The Effect of Premium Hamburger Selection Attributes on Customer Satisfaction and Repurchase

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Abstract

This study aims to analyze the premium hamburger market, which has recently become popular, the effect of the importance of the customer selection attribute of premium hamburgers on customer satisfaction, and the effect of customer satisfaction on repurchase intention. Existing research has focused on the importance of the selection attributes of premium hamburgers. Quality, convenience, experience, and presentation visuals were selected as customer selection attributes. This study analyzed 158 customers who had purchased and tasted premium hamburgers. To verify reliability and validity, a confirmatory factor analysis and discriminant validity analysis were performed, and a path analysis was carried out using structural equation modeling. The results showed that the quality, convenience, experience, and presentation visuals of premium hamburgers had a statistically significant effect on satisfaction. Moreover, satisfaction was verified to have a significant effect on repurchase intention. Customers' preference for premium burgers will continue to increase, thanks to the growth in national income, single-person families, and healthy food wellness. It was empirically proven that the selection attributes of premium burgers have a statistically significant effect on customer satisfaction and that satisfaction significantly affects repurchase intention. This study broadens the research horizon and has practical implications.

1. Introduction

Small luxuries such as high-end coffee and cakes are gaining popularity during recessions. A small luxury is a temporary relief from the suppressed desire for consumption by purchasing high-end products at an affordable price. As consumers'

reward psychological marketing is popular, related products are selling relatively well. The fact that coffee shops are increasing the number of specialty coffee shops is also one of the small luxury marketing. Starbucks Coffee's Starbucks Reserve, Tom & Toms' Tom & Tom's Black, and Holly's Coffee's Holly's Coffee Club are specialty coffee stores. Specialty coffee is made from high-quality beans that have scored 80 or more in the evaluation of the Specialty Coffee Association of America. Specialty coffee with a unique flavor is about 30% more expensive than regular coffee (Yoo, 2016).

With the perception that hamburgers are easy to eat and inexpensive, McDonald's Korea has rapidly increased the number of stores as soon as it is introduced in Korea. Other domestic and foreign hamburger brands are also appearing one after another, and hamburger has established itself as a leader in domestic dining culture. However, the atmosphere changed in the 2000s as the dining out culture diversified and more people around the world value well-being. Hamburgers are considered to be "junk food" with high calorie and low nutritional value. However, the premium burger market, which has succeeded in premium positioning in line with the well-being trend, is different (Kang, 2017).

Shake Shack, a premium hamburger restaurant that opened in Gangnam and is gaining popularity, is a successful case of premium hamburgers. The most famous Shack Burger single set (Shack Burger + French Fries + Shake) at this store is 16,700 won each. That's three times the price of McDonald's Big Mac set (Big Mac + French fries + Coke) sold at 5,500 won. According to operator SPC Group, Shake Shack has sold over 100,000 hamburgers in the month since opening. It is estimated that the average daily sales are around 5 million won (Yoo, 2016).

The fast food hamburger market is competing with a price discount strategy due to the recession in the restaurant market and intensifying competition among industries in recent years. It has been over 40 years since the local brand Lotteria opened in 1979. According to the Korea Foodservice Industry Research Institute, the main food menu in the take-out part of the survey on the general eating out consumption behavior of domestic consumers was hamburger, the representative menu of fast food. Currently, the size of the Korean hamburger market is estimated at 1.5 trillion won. Over the past 30 years, the Korean hamburger market has been dominated by American McDonald's, Doosan Group's Burger King, and Lotte Group's affiliated Lotteria. However, recently, several large companies are launching new hamburger brands. In the fast food hamburger market where competition is intensifying, each company needs to create its own differentiated image and present it to consumers for continuous growth and development (Jin, 2018).

Above all, brand recognition is very important for the survival of a company. Consumers cannot buy a product they are not aware of. A brand is a combination of unique names and symbols used to identify a company's products or services to consumers and to differentiate them from those of competitors (An 2014).

In January 2021, 'Gordon Ramsay Burger' opened in Lotte World Tower. 'Gordon Ramsay Burger,' the first store in Korea, has become a hot topic at once by offering a hamburger menu worth 140,000 won. Despite the expensive menu, 'Gordon Ramsay Burger' is so popular that you have to make a reservation a few months in advance. It has already surpassed 1 billion won in monthly sales, ranking first in sales of F&B stores in Lotte World Mall at once. 'Gordon Ramsay Burger' is considering additional stores based on this success (Newdailybiz, 2022).

Consumer demand for restaurants that provide high satisfaction even at high prices has increased considerably. Consumer values and personalization trends centering on themselves are spreading. Efforts are also being made to attract super-expensive food service brands. The domestic hamburger market has grown alone during the last two years of the pandemic, while other food service businesses are experiencing a downturn. According to Euromonitor (2022), a global market research firm, the size of the domestic hamburger market is estimated to have jumped from 2.3 trillion won in 2015 to 2.96 trillion won in 2020 and to about 4 trillion won in 2021. The market size has expanded due to the spread of delivery and single meal culture.

Each company also contributed to sales growth. McDonald's recorded sales of 867.9 billion won in 2021, a 9.7% increase compared to the previous year. If you add up franchise sales, the total sales amounted to about 1 trillion won, the highest since entering the Korean market. Burger King recorded 679.4 billion won in sales, up 204% from the previous year. KFC and Mom's Touch also experienced earnings improvement due to the pandemic, generating operating profits (Dailyimpact, 2022).

This research intends to study the importance of consumers' choice attributes for the hamburger brand, which has recently received a lot of attention in the food service industry. As existing researchers have already done a lot of research on general hamburgers, this study will focus on premium burgers, which are gaining popularity in line with recent health trends.

2. Theoretical background

2.1. Hamburger market

According to Euromonitor, a global market research institute, the size of the domestic hamburger market is expected to reach 4 trillion won in 2022. Compared to the size of the domestic hamburger market of 2.8 trillion won in 2018, it has grown

by 42% in four years. Among the burger franchises in Korea, Mom's Touch has the largest number of franchisees, operating 1354 stores nationwide (including 5 directly managed stores). It is followed by Lotteria (1210), Burger King (440), McDonald's (407), and KFC (187). Shinsegae Food's No Brand Burger, which entered the market in 2019, is a latecomer but is growing rapidly. It currently operates 183 stores and plans to increase to 200 stores by 2022. In addition, as famous American burger brands such as Five Guys, Super Duper, and Popeyes are set to land in Korea one after another, competition in the market is expected to intensify. The Galleria division of Hanwha Solutions is preparing a domestic store for Five Guys, which is known as one of the three major burgers in the United States. The BHC group signed a contract in the master franchise method and will open the first Super Duper store near Gangnam Station in Seoul (Dailyimpact, 2022).

NLC, a subsidiary of Shilla Trading, a company specializing in deep-sea fishery, is also planning to introduce the American hamburger maker Papais in 2022, which was withdrawn from Korea. Hamburgers are less deformed, easy to consume, and relatively inexpensive compared to other foods. As the MZ generation (millennials + generation Z), which has recently emerged as a major customer base, is looking for premium burgers made with healthier ingredients, each company is also paying more attention to managing ingredients, thereby strengthening competitiveness. However, recently franchised burger brands are struggling. US McDonald's is pushing to sell McDonald's Korea, which has been in the red for three consecutive years. It has been six years since the sale of the company was canceled in 2016. KG Group also decided to sell KFC this year. In 2017, KFC was purchased for about 50 billion won from a global private equity fund, but its performance continues to be sluggish, with the Jongno branch, the first KFC in Korea, closing in 38 years in January of 2022. Most of the major franchise burger brands, except Lotteria (Lotte GRS) and No Brand Burger (Shinsegae Food), which are affiliates of major domestic distribution companies, are in the process of selling. As labor and food material costs soared over the past few years, it has become difficult to make a profit, and competition among high-end premium burger companies has intensified (Chosun biz, 2022).

2.2. Premium burger

While famous overseas premium burger brands have entered Korea one after another in recent years, the performance of existing franchise burgers has been weakened, while the competition between premium burger companies is getting fiercer. In Yeoksam-dong, Gangnam-gu, Seoul, there is the first premium hamburger restaurant Good Stuff Eatery (GSE). In the United States, it is a brand known as a favorite of former President Obama. Vegetables such as butterhead lettuce, lettuce, and tomatoes are growing on the walls inside the shop. This is thanks to the installation of a 'smart farm' that harvests crops by controlling temperature, humidity, and light using ICT technology. In this store, 85% of the vegetables needed to make food are supplied by this smart farm. Gordon Ramsay Burger, which opened at Lotte World Mall in Jamsil, Seoul, in January 2022, drew attention by offering a burger worth over 100,000 won. The main menu, Hell's Chicken Burger, is 31,000 won. The most expensive 1966 burger costs 140,000 won. Although the price is high, many young people want to experience the menu of star chef Gordon Ramsay from England. Jinkyung, the operator of Gordon Ramsay Burger, plans to open its second store in 2022 (Nate news, 2022).

BHC plans to open a famous burger brand 'Super Duper' in San Francisco in 2022. At the end of 2021, they signed a master franchise contract to do the brand franchise business in Korea and are looking for a place to open their first store. The Galleria division of Hanwha Solutions is also known to be preparing a domestic store for 'Five Guys', one of the top three American burgers. Global premium burger brands are flocking to Korea because the domestic burger market is growing rapidly. In 2016, the premium burger market grew as SPC introduced Shake Shack, a famous burger brand from the eastern United States. At that time, when the first store was opened, 1500 people gathered and stood in a long line. Euromonitor, a global market research institute, estimates that the domestic burger market, which was 2.8 trillion won in 2018, has grown to 4 trillion won in 2021. Shake Shack is currently operating its 22nd store in Korea in 2022 (Asia economy, 2022).

2.3. The importance of customer selection attributes of hamburgers

Longart, Wickens and Bakir (2018) presented seven types of restaurant selection attributes: food-related attributes, environment-related attributes, facility-related attributes, price-related attributes, service-related attributes, place-related attributes, and image-related attributes. But these attributes are derived from full-service restaurants. Therefore, premium burgers should apply different selection attributes. In fast food restaurants, food quality is the most important factor influencing customer satisfaction (Vangvanitchyakorn, 2000; Sulek et al., 2004; Peri, 2006). Kueh and Voon (2007) found that factors such as convenience, time saving, and dining experience affect customer satisfaction. Shaharudin et al. (2011) found that among the menu characteristics of fast food restaurants, freshness, visual presentation, taste, and innovation influence repurchase intention. The National Restaurant Association proposes 20 attributes, including 7 attributes for food, 7

attributes for service, and 6 attributes for atmosphere and environment, for selection attributes of restaurants. National Restaurant Association (1983). In addition, many existing researchers have presented empirical results that customers who have experienced satisfaction in a restaurant want to visit the store again (Cha & Lee, 2021; Cha & Wang, 2020; Cha & Seo, 2019). Therefore, based on previous studies, the following hypotheses and research models are presented.

H1: Food quality at premium burger restaurants will positively affect customer satisfaction.
H2: The convenience of premium burger restaurants will positively affect customer satisfaction.
H3: The dining experience of premium burger restaurants will positively affect customer satisfaction.
H4: Food visual presentation at premium burger restaurants will positively affect customer satisfaction.
H5: Customer satisfaction at premium burger restaurants will positively affect repurchase intentions.
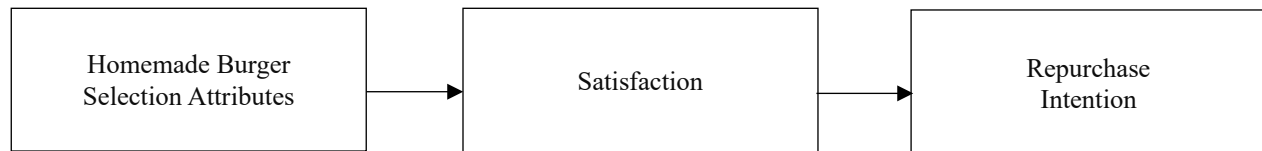
Figure 1: Research Model

3. Research method

3.1. Sample and investigation procedure

A survey was conducted to prove the research hypothesis. The questionnaire items were applied after modifying the ones previously used by other researchers to be suitable for this study. The subjects of the study were consumers who had tried premium burgers at local and abroad. The survey was conducted online through Google Drive from September 1, 2021 to October 15, 2021. A total of 170 questionnaires were distributed, and after excluding 12 insincere or incomplete questionnaires, a total of 158 questionnaires were used for empirical analysis. This study was conducted with the following analysis method.

First, to verify the reliability and validity of the measured variables, reliability analysis and exploratory factor analysis were performed using SPSS 22.0, and then unsuitable factors were removed. Next, the structural equation modelling (SEM) was used as a statistical method for hypothesis testing in this study.

Table 1: Demographic status

variables		No. of Sample	Percentage (%)
Gender	Male	66	42
	Female	92	58
Age	10-19	12	7
	20-29	64	41
	30-40	53	34
	Over 40	29	18
Occupation	Student	62	39
	Office worker	57	36
	Business person	11	7
	Housewife	23	15
	Misc.	5	3
Monthly Income (Thousand KRW)	< 500	5	3
	500-1000	35	22
	1000-3000	71	45

| 3000-5000 | 43 | 27 |
| > 5000 | 4 | 3 |

4. Empirical results

For empirical analysis, confirmatory factor analysis was performed using Amos 20.0. As shown in Table 2, although the chi-square value is significant for the measurement model (p=0.000), it is sensitive to model complexity and sample size, so TLI (Turker-Lewis index), IFI (incremental fit index), RFI (Bagozzi and Yi 1988) was judged appropriate to evaluate the fit of the model considering (relative fit index), NFI (normedfit index), and CFI (comparative fit index). All fit index indices showed overall acceptable fit. The average variance extracted (AVE) and the composite reliability (C.R) satisfy the criteria (composite reliability 0.6 or more, AVE 0.5 or more) suggested by Bagozzi and Yi (1988). And as all loadings were statistically significant (p<0.01), convergent validity could be confirmed. Table 2 shows the results of confirmatory factor analysis.

Table 2: Confirmatory factor analysis

Variables		CR	AVE
Quality	qua 01	0.955	0.842
	qua 02		
	qua 03		
	qua 04		
Convenience	con01	0.948	0.821
	con 02		
	con 03		
	con 04		
Experience	exp01	0.943	0.805
	exp02		
	exp03		
	exp04		
Visual Presentation	vis01	0.887	0.663
	vis02		
	vis03		
	vis04		
Satisfaction	sat01	0.960	0.857
	sat02		
	sat03		
	sat04		
Purchase intention	pur01	0.951	0.828
	pur02		
	pur03		
	pur04		

Chi-Square=492.146, df= 237, CMIN/DF = 2.077, NFI= 0.909, IFI=0.950, TLI=0.942, CFI=0.950, RMR=0.07, RMSEA=0.08

The square root of the average variance extracted (AVE) was used to prove discriminant validity between each element. As a result, as shown in Table 3, the AVE square root value was greater than 0.5, and it was found that all correlation values other than the diagonal in the related column and row were larger. Therefore, it can be said that the discriminant validity of the corresponding differences in the measurement results between different constructive concepts has been proven.

Table 3: Discrimination validity through correlation analysis

	Satisfaction	Quality	Convenience	Experience	Visual Presentation	Repurchase Intention
Satisfaction	0.926					
Quality	0.869	0.917				
Convenience	0.557	0.473	0.906			
Experience	0.873	0.767	0.349	0.897		
Visual Presentation	0.813	0.804	0.334	0.807	0.851	
Repurchase Intention	0.904	0.816	0.431	0.825	0.815	0.910

* $p < 0.05$, ** $p < 0.01$, ***$p < 0.001$

The research hypothesis was verified using Amos 20.0. For the study model, X^2 = 501.522(df=241, p=0.000), NFI=0.907, IFI=.956, TLI=.949, CFI=0.949, RMSEA=0.080, indicating a satisfactory level of fitness. Table 4 shows the results of hypothesis testing. As a result of hypothesis testing on the main effect, it was found that the customer selection attribute of premium burger had a significant effect on customer satisfaction, and also that customer satisfaction had a significant effect on repurchase intention. In particular, visual presentation showed the highest path coefficient for customer satisfaction with a standard path coefficient of 0.326 among the four independent variables. This is what the premium burger's exterior and visual presentation is considered to be the most important factor in customer satisfaction. As indicated by the characteristics of the sample, most of the premium burger users are in their 20s and 30s. As for the premium burger that he was satisfied with, the characteristics of the millennial generation, who actively share photos with the outside through Instagram, are reflected. Fig. 2 shows the empirical results.
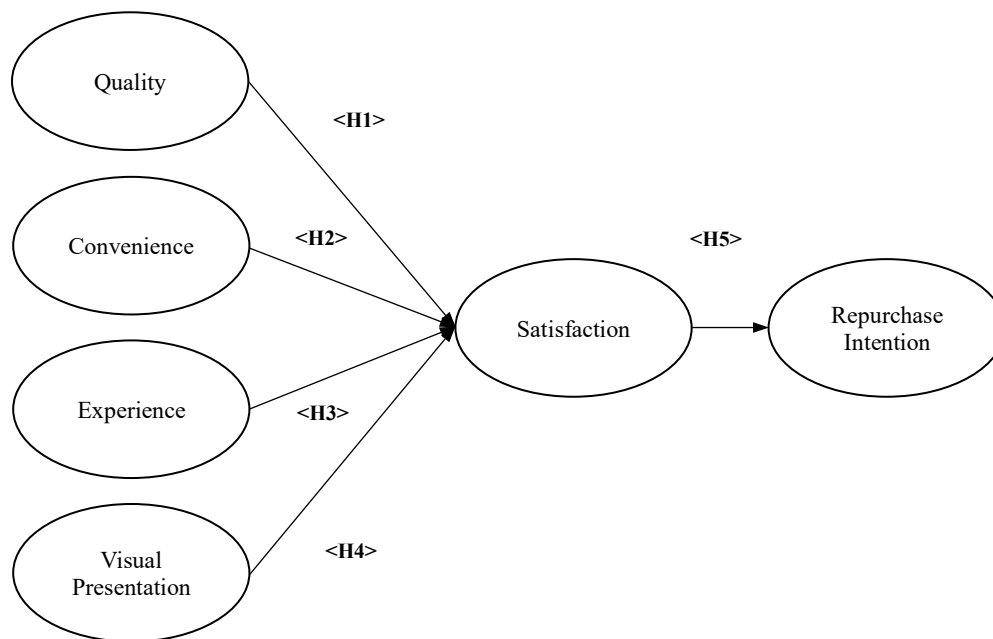
Figure 2: SEM Result of Research Model

Table 4: Results of the Research hypothesis

Hypotheses	Path	Standardized Regression Weight	*t*- value	*p*- value	Result
H1	Quality→ Satisfaction	0.302	4.782	***	Support
H2	Convenience→ Satisfaction	0.192	5.326	***	Support
H3	Experience→ Satisfaction	0.326	3.856	***	Support
H4	Visual Presentation → Satisfaction	0.285	2.932	**	Support
H5	Satisfaction → Purchase Intention	0.917	18.104	***	Support

5. Conclusions and implication

In the past, the domestic franchise burger market has grown due to low prices. However, as foreign premium brands have recently opened in Korea, they have lost their competitiveness. In particular, the popularity of the relatively cheap franchise burger is declining due to the negative perception among consumers. This is the reason why Gordon Ramsay Burger emphasized its burger as "a dish that is not a burger" when it was launched in Korea. Customers' preference for premium burgers will continue to increase in the future, thanks to the increase in national income, the increase in single-person families, single meals, and healthy food wellness. In this study, it was empirically proven that the quality, convenience, experience, and visuals of premium burgers have a statistically significant effect on customer satisfaction, and that satisfaction has a significant effect on repurchase intention. This study is meaningful in that it broadens the horizon of related research and provides basic data that is the basis for establishing strategies for marketers in the premium burger industry.

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