

Influence of Perceived Service Clues on Experienced Value, Trust, and Loyalty of Franchise Snack Bar: Focused on Busan Area

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ABSTRACT: The purpose of this study is to develop and test a model that explains the effect of perceived service factors on: 1) experienced value, 2) trust, and 3) loyalty in context of franchise snack bar. In addition, the study will clarify how these variables relate to each other. The findings of this study identified that functional and humanic clues are the most significant components which influence on experiential value as well as trust in franchise snack bar sector. These findings may contribute to provide valuable marketing strategic for this business segmentation, and it can be utilized as a fundamental study to establish an efficient business plan to increase revenue in the industry.

Keywords: service clues, experiential value, trust, loyalty, franchise snack bar

INTRODUCTION

This study is performed to improve the quality of franchise snack bars' service and increase customers' trust, satisfaction as well as loyalty towards visitors. For this, it analyzes various service factors perceived by franchise snack bars and finds out that those factors have an effect on experience value, trust, satisfaction, and loyalty.

With economic growth, restaurants are gradually changing in western style a long with advanced system in franchise snack bar[1]. Since 2010 various franchise snack bars had become important parts in restaurant business and the number of franchises are still increasing[2].

Examining preceding research related to the similar service sector, the previous studies demonstrated the relationships among restaurants' menu, service, image, customers' satisfaction, and revisit intention[3,4,5,6]. For example, customer behavior is

affected not only from physical environment like the taste of food or interior, but also perceived value comes from emotional factors such as waiters and waitress' attitudes to customers[3]. The service clues using restaurants' attractiveness, employees service, food, and convenience are significantly linked to visitors' satisfaction[6]. Also, these factors are deeply related to customer psychology. Although earlier studies demonstrated diverse intrinsic attributes of restaurant connected to positive values such as customers contentment, behavioral intention, however, study on franchise snack bar restaurant is still insufficient. Clearly, general restaurant and franchise snack bar business are different sector, and it exists to better understand the diverse service clues.

Therefore, this study pays attention the diverse service clues to predict customers behaviors by considering service experiences in franchise snack bar. In this study, specifically, causal model formulated to estimate the perceived service factors of franchise

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snack bar (physical clues, emotional clues, humanic clues, and emotional clues), experience value, customers' trust, and loyalty.

LITERATURE REVIEW

Physical Clues

Physical clues is the objective element that is visible and touchable, which can be controlled by a person or their organs[8]. In other words, it enables the quality of service to be evaluated through the use of elements anyone can perceive and feel through senses[9]. In previous research, physical clues are regarded as a very important factor[6,10,11]. For example, franchise restaurant physical components like scents, music, and interior have a direct impact on customers' judgement in restaurant experience [10]. In addition, comfortable facilities and equipments are significant antecedents in selection attributes in context of franchise bakery[11]. Therefore, physical clues are essential elements that directly affect customers' recognition of service experience in franchise sector.

Functional Clues

Functional clues are promised service and products made by corporation and manufacturers, regarded as a fundamental factor for successful management[12]. In preceding research, functional clues are identified as food and related functional elements which are one of crucial factors for success in food service industry[13,12]. The functional elements of food are consistently proved to give considerable impact on customers' experience among various researchers[3,11,14]. For instance, restaurant atmosphere and environment, food quality are another important factors in customers' revisit intention[3]. In addition, food is a critical element which is closely related to experience value along with other components[14]. Eventually, various functional components of food such as the taste of food, decoration and variety, freshness, and temperature can be principle antecedents, which has an effect on customer's experienced value, image, and their loyalty further in both directly and indirectly.

Humanic Clues

Humanic clues are closely related to the general behavior of employees providing services[8,12]. In previous studies, humanic clues are used for customers to access service and products. For example, employees' kindness works positively on restaurant service evaluation and this can lead customers' re-visiting[15]. Also, restaurant workers with high recognition on their provided service can let customers reproduce positive company and restaurant's image and stable loyalty towards their provider[12,16]. Based on these findings, therefore, humanic clues in foodservice segment can be a vital factor that directly influence on experience value, image, as well as customer loyalty.

Emotional Clues

Emotional clues mean invisible environmental factors. In foodservice management and tourism management segment, in other words, these elements are emotional and affective self-assessment that is only able to be sensed through experiences[17,18,19]. For example, people's concern about health has intimate relations to eating behaviors and these emotional elements affect directly to decision[19]. Thus, considering emotional clues can also be closely related to experienced service, faithfulness to franchise company and customers' future behavior in foodservice sector including franchise snack bar.

Experience Value

Experience value is customers' recognition of value caused by experiences. In sum, it is direct or indirect occurred during consumption[20]. In previous studies, generally, experience value is classified as extrinsic value and intrinsic value[4,20]. Extrinsic value is economical and efficient value related to money, time, convenience etc., and it is measured by considering overall practical benefit a person can get and sacrifice or loss[21]. For example, if a customer becomes a patron with highest store loyalty, he or she should feel reasonable and proper value about provided service[22]. On the other hand, intrinsic value is customers' pleasure and attraction from service, which ultimately means subjective and individual experience value[23]. These intrinsic fac-

tors represent customers' enjoyment and delight through the purchase of certain goods or services and it is recognized as essential value for customers when evaluating experiences[21,23]. Restaurants' experience value is the overall evaluation of the service efficiency, greatness, beauty, and fun that a customer experiences[4]. For example, a study found that Korean family restaurant customers in U. S. discover that the quality of food, employees' attitude, reasonable price for food service, and pleasure during their meal can have cozy relations with experience value[24].

Trust

Trust is a belief of certain brand that customers recognize. This belief is an important factor that affects customers' decision before a consumer purchase or use any product or service[25]. A product with reliable brand fulfills consumer's expectation and performs a safety recognition about function to customers when using that product[26]. Also, it is able to not only stimulate consumer psychology but also influence store loyalty like revisiting or reuse of product if high trust is established through perceived experiences.

Loyalty

Loyalty is a customers' belief or consistency to revisit the same restaurant or purchase same product because of satisfaction toward various variables that can change consumption behavior[27]. For long-term success of firm, it should be considered and evaluated[28]. In previous studies, customer loyalty has been measured in various fields and shown its importance[28,29]. In this regard, while some researchers have agreed on the significance of loyalty, at the same time argued that it should be accessed in multilateral sides since it involves various meanings in it[30,31]. Customer loyalty includes complex meanings, so that it is difficult to explain simply as customers' purchasing behavior[30]. When measuring customer loyalty, three aspects-behavior, attitude, integration- should be dealt with in order to better comprehend the customers' loyalty and intention[31]. In fact, in order to measure loyalty, prior researcher considers both attitude aspect and behavior aspect together. After then it announces that

customers' perceived value and satisfaction about service has different effect on attitudinal loyalty and behavioral loyalty. Also attitudinal loyalty is proved to be an important predictor variable in behavioral loyalty[32]. Therefore, this study is conducted to test the loyalty of franchise snack bar visitors in terms of attitudes and behavioral aspects. In addition, present study performed to verify attitudinal loyalty is an important predictor of behavioral loyalty.

METHODOLOGY

For the validation studies, present study distributed total of 250 questionnaires over about two weeks from september 1, 2015 to september 14, 2015. Data were collected at university located in Busan, and most of participants were students. Among the data 36 respondents that are unfaithful and unsuitable responses through outlier verification among these.

So the data of a total of 224 parts of the questionnaires were analyzed utilizing SPSS 20.0 and AMOS 20.0. The confirmatory factor analysis and structural equation modeling(SEM) have been used research methods for frequency analysis, reliability analysis and measurement model validation.

RESULTS

Demographic Information

The demographic analysis indicates male customers take 37.9% and female respondents 62.1%. The majority of respondents were between the age of 20 and 29, 50.4%. In terms of monthly visiting, 33.9 % people, were the largest group visiting 1~2 times for a month on average. When asked companion, 72.8% people responded friend and for recently visit, 1 week had the highest score, 33%. The respondents, accounting for 57.6%, reported most frequently that average payment per visit is between 5,001~10,000won. In terms of recently visited franchise snack bar, Gobongmin, 24.1%, rank on the top.

Measurement Model and Discriminant Validity Analysis

Service factors perceived based on previous studies were measured by physical clues, functional

Table 1. General characteristics of the subjects

Characteristic		n	%
Gender	Male	85	37.9
	Female	139	62.1
Average monthly visit	None	48	21.4
	1~2 times	76	33.9
	3~4 times	60	26.8
	5~6 times	21	9.4
	Over 7 times	19	8.5
Recently visit	Within 1 week	74	33
	Within 2 weeks	45	20.1
	Within 3 weeks	26	11.6
	Within 1 month	34	15.2
	Within 2 months	26	11.6
	More than 3 months	19	8.5
Companion	Family	10	4.5
	Couple	29	12.9
	Friend	163	72.8
	Colleague	4	1.8
	Alone	15	6.7
	Others	3	1.3
Average payment per visit	Under 3,000	5	2.2
	3,001~5,000	70	31.3
	5,001~10,000	129	57.6
	10,001~20,000	20	8.9
	Over 20,000	0	0.0
Visited franchise snack bar	Gobongmin	54	24.1
	Jaws Ddockbokgi	34	15.2
	Ppalbong	25	11.2
	Kimbam Chunguk	24	10.7
	Yeup-Gi Ddockbokgi	17	7.6
	Shin-Jeon	15	6.7
	Kuk-Dae Ddockbokgi	13	5.8
	Kimganae	8	3.6
	A Ddal	6	2.7
Etc	28	12.5	
Total		224	100

clues, humanic clues, and emotional clues using a total of 13 questions, and experience values, trust of franchise, attitudinal loyalty and behavioral loyalty were measured by three questions each. The convergent validity was confirmed since Average Variance Extracted of all components are higher than 0.50[33]. Each squared correlation (R^2) was less than the all components' AVE score, and all the discriminant validity confirmed[33] (Table 2). Additionally, previous study demonstrated the 0.70 level as a requirement level for the reliability for all constructs in order to confirm the internal consistency of items, and all constructs of composite reliabilities verified appropriate level[35]. Last, Confirmatory factor analysis were shown that the overall fit index are a value of over 0.90 (GFI: 0.930, CFI: 0.929, TLI: 0.914), a RMSEA value is also 0.069 that is below 0.08. These meet the standard model fit.

The verification results for the research model analyzed by using the covariance matrix were $\chi^2(80)=544.183$ ($p<.001$), GFI=0.922, CFI=0.921, RMSEA=0.071. So overall fit index appeared to be good.

SEM

The proposed model identifies an good model fit to the data ($\chi^2=544.183$; $df=255$; $p<0.001$; IFI=0.0.922; TLI=0.907; CFI=0.921; RMSEA=0.071. Table 2 shows the path coefficients for all hypothesized paths in proposed model and Figure 1 visually shows the paths. All the path coefficients in the model were significant and positive except four paths physical clue, humanic clue, emotion clue on brand trust, and brand trust on behavioral loyalty. Therefore, current study has been partially supported. Specifically, the results identify that the functional clue is the most significant factor among service clues (Hypothesis 2: $\beta=0.442$; $t=4.851$), but the humanic clue was only factor that significantly influence on brand trust (Hypothesis 7: $\beta=0.639$; $t=9.578$). In addition, the relationships among experiential value, brand trust, attitudinal loyalty, and behavioral loyalty were statistically supported except one path between brand trust and behavioral loyalty (Hypothesis 14: $\beta=-0.067$; $t=-0.754$).

CONTRIBUTIONS

Table 2. Confirmatory factor analysis and discriminant validity

	PC	FC	HC	EC	EV	TR	AL	BL
PC	0.555 ^a							
FC	0.181	0.575						
HC	0.131	0.146	0.826					
EC	0.183	0.500	0.258	0.653				
EV	0.269	0.548	0.275	0.540	0.656			
TR	0.146	0.157	0.634	0.252	0.375	0.749		
AL	0.117	0.123	0.163	0.213	0.247	0.408	0.573	
BL	0.110	0.449	0.233	0.379	0.417	0.323	0.570	0.652

$\chi^2=505.979$, d.f.=247, IFI=0.930, TLI=0.914, CFI=0.929, RMSEA=0.069

PC=physical clue; FC=functional clue; HC=humanic clue; EC=emotional clue; EV=experiential value; TR=trust; AL=attitudinal loyalty; BL=behavioral loyalty; IFI=incremental fit index; TLI=tucker-lewis index; CFI=comparative fit index; RMSEA=root mean square error of approximation

Note. ^a AVE is on the diagonal. Squared of paired constructs are on the off-diagonal.

Table 3. Structural parameter estimates

Hypothesized path	Coefficient	t-value	Results
Hypothesis 1: Physical clue → Experiential value	0.145	2.212 [*]	Supported
Hypothesis 2: Functional clue → Experiential value	0.442	4.851 ^{***}	Supported
Hypothesis 3: Humanic clue → Experiential value	0.161	2.640 ^{**}	Supported
Hypothesis 4: Emotion clue → Experiential value	0.296	3.363 ^{**}	Supported
Hypothesis 5: Physical clue → Brand trust	0.014	0.270	Not Supported
Hypothesis 6: Functional clue → Brand trust	-0.147	-1.471	Not Supported
Hypothesis 7: Humanic clue → Brand trust	0.639	9.578 ^{***}	Supported
Hypothesis 8: Emotion clue → Brand trust	-0.025	-0.280	Not Supported
Hypothesis 9: Experiential value → Brand trust	0.399	3.094 ^{**}	Supported
Hypothesis 10: Experiential value → Attitudinal loyalty	0.217	2.394 [*]	Supported
Hypothesis 11: Experiential value → Behavioral loyalty	0.489	5.257 ^{***}	Supported
Hypothesis 12: Brand trust → Attitudinal loyalty	0.45	5.392 ^{***}	Supported
Hypothesis 13: Brand trust → Behavioral loyalty	-0.067	-0.754	Not Supported
Hypothesis 14: Attitudinal loyalty → Behavioral loyalty	0.565	5.897 ^{***}	Supported

$\chi^2=544.183$, d.f.=255, IFI=0.922, TLI=0.907, CFI=0.921, RMSEA=0.071

The results verify the hypothesis; all of four perceived service factors caused significant influence on

the value of experience. But, the humanic clues had appeared as the only significant antecedents of

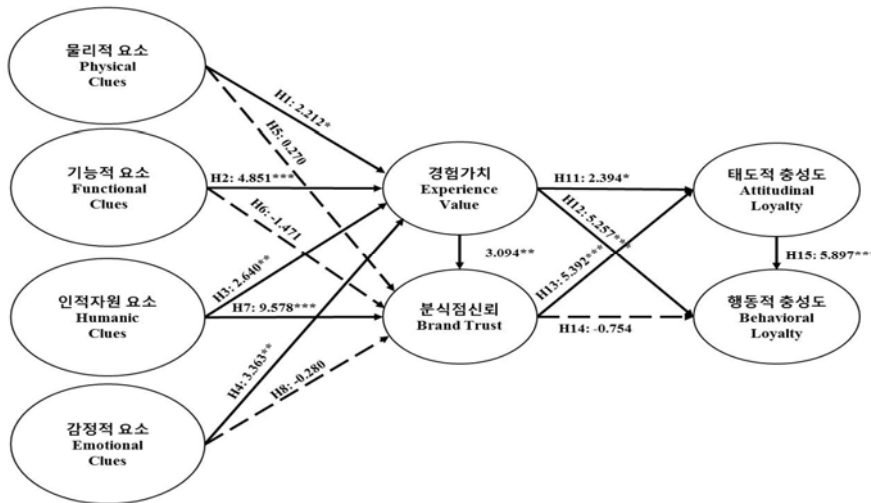


Figure 1. Results of structural equation model.

trust. These results had shown humanic clue is the most important factor when consumers get the trust of the franchise snack bar. In other words, the franchise snack bar company provide outstanding employees higher and rapid services, which is considered to have a direct impact on improving trust and loyalty by utilizing a regular employee training and various programs in franchise snack bar. In addition, in the four service clues, the functional clues showed the most significant impact on the statistical experience values. It is the essential factors including the taste of the food, food temperature, appearance of food containing, amount of food and these functional clues of services are most closely affecting customers on the improved experience values, and these results were theoretically supported in previous studies as well[36,1,37]. For example, if franchise snack bar provide a food with proper temperature using food warmer dishes or facility, it will contribute to increase general satisfaction of food quality among consumers. Therefore, the franchise snack bar business has to enhance the customer experience value by improving the quality of food. Based on these effort, the business will impact on attitudinal and behavioral loyalty positively.

As a result, functional and humanic clues in the various service factors of the franchise snack bar caused the most significant influence components and principle antecedents of loyalty that influence

on value of experience and trust. In addition, human clue was only element that has the influence on brand trust in current study. Therefore, well-developed employees program can be significant factor to satisfy customer as well as provide outstanding service.

Although similar results were identified from prior scholars[38,39], current founding specifically contribute to provide practical marketing suggestions for the franchise snack bar companies that occupies an important restaurant sector and it has sustained growth in the modern food industry.

This study has limitations on the target and regions by being carried out around Busan and around college, so it is difficult to generalize. Therefore, it would be more meaningful empirical research if future study needs to expand the scope of research targeted at consumers nationwide.

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