 5. Inner weight result. From the analysis of the hypotheses testing, it can be inferred

that the quality of food offered by the restaurants and

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cafes was found to be the major antecedent that gave effect on consumer perceived value which will finally lead to consumers' behavioural intentions. That is, H1 and H4 were accepted. In this case, the result of

the research confirms the previous study by Ryu et al. (2012) who investigated the similar variables in the USA restaurant dining market. By contrast, the results also revealed

that the quality of service (SQ) and physical dining environment

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(QPE) did not significantly affect consumer perceived value (PV). Although the relationships between SQ, QPE, and PV respectively were positive, statistically it was not significant. On this basis, H2 and H3 were then rejected. Conceptually and theoretically, the relationships between quality

of service and consumer perceived value, as well as

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quality of physical environment and consumer perceived value should be positive and significant. Nevertheless, with respect to the study

context, it is important to note that the

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results could be implied in such a way that, when Surabayaâ€™s consumers dine-out, they tend to be emphasizing more on the

quality of food above the quality of service and physical environment.

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This means that no matter how the foodservice providers try to offer the best service and attractive physical dining environment to persuade the consumers, they will fail anyway if they do not provide the best quality of food. The consumers in general will evaluate the quality of food as the first priority besides

the quality of service and the physical environment.

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This is very much relevant in that the primary product of foodservice business is the food itself. 5  
CONCLUSION & RECOMMENDATIONS This study has assessed the contribution of each dining experience aspects and its effect on consumer perceived value and behavioural intentions. Consistent with previous studies, compared to quality of service and physical dining environment aspects, food quality appeared to significantly contribute to how the participants perceived the value of their dining. Further, consumer

perceived value itself was found to have a positive and significant influence on behavioural intentions.

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Understanding dining-related behaviour is key success for foodservice business operators to win their customers. This study has contributed to provide insights for the foodservice business players in offering the right product mix for the consumers. The findings revealed have also shed light on how the business

players should focus on delivering the best value for consumers. That is, emphasising only on the physical aspects of the restaurants and cafes can be misleading. It is undoubtedly that some foodservice business players assume that in order to attract more consumers, they focus on designing attractive physical dining environment. In fact, this is not always true as emerged from this study, the quality of food was a key determinant in affecting consumer perception towards the best value of dining, far more significant than the role of physical dining environment and even the quality of the service personnels.

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