CUSTOMER SHARE OF VISITS TO FULL-SERVICE RESTAURANTS IN RESPONSE TO
PERCEIVED VALUE AND CONTINGENCY VARIABLES

by

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AN ABSTRACT OF A DISSERTATION

submitted in partial fulfillment of the requirements for the degree

DOCTOR OF PHILOSOPHY

Department of Hospitality Management and Dietetics
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Abstract

This study sought to apply the concepts of 'perceived value' and 'customer share' (of visits) to full-service restaurant settings for the first time. Given the strong 'experiential nature' of foodservice, the perceived value concept adopted in this study involved an 'experiential view' of the dining experience. Further, the customer share concept was expected to have implications for the foodservice context, given the multi-loyalty nature of restaurant customers.

With the first conceptual model, this study sought to verify the effect of perceived value on customer share of visits in a full-service restaurant context, using a dimension-level value approach and positing customer satisfaction and brand preference as mediators between them. The conceptual model was tested based on responses from 299 general U.S. full-service restaurant customers, using a confirmatory factor analysis and structural equation modeling. The test results revealed that among four value dimensions, excellence (in food and service) and customer return on investment had dominant effects on customer satisfaction and brand preference whereas playfulness had a significant moderate effect only on brand preference; aesthetic appeals did not have significant effects on either. Affected by perceived value, customer satisfaction significantly enhanced brand preference and in turn brand preference contributed to customer share of visits and fully mediated the effect of customer satisfaction on customer share of visits. In essence, the findings highlight the significant antecedent role of perceived value in customers' satisfaction and brand preference formation, and the pivotal role of customer brand preference in customers' purchase decision process.

With the second conceptual model, this study sought to reveal the direct effect and/or moderating effects of contingency variables in relation to customer share of visits in a full-service restaurant context. The hypotheses included in the conceptual model were tested based on responses from 291 general U.S. full-service restaurant customers, using a confirmatory factor analysis and a series of (moderated hierarchical) regression analyses. The test results indicated that the direct effects of social switching costs, lost benefits costs, procedural costs, and intrinsic inertia were positive whereas that of intrinsic variety-seeking was negative on customer share of visits. In addition, consumer involvement and perceived brand heterogeneity were found to enhance the effect of brand preference on customer share of visits. The effects of the

contingency variables appear to work by influencing the number of brands in customers' consideration sets and/or leading customers to allocate a greater share of visits to a particular brand in a given number of brands in consideration sets.

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CHAPTER 1 - INTRODUCTION

Customer retention has limitations in detecting how much profit retained customers contribute to the firm individually and in the aggregate (Blattberg, Getz, & Tomas, 2001; Coyles & Gokey, 2002; Verhoef, 2003). In contrast, the concept of 'customer share (of wallet)' enables managers to design and evaluate strategies to obtain a larger share of customers' category spending and thus increase profitability of retained customers (Coyles & Gokey, 2002; Mägi, 2003; Perkins-Munn, Aksoy, Keiningham, & Estrin, 2005). Moreover, decreases in 'customer share (of wallet)' can be more damaging to firms' profitability than complete customer defections (Colyles & Gokey, 2002; Reinartz & Kumar, 2000). As a result, in recent years researchers and managers have shown increasing interest in customer share as an ultimate behavioral measure of loyalty (Cooil, Keiningham, Aksoy, & Hsu, 2007).

Service is characterized by its 'experiential' nature due to its intangibility and simultaneous production and consumption. On the brink of an 'experience economy' that acknowledges the importance of creating and delivering experience-based perceptions of value, restaurateurs need to have a good understanding of how customers value their dining experiences as a whole (cf. Pine & Gilmore, 1999). Consistent with this notion, Grönroos (1994) described the service consumption experience as the customer's total interaction with a firm's system, physical resources, and employees. From this perspective, the view of 'value-in-use' emerges, in contrast to 'value-in-exchange' view (cf. Grönroos, 2006). According to this view, value is not the services or goods themselves, but what customers receive from those services or goods (Vandermerwe, 1996). True value can be determined only by a given customer, based on his/her consumption experience. Such value can help explain different aspects of consumer behavior including customers' spending allocations to service firms (i.e., customer share) (cf. Gallarza & Saura, 2006).

Oliver (1997) argued that the interests in perceived value and customer satisfaction appear to have overcome interest in quality largely because value and satisfaction entail both cognitive and affective evaluations while quality is generally limited to cognitive assessment. Although the debate is still open about the potential overlap between value and customer satisfaction (Gallarza & Saura, 2006), as far as the causal relationship is concerned, value

appears to affect satisfaction, rather than the other way around (e.g., Howard & Sheth, 1969; Kotler & Levy, 1969). In line with this proposition, Woodruff (1997) suggested that customer satisfaction would be better managed if backed up with in-depth learning about customer value. Thus, customer value, by enhancing customer satisfaction, would ultimately contribute to customer share to service firms.

In a broad sense, switching refers to not only complete dissolution of the business relationship, but also lower customer share to the current provider (Zeithaml, Berry, & Parasuraman, 1996). To increase customer loyalty/share or reduce customer switching, marketing researchers and practitioners have paid extensive attention to the customer satisfaction-retention linkage and customer switching (Patterson, 2004; Wieringa & Verhoef, 2007). Customer satisfaction is surely a prerequisite for customer retention. However, realizing that various contingency variables affect the relationship between satisfaction and retention, researchers have investigated for switching by satisfied customers (e.g., Bansal, Taylor, & James, 2005; Sharma & Patterson, 2000) and non-switching by dissatisfied customers (e.g., Burnham, Frels, & Mahajan, 2003; Colgate, Tong, Lee, & Farley, 2007). Such contingency variables that have received extensive attention by researchers in a variety of industry contexts – they include various switching costs, alternative attractiveness, and consumers' intrinsic inertia/involvement/intrinsic variety-seeking/perceived brand heterogeneity. The influences of these contingency variables are likely to be more complex for customer share than for customer retention in that the former is a matter of degree while the latter is a matter of existence.

Statement of the Problem

Recent studies indicate that the drivers of customer share differ from those of customer retention (e.g., Blattberg et al., 2001; Mittal & Kamakura, 2001; Reinartz & Kumar, 2003). Thus, finding drivers of customer share is a crucial step in understanding how customer share is allocated in a service or product category and in developing strategies to capture larger shares of customers' spending in the category (Coyles & Gokey, 2002; Perkins-Munn et al., 2005). In responding to this call for research, this study suggests that perceived value, customer satisfaction, and brand preference are key drivers of customer share in the context of full-service restaurants. Further, contingency variables for customer share play vital roles in explaining actual patterns of purchase behavior (Yanamandram & White, 2006). In other words, some

variables come into play between customers' attitudes toward a firm and their observed purchasing behavior, weakening or strengthening the attitude-behavior relationship. As such, those contingency variables limit the explanatory power of customer satisfaction and brand preference for customer share of visits. Therefore, to more realistically predict customer share for a firm, managers should take contingency variables into account, in addition to customer satisfaction and brand preference. Overall, as a result of its inclusion of perceived value and contingency variables, this study of customer share in a full-service restaurant context contributes to the literature by increasing academic and business attention to customers' value perceptions of and true behavioral loyalty to restaurants.

Purposes and Objectives

The main purpose of this study was to introduce the concepts of perceived value and customer share (of visits) to the foodservice setting and test potential drivers of customer share of visits in a full-service restaurant context. In an attempt to achieve these purposes, the author suggested two conceptual models. The first model was designed to examine how each dimension of perceived value drives customer share of visits to full-service restaurants via customer satisfaction and brand preference. The second model was built to assess various contingency variables for customer share of visits to full-service restaurants, including three types of switching costs (i.e., procedural costs, social switching costs, lost benefits costs), four types of customer-intrinsic factors (i.e., intrinsic inertia, consumer involvement, perceived brand heterogeneity, intrinsic variety-seeking), and one competition factor (i.e., alternative attractiveness). In essence, the objectives of this study were to reveal individual and/or collective effects of the antecedent and moderating variables on customer share of visits in a full-service restaurant context.

Hypotheses

The conceptual models of this study included a total of 23 hypotheses: 11 for the first model and 12 for the second model. In the first model, the antecedent roles of perceived value dimensions in the formations of customer satisfaction and brand preference were examined and the mediating roles of customer satisfaction and brand preference between perceived value dimensions and customer share of visits were tested. In the second model, the direct effects of

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the three types of switching costs, intrinsic inertia, alternative attractiveness, and intrinsic variety-seeking on customer share of visits were examined and the moderating effects of procedural costs, intrinsic inertia, consumer involvement, perceived brand heterogeneity, alternative attractiveness, and intrinsic variety-seeking in the relationships between brand preference and customer share of visits were assessed, as dictated below.

First Model Hypotheses

H1a: Consumer return on investment (ROI) in consumption positively affects customer satisfaction.

H2a: Excellence positively affects customer satisfaction.

H3a: Playfulness in consumption positively affects customer satisfaction.

H4a: Aesthetic appeals in consumption positively affect customer satisfaction.

H1b: Consumer ROI in consumption positively affects brand preference.

H2b: Excellence positively affects brand preference.

H3b: Playfulness in consumption positively affects brand preference.

H4b: Aesthetic appeals in consumption positively affect brand preference.

H5: Cumulative customer satisfaction positively affects brand preference.

H6: Cumulative customer satisfaction positively affects customer share of visits.

H7: Brand preference positively affects customer share of visits.

Second Model Hypotheses

H8a: Procedural costs positively affect customer share of visits.

H8b: Procedural costs enhance the effect of brand preference on customer share of visits.

H9: Social switching costs positively affect customer share of visits.

H10: Lost benefits costs positively affect customer share of visits.

H11a: Intrinsic inertia positively affects customer share of visits.

H11b: Intrinsic inertia enhances the effect of brand preference on customer share of visits.

H12: Consumer involvement enhances the effect of brand preference on customer share of visits.

H13: Perceived brand heterogeneity enhances the effect of brand preference on customer share of visits.

H14a: Alternative attractiveness negatively affects customer share of visits.

H14b: Alternative attractiveness buffers the effect of brand preference on customer share of visits.

H15a: Intrinsic variety-seeking negatively affects customer share of visits.

H15b: Intrinsic variety-seeking buffers the effect of brand preference on customer share of visits.

Significance of the Study

To date, empirical tests of customer share are largely limited to retail and bank industries; tests of perceived value from a multi-dimensional perspective are also very rare across all industry types. Further, despite the theoretical and practical significance of those concepts to the foodservice industry as mentioned earlier, no study yet has tested the value dimensions and customer share of visits in this industry context. Repeatedly, information on customer share enables restaurants to efficiently manage their customer bases and revenue streams by allowing them to detect upward and downward changes in customer share allocated to them (cf. Coyles & Gokey, 2002). A correct understanding of their customers' value perceptions of dining experiences also enables restaurants to design optimum value compositions tailored to their major target markets (cf. Holbrook, 1994, 1999). Lastly, by taking account of the contingency variables for customer share of visits to their restaurants, managers can improve their understanding of their customers' purchasing behavior and the overall competitive landscape. Although managers have very little or no control of those variables, armed with this information they would be able to better design their marketing strategies. Consequently, the study results are expected to offer rich insights to researchers and managers alike in this business category.

Limitations of the Study

The greatest limitation involves using a retrospective approach in collecting data on customer share of visits. In designing this study, relying on customer memory seemed to be reasonable accurate way to collect such data. After all, the customer is the only one to know how often s/he has visited a given restaurant and other restaurants. In fact, a retrospective, self-reporting approach has often been used in measuring customer share (Verhoef, 2003). In an effort to improve the accuracy in their responses, the questionnaire contained three different

forms of questions regarding the respondent's share of visits to a restaurant and encouraged the respondent to think carefully when responding to those questions.

Definitions of Terms

- **Full-Service Restaurant:** A restaurant that provides waited table service for customers. Customers are greeted and seated by a host-staff and orders are taken and delivered by a wait-staff (Spears & Gregoire, 2007).

- **Perceived Value:** A relativistic (comparative, personal, situational) preference characterizing a subject's experience of interacting with some object (Holbrook, 1994, 1999).

  - **Excellence:** A dimension of perceived value reflected in a market offering's capacity to serve as a means to a customer's self-oriented end (Mathwick, Malhotra, & Rigdon, 2001).

  - **Customer Return on Investment (ROI):** A dimension of perceived value reflected in the rate of returns in the economic utility of a marketing offering and in the utility derived from the efficiency of an exchange encounter on a customer's active investment of financial, temporal, behavioral, and psychological resources (Mathwick et al., 2001).

  - **Playfulness:** A dimension of perceived value reflected in the intrinsic enjoyment that comes from freely engaging in activities that are absorbing (Mathwick et al., 2001).

  - **Aesthetic Appeals:** A dimension of perceived value reflected in the aesthetic responses to the salient sensory appeals of the environment and the entertaining or dramatic aspects of performance (cf., Mathwick et al., 2001).

- **(Cumulative) Customer Satisfaction:** The degree of (cumulative) overall pleasure or contentment felt by the customer, resulting from the ability of the service to fulfill the customer's desires, expectations and needs in relation to the service (Anderson, Fornell, & Lehmann, 1994).

- **Brand Preference:** The extent to which the customer favors the designated service provided by his or her present company, in comparison to the designated service provided by other companies in his or her consideration set (Hellier, Geursen, Carr, & Rickard, 2003).

- **Customer Share of Visits:** The percentage of a customer's total visits in a product/ service category that is assigned to a specific firm (Peppers & Rogers, 1999).

- **Relative Customer Share of Visits:** The percentage of a customer's total visits in a product/service category that is assigned to a specific firm multiplied by the number of different firms in the category in the customer's typical consideration set.

- **Switching Costs:** The sacrifices or penalties consumers perceive they may incur in moving from one provider to another (Jones, Reynolds, Mothersbaugh, & Beatty, 2007).

  - **Procedural Costs:** The time, effort, and hassle of finding and adapting to a new provider (Jones et al., 2007).

  - **Social Switching Costs:** The potential loss of a personal bond or friendship with a provider and its employees if the consumer switches (Jones et al., 2007).

  - **Lost Benefits Costs:** The potential loss of special treatment benefits received from the current provider if the consumer switches (Jones et al., 2007).

- **Intrinsic Inertia:** A consumers' inherent laziness, inactiveness, or passiveness in the context of purchase choices (Bozzo, 2002).

- **Consumer Involvement:** A consumer's goal-oriented arousal capacity stemming from subjective perception of the personal relevance of a market offering (cf. Park & Mittal, 1985).

- **Perceived Brand Heterogeneity:** A consumer's subjective perception of the extent to which the providers in a market are different or nonsubstitutable (Burnham et al., 2003).

- **Alternative Attractiveness:** A consumer's subjective estimate of the likely satisfaction available in an alternative relationship (Patterson & Smith, 2003).

- **Intrinsic Variety-seeking:** A consumer's intrinsic tendency to seek variation in purchase choices for the sake of variety (Van Trijp, Hoyer, & Inman, 1996).

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CHAPTER 2 - REVIEW OF LITERATURE

This chapter provides rationales for 'a model of value-driven customer share of visits' (Figure 2.1) and 'a contingency model of customer share of visits' (Figure 2.2). In developing the conceptual models, this chapter reviews the literature on value dimensions, (cumulative) customer satisfaction, brand preference (the 'brand' in this study context indicates 'individual restaurant.'), customer share of visits, and contingency variables for customer share of visits including switching costs (procedural costs, social switching costs, lost benefits costs), customer-intrinsic factors (intrinsic inertia, consumer involvement, perceived brand heterogeneity, intrinsic variety-seeking), and a competition factor (alternative attractiveness). Based on the literature review, this chapter suggests a total of 23 hypotheses in the full-service restaurant context.

Perceived Value

The Concept of Perceived Value

From a consumer research perspective, the term perceived value is synonymous with consumer (or customer) value (Gallarza & Saura, 2006). The concept of 'perceived value' has received extensive research interest in recent years (Gallarza & Saura, 2006; Sánchez-Fernández & Iniesta-Bonillo, 2007). As the primary reason for a business's existence and means to its success (Slater, 1997), the creation of customer value has been increasingly recognized as a strategic focus by businesses (Cronin, Brady, & Hult, 2000; Mizik & Jacobson, 2003). The value created for customers is strongly tied to customer loyalty and thus a firm's financial success (Khalifa, 2004). Therefore, identifying the types of value sought by customers from a firm's offering is a starting point in the firm's delivery of better value to the customer and in achieving a sustainable competitive advantage (Ravald & Grönroos, 1996). Despite the competitive centrality of customer value, the value concept received relatively little interest from consumer and marketing researchers throughout the 1990s (Holbrook, 1999; Jensen, 1996).

As often occurs with longstanding concepts, researchers have presented divergent views of the value concept (Sánchez-Fernández & Iniesta-Bonillo, 2007). Broadly, these views can be classified into uni-dimensional and multi-dimensional. The uni-dimensional view suggests the

value as a mere trade-off between benefit and sacrifice (or costs), so that it is measured simply by asking respondents for their perception of the ratio between what they have received to given up (e.g., Zeithaml, 1988). Monroe's (1979, 1990) price-based approach and Zeithaml's (1988) means-end theory approach are examples of uni-dimensional approaches to the value concept. In contrast, given the comprehensive nature of the value concept, other researchers have argued that perceived value is a multi-dimensional construct wherein various notions are embedded (e.g., Holbrook, 1994, 1999; Sinha & DeSarbo, 1998). Examples of the multi-dimensional approaches include 'customer value hierarchy' (Woodruff & Gardial, 1996), 'axiology theory' (Hartman, 1967, 1973), 'consumption-value theory' (Sheth, Newman, & Gross, 1991a, 1991b), and 'Holbrook's typology of perceived value' (1994, 1996, 1999). This lack of consensus among scholars on the conceptualization and measurement of perceived value appears as a consequence of its multi-faceted and complex nature (see Sánchez-Fernández & Iniesta-Bonillo, 2007 for review). Oliver (1999) acknowledged that value could mean anything that marketers and consumers wish with respect to offerings in the marketplace, indicating the comprehensive nature of consumer value.

Holbrook's Approach to Perceived Value

After an extensive literature review of various approaches to perceived value, Sánchez-Fernández and Iniesta-Bonillo (2007) advocated Holbrook's typology of perceived value (1994, 1999), which encompasses all of its utilitarian, hedonic, social, and altruistic components of perceived value, as the most comprehensive in defining sources of value than others. Holbrook has shown a long and consistent interest in the topic of value, and his approach offers a broader view of consumer behavior (Gallarza & Saura, 2006), deepening our understanding of the basic nature of value with a systematic and easy-to-comprehend model (Bevan & Murphy, 2001; Mathwick et al., 2001). His approach is most differentiable in that it incorporates axiological and experiential views in the value concept.

Holbrook (1994, 1999) defined consumer value as an "interactive relativistic preference experience." According to his theory, value is *interactive* in that it entails an interaction between a subject (a consumer or customer) and an object (a market offering of any type). That is, value depends on how a consumer interacts with a product, rather than the characteristics of a product itself. Therefore, a product or service has no meaning (value) until it is experienced and

appreciated by a consumer (Frondizi, 1971). In a restaurant, we never know the taste of food before we eat it and the quality of service before we are served.

Value is *relativistic* in that it is *comparative* (involving preferences among objects), *personal* (varying across people), and *situational* (context-dependent) (Holbrook, 1994, 1999). The value of a product is judged in comparison with other products because people have limited resources and thus wish to maximize their returns for a given opportunity cost (Lamont, 1955). A comparative judgment inevitably entails a consumer's *preference* for something to something else. Even one product is evaluated differently by consumers because value is a personal judgment (Hilliard, 1950), and people differ in evaluation criteria. Further, even one individual's evaluation criteria change from time to time and place to place, so value is situational and thus has meaning only within a certain situation (Frondizi, 1971). In a foodservice context, when a customer decides where to dine out, s/he weigh the *comparative* value of restaurants based on his/her *personal* choice standards which vary from *situation* to situation (e.g., for lunch or dinner, at home or work, alone or with others).

Lastly, value is *experiential* in that customer value resides not in the product/service purchased (value-in-exchange) but in the experience gained from the product/service consumption (value-in-consumption) (Holbrook, 1994, 1999). What people ultimately want is a satisfying experience derived from a product rather than the product itself (Abbott, 1955). Value-in-consumption is conceptually richer than value-in-exchange in that the former captures various sources of perceived value whereas the latter mainly focuses on a trade-off between benefits and costs in a transaction. In a foodservice context, a customer's value perception and preference judgment eventually depend on how the customer enjoyed the dining experience rather than the food/service itself.

Holbrook's Typology of Perceived Value

Dimensions of Holbrook's Typology

The typology of perceived value proposed by Holbrook (1994, 1999) suggests that consumer value can be either *extrinsic* or *intrinsic* (utilitarian or hedonic), *active* or *reactive*, and *self-oriented* or *other-oriented*. This three-axis paradigm generates eight distinct dimensions of value as shown in Table 2.1.

Table 2.1 Holbrook's Typology of Perceived Value

		Extrinsic	Intrinsic
Self-oriented	Active	Efficiency (Output/Input, Convenience)	Play (Fun)
	Reactive	Excellence (Quality)	Aesthetics (Beauty)
Other-oriented	Active	Status (Success, Impression Management)	Ethics (Virtue, Justice, Morality)
	Reactive	Esteem (Reputation, Materialism, Possessions)	Spirituality (Faith, Ecstasy, Rapture, Sacredness, Magic)

Source: Holbrook (1999, p.12)

According to Holbrook, *extrinsic* value pertains to a marketing offering's functional or utilitarian instrumentality in serving as a means to accomplishing some further purpose whereas *intrinsic* value occurs when a consumption experience is appreciated as an end in itself as in the case of hedonic satisfaction or pleasure. For example, a high-quality, well-priced steak may possess high extrinsic value to most customers but a vegetarian may not enjoy it, so it has low or no intrinsic value to him/her. *Active* value entails a physical or mental manipulation of a tangible or intangible object while *reactive* value occurs when a subject comprehends, appreciates, or responds to an object without directly affecting it. A diner may enjoy a dining experience by actively eating a meal while appreciating the restaurant's beautiful interior. Value can be either *self-oriented* or *other-oriented* depending on whether an evaluation of a consumption experience is centered on self or others. Eating a meal to appease one's hunger is self-oriented, and visiting a luxury, upscale restaurant to impress a girl friend may be called other-oriented. Because all eight types of perceived value tend to occur simultaneously to varying degrees in a consumption experience, some blurring gray areas between value dimensions are to be expected (Holbrook, 1994).

Self-Oriented Value Dimensions

Measurement scales for the four self-oriented value dimensions (i.e., efficiency, excellence, play, aesthetics) were developed by Mathwick et al. (2001) in a retail context. No researcher yet has attempted to measure other-oriented dimensions. In adapting the four value

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dimensions to a retail setting, Mathwick et al. (2001) slightly modified them: efficiency to consumer return on investment (ROI), excellence to service excellence, play to playfulness, and aesthetics to aesthetic appeal.

As an extrinsic value resulting from the active consumption experience as a means to achieve some self-oriented purpose, 'efficiency' is often measured as a ratio of outputs to inputs (Holbrook, 1999). That is, efficiency indicates the relative amount of utility the customer gains from a transaction and consumption in return for the customer's money, time, and effort investments (Mathwick et al., 2001). As subdimensions of consumer ROI, they suggested 'economic value' to measure the consumer return on *money* investment and 'efficiency' to measure the return on *time* and *effort* investment. For example, in a foodservice context, competitive menu prices, prompt service, and convenient location would enhance consumer ROI value.

While efficiency is an active term, 'excellence' reflects the consumer's reactive response to the capacity of an object or experience to serve as an extrinsic means to a self-oriented end (Holbrook, 1999). Holbrook (1999) admitted that excellence constitutes the essence of quality as quality arises as a salient type of consumer value when a consumer admires a product for its capacity to achieve some self-oriented purpose but does so without actually using it for the purpose. In service contexts, excellence appears to indicate "whatever you can imagine, we have it all" kind of state, giving pleasant surprises to customers when they notice it. When a marketing offering's capacity is used and recognized, it adds efficiency, but when not fully used or recognized, it remains as excellence. In a retail setting, Mathwick et al. (2001) measured only 'service excellence', not 'product excellence'. Perhaps they did so because similar-category retail shops typically carry similar goods made by others than themselves. In a full-service restaurant context, it would be more appropriate to measure both service and food excellence because the foods in full-service restaurants are prepared and cooked in-house and thus customers are likely to differentiate restaurants by both service and foods.

As self-oriented, actively sought, and enjoyed for its own sake, 'play' inherently involves having fun. A leisure activity is valued for the fun one can have for its own sake (Bond, 1983). Playful acts are freely engaged in and operate without concern for immediate material interests or practical considerations (Babin, Darden, & Griffin, 1994; Day, 1981). Mathwick et al. (2001) suggested two subdimensions of playfulness: 'escapism' and 'enjoyment'. Escapism occurs

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when an activity enjoyed for its own sake gives a person a feeling of being free from daily routines/obligations (Huizinga, 1955). In a restaurant setting, providing a relaxing, festive, and/or exotic atmosphere and prestigious service facilitates customers' feelings of escapism. Enjoyment directly deals with how much the customer enjoyed a consumption experience. To increase this value, a restaurateur should have an understanding of what aspects or characteristics of the restaurant are regarded as enjoyable by target customers because value is personal and thus differs among target markets.

In contrast to play, 'aesthetics' refers to a distanced appreciation of some aspects of the consumption experience valued as a self-oriented end in itself (Holbrook, 1999). Beauty is enjoyed for its own sake regardless of any further practical purpose (Lee, 1957). For this dimension of value, Mathwick et al. (2001) proposed two subdimensions: 'visual appeal' and 'entertainment'. They defined 'visual appeal' as the salient visual elements of the retail environment. However, given that the concept of servicescape encompasses not only visual aspects but also anything that appeals to our sensory organs (cf., Bitner, 1992), the measures of this subdimension should also incorporate audio (e.g., music, noise) and olfactory (e.g., fragrance, odor) servicescape elements. This is especially true for the foodservice setting. Therefore, in this study, the author modified this subdimension into 'sensory appeal', encompassing not only visual appeal but also audio and olfactory appeals. Entertainment value refers to the service or environment elements that excite the customer (Mathwick et al., 2001). If a customer remains a passive recipient of these exciting elements, they add entertainment value to him/her, but if the customer actively interacts with them, they add enjoyment value as well. Some themed restaurants such as D&B and Hard Rock Café are particularly valued for their entertainment or enjoyment value.

Customer Satisfaction

Customer satisfaction has long been regarded as a prerequisite of a business's success (e.g., Anderson & Fornell, 1994; Oliver, 1997; Yi, 1990). In various product and service categories, customer satisfaction has been shown to have positive influences on outcome variables that are beneficial to a firm, including repurchase behavior (e.g., Anderson & Sullivan, 1993; Mittal & Kamakura, 2001), purchase volume (e.g., Bolton & Lemon, 1999), relationship duration (e.g., Bolton, 1998), positive word-of-mouth (e.g., Boulding, Kalra, Staelin, &

Zeithaml, 1993; Schneider & Bowen, 1999), and even cost-savings associated with complaints and employee management (e.g., Fornell, 1992).

It is generally agreed that customer satisfaction is an overall post-purchase/consumption evaluation resulting from a comparison between prior expectations and actual product/service performance (e.g., Kotler, 1991; Oliver, 1997; Yi, 1990). Further, Oliver (1997) suggested satisfaction as an evaluation involving both cognitive and affective (emotional) components. Cognitive satisfaction judgment results from the (dis)confirmation of expectations by product/service performance and affective satisfaction stems from post-consumption emotions. It appears that cognitive satisfaction is closely related to utilitarian (extrinsic) value, and affective satisfaction to hedonic (intrinsic) value of consumption.

In the literature, two different conceptualizations of customer satisfaction have emerged: transaction-specific satisfaction (Hunt, 1977; Oliver, 1980) and cumulative satisfaction (Fornell, 1992; Johnson & Fornell, 1991). Transaction-specific satisfaction pertains to a single consumption experience whereas cumulative satisfaction relates to an overall evaluation of all consumption experiences relating to a certain firm's offerings to date (Johnson & Fornell, 1991). Given that transaction-specific satisfaction is subject to situational fluctuations, cumulative satisfaction is more likely to influence customer behaviors (Boulding et al., 1993; Hellier, Geursen, Carr, & Rickard, 2003). Therefore, cumulative satisfaction is more appropriate to the conceptual models of this study where the end variable, customer share of visits, is cumulative in nature in that it measures how often a customer has visited a provider in relation to his/her total visits in the category.

Perceived Value and Customer Satisfaction

Despite a potential strong relationship between consumer value and customer satisfaction (Woodruff, 1997), the conceptual distinction and relationship between value and customer satisfaction is difficult to find (Gallarza & Saura, 2006), and the role played by value in improving satisfaction has received limited research interest (Cronin et al., 2000). However, as early as the late 1960s, Howard and Sheth (1969) and Kotler and Levy (1969) argued that customer satisfaction depends on perceived value. More recently, Woodruff (1997) proposed that customer satisfaction can be better understood through in-depth learning about consumer value. Although employing divergent value concepts, some research indeed has empirically

proven the positive effect of consumer value on customer satisfaction (e.g., de Ruyter, Wetzels, Lemmink, & Mattson, 1997; Fornell et al., 1996).

Zeithaml's (1988) value concept as the customer's overall assessment of the utility of a market offering on perceptions of what is received and what is given is conceptually equivalent to Holbrook's (1999) 'efficiency' or Mathwick et al.'s (2001) 'consumer ROI' value dimension. The free market system assumes that every market participant wants to gain maximum returns with minimum investments. Thus, customers would be more satisfied with more returns on their money, time, and effort investments. Hypothesizing the direct effect of perceived value ('consumer ROI' in this study context) on customer satisfaction, Fornell et al. (1996) argued that incorporating perceived value (i.e., consumer ROI) enables us to take costs (i.e., money, time, effort) information into account and thus increases the comparability of the test results across firms, industries, and sectors by neutralizing the differences in income and budget constraints. Therefore, the direct effect of consumer ROI on satisfaction should hold in the full-service restaurant context as well.

H1a: Consumer ROI in consumption positively affects customer satisfaction.

Holbrook (1999) maintained that the utilitarian emphasis on the appreciation of instrumentality of the 'excellence' concept relates closely to customer satisfaction. Since excellence refers to a product's utilitarian capacity to serve as a means to a self-oriented end, the customer may use this capacity to achieve higher satisfaction in a consumption experience. Thus, to customers, more of this capacity (i.e., more excellence) means a greater possibility of a satisfactory consumption experience. Further, as excellence constitutes the core of quality (Holbrook, 1999) and quality has been found to enhance customer satisfaction in various service/product categories (e.g., Cronin & Taylor, 1992; Forenll et al., 1996; Spreng & Mackoy, 1996; Wels-Lips, van der Ven, & Pieters, 1998), excellence should positively affect customer satisfaction.

H2a: Excellence positively affects customer satisfaction.

Viewing consumption as experience, Holbrook and Hirschman (1982) argued that satisfaction as an important experiential component can be aroused by other mutually evocative symbolic or hedonic associations such as pleasures, fantasy, and imagery occurring during consumption. Thus, pleasant feelings stemming from playful activities and aesthetic appreciations derived from consumption experiences should positively affect customer satisfaction. In fact, Gallarza and Saura (2006) found a significant direct effect of playfulness and an indirect effect of aesthetic appeals on customer satisfaction in a tourism experience context.

H3a: Playfulness in consumption positively affects customer satisfaction.
H4a: Aesthetic appeals in consumption positively affect customer satisfaction.

Brand Preference

In any industry, direct competitors strive to outperform one another to win greater brand preference and customer share (of wallet). In most studies, the term 'brand preference' has been used without a clear definition, but simply implied in the context as a customer's manifested favoritism toward a company or its product/service over alternatives. Pointing out that brand preference is distinctive from similar or closely related preference constructs such as consumer preference (Mantel & Kardes, 1999) and brand choice (Manrai, 1995), Hellier et al. (2003, p.1765) defined 'brand preference' as "the extent to which the customer favors the designated service provided by a certain company, in comparison to the designated service provided by other companies in his or her consideration set…." Given that customers are often multi-loyal to multiple brands, they also form brand preferences for more than one brand in most purchase situations (i.e., polygamous rather than monogamous) although they ultimately have to choose one for purchase at a time.

The concept of brand preference appears to fit well with the theory of the consumer choice process. In the study of the consumer choice process, most marketing texts describe a sequence of stages during which the number of brands decreases until a brand is chosen for purchase (Roberts & Lattin, 1991). As one way to reduce the complexity of the purchase decision process, consumers often use a two-stage decision model (e.g., Gensch, 1987; Wright &

Barbour, 1977), especially when the purchase decision is not so complex as in the cases of small-ticket, frequently-purchased consumable goods and consumer services. In this model, available alternatives are first screened based on a simple noncompensatory rule, and the remaining alternatives are analyzed more carefully using a compensatory rule (Kardes, Kalyanaram, Chandrashekaran, & Dornoff, 1993). In the first step, a retrieval set is reduced to a consideration set; and in the second step, a brand is chosen for purchase from the consideration set. The retrieval set consists of the brands that the consumer can access from memory among all available brands in the marketplace and the consideration set consists of the brands that are scrutinized carefully from a retrieval set (Kardes et al., 1993). Roberts and Lattin (1991) defined a consideration set as the brands that a consumer would consider buying in the near future.

To maximize expected utility (expected value in this study context), consumers form a consideration set by trading-off the expected future benefits of having more brands from which to choose against the total costs associated with keeping those brands in a consideration set (e.g., physical and mental search costs, mental processing and storage costs) (Hauser & Wernerfelt, 1990). Therefore, consideration would be a more binding constraint when costs are high to maintain a consideration set in relation to the differences in expected utility across brands (Roberts & Lattin, 1991). In the full-service restaurant context, however, both consideration costs and the differences in expected utility would be relatively low due to frequent purchases and wide availability of similar menu types and quality service. Thus, consideration would be less binding in this business category, indicating that being and remaining as a preferred brand to a consumer would be relatively more challenging in the full-service restaurant context.

Perceived Value and Brand Preference

Hauser and Wernerfelt (1990) insisted that the brand with the greatest expected utility (i.e., greatest expected value in this study context) is more likely to be included in the consideration set. In line with this, Roberts and Lattin (1997) pointed out that the cost-benefit approach to consideration is based on a fundamental question: Is a brand "good enough" to be considered? This question appears to focus on ascertaining whether a brand provides enough consumer value to be considered for purchase. Therefore, a brand that offers higher consumer value is more likely to be included in a consideration set. Such preferential inclusion of a brand into a consideration set appears to be one form of customers' brand preference.

Fornell et al. (1996) suggested that value for price (consumer ROI in this study context) may be central to the formation of customers' initial preferences and choice. It may be so in that 'consumer ROI' explicitly takes "costs" into account. For instance, if a customer thinks that a restaurant is conveniently located, its menu items are affordable, and the meals are served in a timely manner, the customer is more likely to form a preference to the restaurant, perceiving more returns on his/her effort, time, and money investments. In a retail context, Mathwick et al. (2001) found that consumer ROI indeed positively affects customers' retail brand preference.

H1b: Consumer ROI in consumption positively affects brand preference.

Bitner and Hubbert (1994) proposed a definition of service quality as "the customer's overall impression of the relative inferiority/superiority of the organization and its services" (p. 77). According to this definition, to some extent, quality is a customer's comparative judgment of a brand and its offerings in comparison to other brands and their offerings. Brand preference is also a customer's comparative attitude toward a brand and its offerings compared with other brands and their offerings (cf., Hellier et al., 2003). Oliver (1999) maintained that quality judgments are ultimately formed against the standard of 'excellence'. That is, an excellence state indicates ideal or superior quality. Therefore, food/service excellence indicates superior food/service compared with the competition and thus would positively affect customers' preference for a restaurant that provides excellent food/service.

H2b: Excellence positively affects brand preference.

'Mood association' is a popular brand preference-building technique today among marketers (Knowles, Grove, & Burroughs, 1993), especially when customer involvement is low (Vakratsas & Ambler, 1999). Mood association technique works by associating a brand with particular forms of pleasant hedonic states such as humor, relaxation, excitement, fantasy, and the like (Alreck & Settle, 1999). Such positive feelings lead consumers to form preferences for a brand (or its offerings). Alreck and Settle (1999) stated that mood association continues to be a popular method for building consumers' brand preference for many brands of small-ticket, frequently-purchased consumable goods and consumer services. Therefore, customers' brand

preference for full-service restaurants would also be affected by customers' pleasant hedonic states as triggered by 'playfulness' and 'aesthetic appeals' in dining experiences. In the case of 'aesthetic appeals', Mathwick et al. (2001) reported its significant influence on customers' retail brand preference in catalog shopping.

H3b: Playfulness in consumption positively affects brand preference.

H4b: Aesthetic appeals in consumption positively affect brand preference.

Customer Satisfaction and Brand Preference

The expectation-disconfirmation model of customer satisfaction suggests that once a product/service has been consumed, an expectation-disconfirmation process is activated whereby consumers form a subjective "better/worse than" comparison of expectations and performance (Oliver, 1997; Oliver & Burke, 1999). According to this model, when a customer perceives a consumption experience as better than his/her expectations, the customer would be satisfied. The expectations that the customer brings to a consumption situation are formed through three major sources: direct prior experience with the product/service, experience with similar products/services, and information from external sources of any kind (Oliver, 1980; Spreng & Page, 2001). Consequently, customers' expectations are influenced not only by a given firm but also by competition and thus customer satisfaction with a given firm should also be affected by other comparable firms. In this sense, to some extent, customer satisfaction appears to be a comparative evaluation of a customer's consumption experience with a brand in comparison with what the customer would experience from a comparable brand. Based on this opportunity cost approach, a customer may weigh a firm against another to decide which firm is more likely to provide greater satisfaction for certain sacrifices on a particular purchasing occasion. For example, if three restaurants offer similar menus in comparable price ranges within similar driving distances (i.e., equally affordable), a consumer would choose one that has provided the greatest satisfaction to him/her. As such, a customer would form a preference for one or more firms based on his/her cumulative satisfaction with each of the firms. In an insurance industry setting, Hellier et al. (2003) found a strong positive effect of cumulative customer satisfaction on customer brand preference.

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H5: Cumulative customer satisfaction positively affects brand preference.

Customer Share of Visits

In the literature, 'customer share' has been used in the same context as 'share of wallet'. Customer share represents the percentage of money a customer allocates in a category that is assigned to a specific firm (Cooli et al., 2007; Peppers & Rogers, 1999). Characterizing the twentieth century as "the century of market share", in which firms focus on acquiring more customers, Osenton (2002) described the twenty-first century as "the century of customer share", where firms focus on retaining their current customers and increase, or at least maintain, their share of existing customers' category spending. Given that too many competitors are vying for customer bases and thus customers are increasingly loyal to multiple brands in most industries, simple customer retention rates can be a mirage to managers (Rust, Lemon, & Zeithaml, 2004).

In the literature, behavioral loyalty has reflected customer retention (or repurchase) only, but recently it has evolved to encompass customer share as well (e.g. Coyles & Gokey, 2002; Verhoef, 2003). Customer retention is a measure of the continuance of a relationship with a firm (i.e., a matter of 'yes' or 'no') (Cooli et al., 2007) whereas customer share is a measure of the strength of a relationship with a firm, represented with relative expenditures allocated to a firm. As such, in that customer share is a relative term in comparison with competition and a type of 'ratio scale', which is statistically most flexible among different types of measurement scales, customer share holds richer information for researchers and managers than does customer retention. Therefore, customer share can replace customer retention not only theoretically, but also functionally, whenever customer share data are available or reasonably obtainable.

The underlying assumption in customer retention-based strategies is that the profitability of retained customers would be reasonably constant (Storbacka, Strandvik, & Grönroos, 1994). However, although retained, customers may visit a business less frequently (i.e., lower share of visits) or spend less with similar visit frequency (i.e., lower share of purchase). The possibility of this decrease in customer share is increasing as customers increasingly divide their purchases among multiple brands in most industries (Cooli et al., 2007; Coyles & Gokey, 2002).

Therefore, efforts to increase customer share by managing customers' spending patterns with a firm tend to represent far greater opportunities to a firm than does simply trying to maximize customer retention rates (Perkins-Munn et al., 2005). Coyles and Gokey (2002) indeed reported that focusing on both customers' spending patterns to improve customer share and customer retention can have as much as ten times greater value to a company than focusing on retention alone.

Despite such significance and growing popularity of the concept of 'customer share' (Zeithaml, 2000), the empirical testing of the antecedents of customer share has been largely limited to the retail and banking industries. This is largely a result of the inherent difficulty in collecting exact information on customer share in most other business categories (Perkins-Munn et al., 2005). Accordingly, managers have little insight into how to manage efforts to improve customer share (Perkins-Munn et al., 2005). Luckily though, in restaurants, customers' spending is typically limited to one meal per visit (i.e., fairly constant amount of purchase per visit) whereas customers can spend as much as they want in retail stores and banks. Hence, customer 'share of visits' would serve as a reasonable proxy for 'customer share' in the restaurant setting.

Customer Satisfaction and Customer Share of Visits

It has been extensively proven in various service industry contexts that customer satisfaction is one of the most important antecedents of customer loyalty (e.g., Anderson & Sullivan, 1993; Zeithaml, Berry, & Parasuraman, 1996). Although customer retention rate is not necessarily proportionate to customer share, retaining one more customer rather than losing one certainly contributes to customer share increase. Thus, it is reasonable to expect that customer satisfaction has a positive effect on customer share as it does on customer retention (Cooil et al., 2007). In fact, recent research has provided direct support of the notion of a positive effect of customer satisfaction on customer share (e.g., Bowman & Narayandas 2004; Keiningham, Perkins-Munn, Aksoy, & Estrin, 2005; Silvestro & Cross, 2000). In terms of customer 'share of visits' in particular, Mägi (2003) found that increasing customer satisfaction serves as a means of increasing customer share of visits in a retail context. Her finding makes more sense when customer satisfaction is viewed as a customer's comparative evaluation of consumption experiences as argued earlier. Thus, if a customer has been satisfied with a firm, the customer will devote more of his/her share of visits to the firm.

H6: Cumulative customer satisfaction positively affects customer share of visits.

Brand Preference and Customer Share of Visits

It is rather intuitive that customers would concentrate a larger share of expenditures on their preferred brands than others because the concept of brand preference reflects a customer's comparative evaluation among brands as discussed earlier. The positive effect of brand preference on customer 'share of visits' in particular is also apparent in that the preferred brands are more likely to be included in a consideration set. Therefore, customers are likely to allocate a larger share of their visits to their preferred restaurants although the probability of selecting a certain restaurant would vary depending on the number of preferred restaurants in a consideration set on a particular dining-out occasion.

H7: Brand preference positively affects customer share of visits.

Proposed Model 1

Value-Driven Customer Share of Visits

Acknowledging market exchange as a process wherein each party sacrifices one thing in return for something else of greater value (Kotler, 1991), Holbrook (1999) argued that exchanges depend on customer value, and thus customer value is the fundamental basis for all marketing activities. According to this view, the brand or store that provides most value to the customer for given sacrifices would be chosen most frequently and thus obtain a greater customer share.

The influence of perceived value on customer share of visits has been circumstantially suggested in the forms of its effects on product choice (e.g., Zeithaml, 1988), purchase intention (e.g., Dodds & Monroe, 1985), and repeat purchasing (Nilson, 1992). Based on extensive literature review, Hellier et al. (2003) identified perceived value and customer satisfaction as major antecedents to brand preference. More specifically, Woodall (2003) maintained that the extant literature suggests that customer satisfaction is a mediating variable between consumer value and behavioral intentions (i.e., *consumer value → customer satisfaction → behavioral*

intentions). As shown in Figure 2.1, the author attempted to extend this line of research by adding an actual behavior construct of 'customer share of visits', which should be the ultimate interest of most service businesses including full-service restaurants.

Figure 2.1 Conceptual Model for Value-Driven Customer Share of Visits
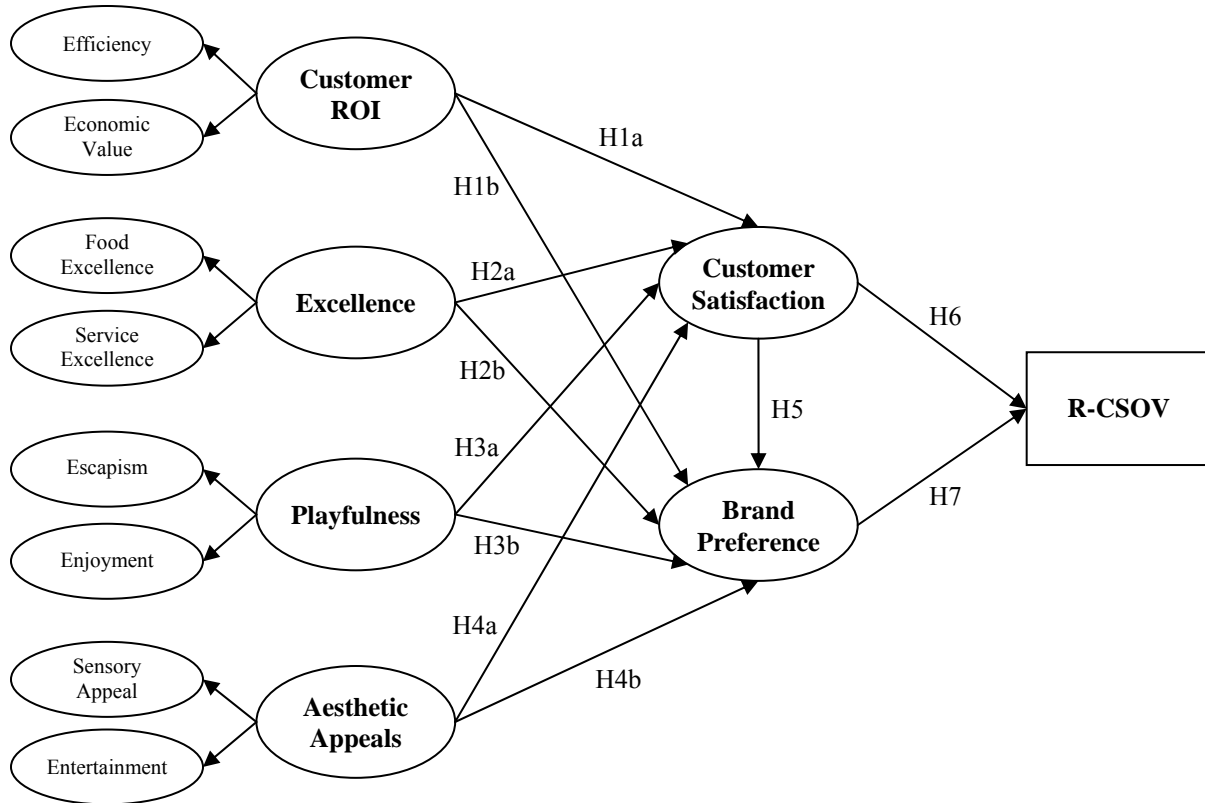
Note. ROI = return on investment; R-CSOV = relative customer share of visits.

In testing the antecedents of customer share of visits, one unique characteristic of customer share of visits should be considered. Unlike the case of customer retention, the measure of customer share of visits is directly affected by the number of brands in a customer's consideration set. That is, a certain percentage of customer share of visits should give different meanings to the management depending on the number of brands in a customer's consideration set. For example, 30% of customer share of visits should be considered a large percentage if the customer has five different brands in his/her typical consideration set (because 30% > 20% =

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100% ÷ 5 brands), but a small percentage if the customer has only two brands in his/her consideration set (because 30% < 50% = 100% ÷ 2 brands). As such, because an identical customer share of visits has different meanings depending on the number of brands in a customer's consideration set, it cannot have linear positive relationships with the levels of perceived value and customer satisfaction. Therefore, customer share of visits needs to be transformed to a relative term to neutralize the effect of the number of brands in a customer's consideration set. The specific operationalization of such "relative customer share of visits (R-CSOV)" is detailed in the methodology section.

Contingency Variables for Customer Share of Visits

Contingency variables for customer share of visits represent a potential customer retention strategy (cf. Patterson, 2004). Most contingency variables are not directly under the influence of managers but any potential effects of those variables need to be taken into consideration when designing and evaluating strategies aimed at increasing customer share of visits (Mägi, 2003). Customer share of visits to restaurants would be primarily influenced by customer satisfaction (e.g., Liljander & Strandvik, 1995; Szymanski & Henard, 2001) and brand preference as reviewed earlier. However, given a highly competitive market situation, actual customer visits to restaurants appear to depend on various customer-intrinsic and situational variables in the context of purchase decision (Jones, Mothersbaugh, & Beatty, 2000). Consequently, the main contention in this study was that the effect of brand preference on customer share of visits to full-service restaurants is contingent on various switching reducers and inducers.

Switching Costs

Switching costs are increasingly recognized as a means of defending customers (Jones, Reynolds, Mothersbaugh, & Beatty, 2007). Although some researchers interchangeably use 'switching costs' and 'switching barriers', the extant literature appears to better support the contention that switching costs are a category of switching barriers (Colgate & Lang, 2001). Switching costs can be defined as the sacrifices or penalties consumers perceive they may incur in moving from one provider to another (Jones et al., 2007). Switching costs range from foregone benefits available from the current provider to joining and adapting costs to a new provider (Colgate & Lang, 2001; Jones et al., 2000). Among various typologies of switching

costs, Burnham et al.'s (2003) categorization appears to be most systematic and encompassing. However, given that they developed their typology in the credit card and long-distance telephone-service industry contexts, Jones et al.'s (2007) typology, which was largely based on Burnham et al.'s (2003) typology, appears to be more applicable to the foodservice context. Therefore, this study was built on both the works of Burnham et al. (2003) and Jones et al. (2007). According to Jones et al.'s (2007) conceptualization, three major types of switching costs have emerged: procedural costs, social switching costs, and lost benefits costs. *Procedural costs* primarily involve the time, effort, and hassle of finding and adapting to a new provider; *social switching costs* relate to the potential loss of a personal bond or friendship with a service provider; and *lost benefits costs* involve the potential loss of benefits such as special deals or concessions received from the service provider (Jones et al., 2007, p.336-337). As such, switching costs include not only monetary costs, but also time, effort, and psychological costs as all previous research has acknowledged since Jackson (1985) popularized the term switching costs. The value of identifying distinct dimensions of a multifaceted construct lies in adequate assessments of the global construct and each dimension's distinct relationships with other variables (Kumar, Stern, & Achrol, 1992).

Jones et al. (2007) drew a distinction between negative and positive sources of switching constraints. Specifically, while procedural costs are derived from negative sources of switching constraints (i.e., new costs occurring from finding and adapting to a new provider), social switching costs and lost benefits costs result from positive sources of constraints (i.e., losing social ties and benefits available from the current provider). This distinction is critical to firms in that compared to procedural costs, social switching costs and lost benefits are more associated with customers' favorable attitudes and behaviors toward service providers (Bendapudi & Berry, 1997; Jones et al., 2000; Jones et al., 2007; Reynolds & Beatty, 1999). Such distinct effects of procedural costs and social switching/lost benefits costs on customers' responses to firms are likely to lead them to work differently in the relationship between brand preference and customer share of visits. Specifically, while procedural costs directly affect customer share of visits and moderate the relationship between brand preference and customer share of visits, social switching costs and lost benefits costs are unlikely to moderate the relationship, but simply directly affect customer share of visits. These propositions are supported in detail in the following sections.

Procedural Costs

Procedural costs reflect the most traditional view of switching costs (Jones et al., 2000) that refer to the time, effort, and hassle that the customer anticipates in finding a viable new provider (Jones et al., 2007). Burnham et al. (2003) viewed this type of switching costs as including economic risk costs, evaluation costs, learning costs, and set-up costs. Given that dining out in a new restaurant rarely requires new skills and initial costs, learning costs and set-up costs seem inapplicable to the restaurant setting. Thus, among the four, only economic risk costs and evaluation costs appear to be applicable to the typical dining-out context.

Specifically, *economic risk costs* are the costs of accepting uncertainty with the potential for a negative outcome when a customer adopts a new provider (Burnham et al., 2003; Jackson, 1985; Klemperer, 1995). Although dining out in a new restaurant does not require any new skills, some unfamiliar menu items or servicescape can pose risks to customers. As economic risk costs increase, evaluation costs would increase as well because higher risks require more careful evaluations. *Evaluation costs* are the time and effort costs associated with searching for and analyzing potential alternatives (Burnham et al., 2003; Shugan, 1980). For example, when a customer is unfamiliar with a potential alternative restaurant, the customer may want to learn about the restaurant's menus and servicescape elements to avoid unexpected losses or costs. Therefore, when customers perceive high economic risk costs and evaluation costs, they are more likely to patronize familiar current restaurants to avoid the costs of switching. As such, procedural costs are likely to increase customer share of visits. Further, when customers perceive high procedural costs, customers are likely to allocate a greater share of visits to current restaurants even with relatively low levels of brand preference, rather than venturing on alternatives. Thus, procedural costs are likely to enhance the effect of brand preference on customer share of visits.

H8a: Procedural costs positively affect customer share of visits.
H8b: Procedural costs enhance the effect of brand preference on customer share of visits.

Social Switching Costs

Social switching costs are the costs associated with the potential loss of relationships that customers have developed with current providers and their employees (Burnham et al., 2003; Jones et al., 2007). Burnham et al. (2003) identified brand/personal relationship loss costs as two sub-dimensions of social switching costs. *Brand/personal relationship loss costs* are the affective losses associated with breaking the bonds with the current provider and its employees (Burnham et al., 2003; Porter, 1980). This type of switching costs appears to be a mirror-image of customer-to-firm and customer-to-employee bonds. That is, when a customer perceives high-quality relationships with a service firm and its employees, the customer is likely to anticipate high social switching costs.

In the customer-to-firm relationship context, Bendapudi and Berry (1997) suggested that customers' dedication to a relationship is led by dependence on and trust in the service provider. Thus, dedicated customers are characterized by free will-based relationship maintenance and therefore should be less interested in and receptive to alternatives (Bendapudi & Berry, 1997). In the terms of customer-to-employee relationships, researchers have identified several factors that comprise interpersonal service relationships such as familiarity, care, friendship, rapport, and trust (e.g., Gremler & Brown, 1998; Gremler & Gwinner, 2000; Price & Arnould, 1999). In fact, in a full-service restaurant setting, Kim and Ok (in press) revealed that rapport contributes to customers' revisit intention. Further, customer-employee social bonds have been found to foster customer loyalty not only to the employee, but also to the firm (e.g., Gutek et al., 2000; Price & Arnould, 1999). Consequently, high social switching costs, led by high-quality relationships with current restaurants and their employees, are likely to lead customers to allocate a greater share of visits to current restaurants.

H9: Social switching costs positively affect customer share of visits.

Social switching costs should be treated as a mirror image of social benefits in that both concepts reflect customers' social bonds with a firm or its employees. In this sense, social switching costs should work the same way as social benefits do in relation with brand preference. Social benefits have been contended and found to work as an antecedent of customers' positive attitude and behavior toward a firm such as commitment, positive word-of-mouth, and loyalty

(cf. Hennig-Thurau, Gwinner, & Gremler, 2002). Likewise, in that brand preference is a type of customers' favorable attitude toward a firm and customer share of visits is a type of customers' behavioral loyalty to a firm, social switching costs are more likely to work as an antecedent of brand preference and customer share of visits rather than to moderate the relationship between them. In other words, brand preference is likely to mediate the relationship between social switching costs and customer share of visits rather than social switching costs moderate the relationship between brand preference and customer share of visits.

Lost Benefits Costs

According to Jones et al.'s (2007) definition, lost benefits costs are the costs reflecting the potential loss of special discounts and unique benefits that are available from the current provider. Their lost benefits costs concept appears to be equivalent to the loss of *special treatment benefits* that are available to long-term relationship customers, but typically unavailable to new customers (Gwinner, Gremler, & Bitner, 1998). Special treatment benefits are associated with special considerations to customers including price breaks, additional service, faster service, extra attention, and customized services (Gwinner et al., 1998). Such benefits provide monetary and non-monetary advantages that may outweigh the potential merits of switching to alternatives (Patterson & Smith, 2001; Williamson, 1981). As such, when a provider offers customers special treatments, the result is an increase in emotional and/or cognitive switching barriers (Fornell, 1992) and economic motives for staying in a relationship (Patterson & Smith, 2001). When customers perceive high lost benefits costs, driven by special treatment benefits, they may not want to lose those benefits by switching to alternatives. Thus, lost benefits costs should positively affect customer share of visits.

H10: Lost benefits costs positively affect customer share of visits.

Both lost benefits costs and special treatment benefits stem from a firm's preferential treatment of customers. In this sense, lost benefits costs should be regarded as a mirror image of special treatment benefits. Special treatment benefits is parallel with social benefits in its relationship with service outcome variables in that they are two different types of relational benefits (Gwinner et al., 1998: Hennig-Thurau et al., 2002). Therefore, lost benefits costs would

work as an antecedent of brand preference and customer share of visits rather than moderate the relationship between them as social switching costs would.

Intrinsic Inertia

The literature on inertia offers two meanings for the term: extrinsic and intrinsic inertia. Customers' extrinsic inertia is the outcome of external factors such as unattractiveness of alternatives and high perceived switching costs or barriers (Bozzo, 2002). In that sense, high customer share of visits to a firm can be considered a form of extrinsic inertia. In contrast, intrinsic inertia refers to customers' inherent laziness, inactivity, or passivity (Bozzo, 2002; Zeelenberg & Pieters, 2004). In purchase situations, customers' intrinsic inertia is perceived as customers' disinterest in actively processing relevant information to make the best possible choice (Yanamandram & White, 2006). Thus, customers' intrinsic inertia leads them to repeat the same purchase pattern, similar to a habit (Bozzo, 2002), concentrating on familiar few restaurants. Making a purchase decision requires cognitive as well as physical consideration costs (e.g., search costs, thinking costs, mental processing and storage costs, etc) (Roberts & Lattin, 1991). In a full-service restaurant context, for example, accessibility of the restaurant, value of menu items for prices, and service quality would be often considered by customers when making purchase choice, thus adding to consideration costs. Motivated to avoid such costs, intrinsically inertial customers are likely to habitually patronize familiar a few familiar restaurants even with relatively low levels of brand preference. Therefore, intrinsic inertia is likely to directly increase customer share of visits and also enhance the relationships between brand preference and customer share of visits.

        H11a: Intrinsic inertia positively affects customer share of visits.
        H11b: Intrinsic inertia enhances the effect of brand preference on customer share of visits.

Consumer Involvement

Involvement is an internal state of goal-oriented arousal (Park & Mittal, 1985; Warrington & Shim, 2000), reflecting the subjective perception of the personal relevance of an object. In a purchase choice situation, involvement bears on the meaningfulness of the choice

task and the perceived relevance of the goal-oriented consequences of choice behavior (Antón, Camarero, & Carrero, 2007; Van Trijp, Hoyer, & Inman, 1996). In general, highly-involved customers tend to react more strongly to certain aspects of the firm's behavior (Antón et al., 2007) – aspects perceived to be relevant to goal-oriented consequences (Van Trijp et al., 1996). In a full-service restaurant setting, highly-involved customers would respond more sensitively to food quality, employees' behavior, and servicescape when forming loyalty to a restaurant. The arousal inherent in involvement leads highly-involved customers to show higher levels of satisfaction or dissatisfaction (Richins & Bloch, 1991). Likewise, highly-involved customers are likely to respond more sensitively to their brand preference levels when making a purchase choice. Therefore, consumer involvement would enhance the effect of brand preference on customer share of visits. However, involvement itself does not appear to have a direct effect on customer share of visits (cf. Warrington & Shim, 2000).

H12: Consumer involvement enhances the effect of brand preference on customer share of visits.

Perceived Brand Heterogeneity

Perceived brand heterogeneity is defined as the extent to which the brands in the market are seen as different or nonsubstitutable (Burnham et al., 2003). In a consumption situation, heterogeneous brands require more careful attention to the brands' attributes that are relevant to customers' consumption outcomes (Van Trijp et al., 1996). Therefore, in a market of heterogeneous brands, both consideration costs and the additional utility of adding one more brand into a consideration set increase (cf. Stigler, 1961), offsetting each other's effect on customer share of visits. However, when brands are heterogeneous, customers make purchase choices and form brand preference more carefully and expend more consideration costs, and therefore are more likely to be committed to their purchase decisions. Thus, perceived brand heterogeneity is likely to enhance the effect of brand preference on customer share of visits.

H13: Perceived brand heterogeneity enhances the effect of brand preference on customer share of visits.

Burnham et al. (2003) found that perceived brand heterogeneity positively affects customers' perception of procedural costs and relational costs (social switching costs in this study context). However, as much as perceived brand heterogeneity involves risks of switching to worse ones, it also implies opportunities of switching to better ones. That is, the risks and opportunities inherent in switching between heterogeneous brands counterbalance each other. Therefore, perceived brand heterogeneity is not likely to have a direct effect on customer share of visits.

Alternative Attractiveness

In the service-switching literature, alternative attractiveness is the only existing external factor that induces customers to switch to alternatives (Bansal et al., 2005). Alternative attractiveness has been conceptualized as the customer's estimate of the likely satisfaction available in an alternative relationship (Patterson & Smith, 2003; Ping, 1993; Rusbult, 1980). In essence, alternative attractiveness is determined by the customer's perception of the relative merits of an alternative in terms of the ratio of 'benefits of switching' to 'costs or sacrifices of switching'. For example, better prices, more choices, and better service quality add alternative attractiveness (Goode & Harris, 2007) by increasing the benefits of switching. Therefore, alternative attractiveness, as perceived by a customer, should have a negative effect on customer share of visits to the current provider.

H14a: Alternative attractiveness negatively affects customer share of visits.

In a highly competitive market such as the restaurant industry, there are numerous competitive alternatives. Further, due to tiredness or saturation, a customer may switch to acceptable alternatives even when highly satisfied with the current provider (Antón et al., 2007). Thus, owing to a competitive market situation and ever-changing and -diversifying customer tastes, it is difficult even for the best providers to retain customers. Patterson (2004) articulated that reduced loyalty appears to be the norm as markets become increasingly competitive. Therefore, alternative attractiveness, as perceived by customers, would weaken the effect of brand preference on customer share of visits.

H14: Alternative attractiveness buffers the effect of brand preference on customer share of visits.

Intrinsic Variety-Seeking

Van Trijp et al. (1996) provided a clear distinction between intrinsic and extrinsic variety-seeking. They argued that variation in brand choices should be attributed to intrinsic variety-seeking only when variation is sought out for the sake of variety and stimulation, regardless of the consequences implied by variation in choices (cf. McAlister & Pessemier, 1982). On the other hand, extrinsic variety-seeking is prompted by instrumentality or functionality in attainment or avoidance of another purchase or consumption goal (cf. McReynold, 1971). They added that although intrinsic and extrinsic variety-seeking lead to the same behavior, the different underlying causes hold different marketing implications.

Intrinsic variety-seeking values the utility inherent in variation itself (Van Trijp et al., 1996). When the customer feels bored or satiated with repeated purchases of the same brand, switching to another is one way to increase stimulation and restore it to the preferred level (Fiske & Maddi, 1961; Van Trijp et al., 1996). Consistent with this, marginal utility theory explains that as variation in consumption increases, the marginal utility of consumption increases as well (cf. Kauder, 1965). In a full-service restaurant context, intrinsic variety-seeking would lead customers to show more interest in trying brand new restaurants and/or new cuisine/menu theme restaurants. Consequently, the customer's variety-seeking tendency would act to decrease his/her share of visits to the incumbent provider. Further, even when a customer highly prefers a current provider, s/he may switch to an alternative simply 'for a change' owing to his/her high variety-seeking tendency.

H15a: Intrinsic variety-seeking negatively affects customer share of visits.
H15b: Intrinsic variety-seeking buffers the effect of brand preference on customer share of visits.

Proposed Model 2

Contingency Model of Customer Share of Visits

As competition in the market is getting fiercer and customers have greater access to information of competitive offers, a firm's strategy to defend their customer base against the competition has become a critical issue for their survival in the market (Antón et al., 2007). As a primary means to promote customer loyalty, customer satisfaction has received extensive attention from researchers and practitioners (Patterson, 2004). However, it has been proven that some external factors intervene between customer satisfaction and retention (e.g., Burnham et al., 2003; Jones et al., 2000). Those factors come into play when customers make purchase decisions. As a result, satisfied customers do not necessarily allocate a greater share of visits to the current provider just as dissatisfied customers do not always reduce their share of visits (Yanamandram & White, 2006). As such, influenced by competition and customer-intrinsic decision-making mechanism, a customer's actual purchase behaviors – as represented by customer share of visits – are shaped by various contingency variables as well as the customer's brand preference.

Among others, the contingency variables shown in Figure 2.2 represent some of the most researched contingency variables relating to customers' behavioral loyalty. These include switching costs (procedural costs, social switching costs, lost benefits costs), customer-intrinsic factors (intrinsic inertia, consumer involvement, perceived brand heterogeneity, intrinsic variety-seeking), and competition (alternative attractiveness). In essence, these variables are likely to influence customer share of visits by affecting either the merit of brand switching or the number of brands in a customer's consideration set, or both.

Given that the number of brands in a customer's consideration set would be affected by some of the contingency variables, the measure of customer share of visits (CSOV) in this study should be allowed to be affected by the number of brands in a consideration set unlike that of relative customer share of visits (R-CSOV). For example, in this study, 30% of customer share of visits are treated the same no matter how many competing brands may be found in the customers' consideration sets because the number of competing brands in a consideration set is affected by contingency variables – one of the phenomena of interest in this study.

Figure 2.2 Contingency Model of Customer Share of Visits
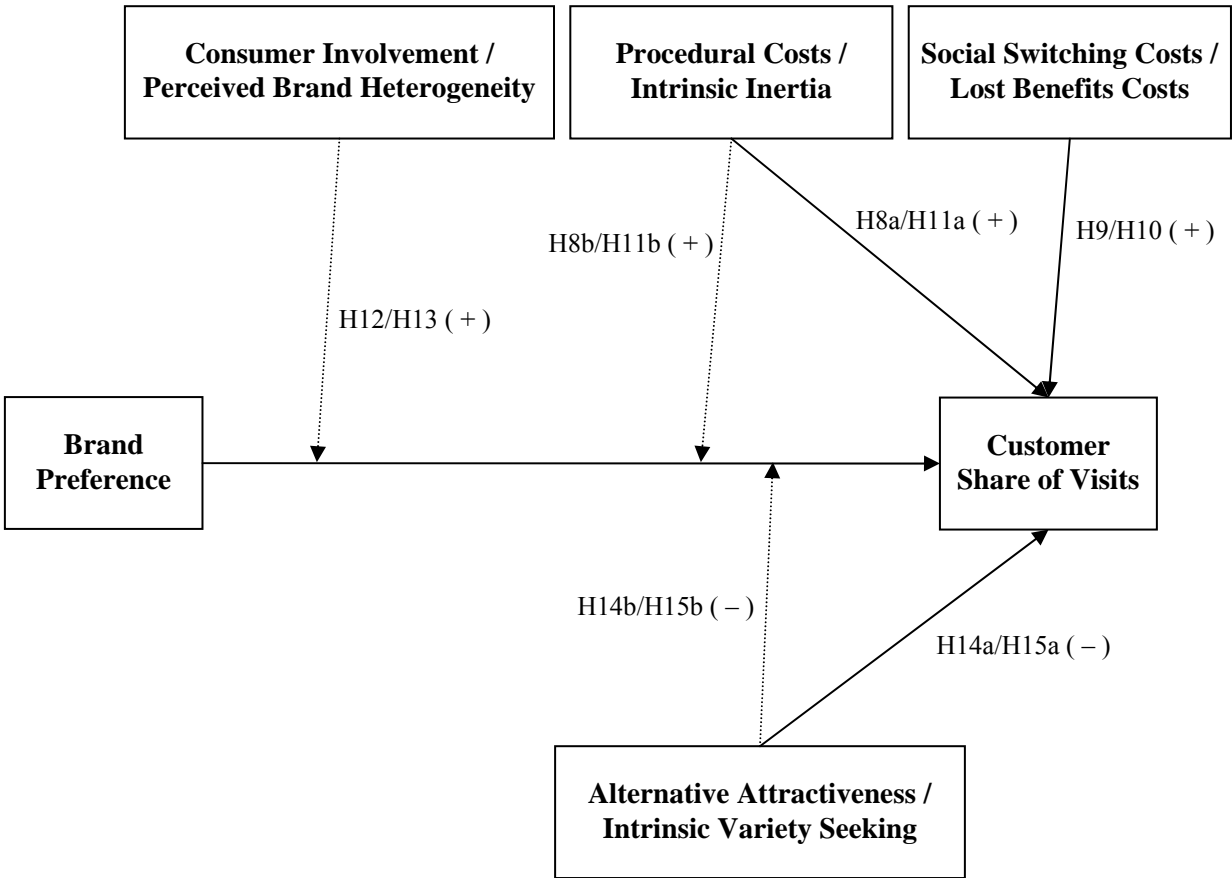
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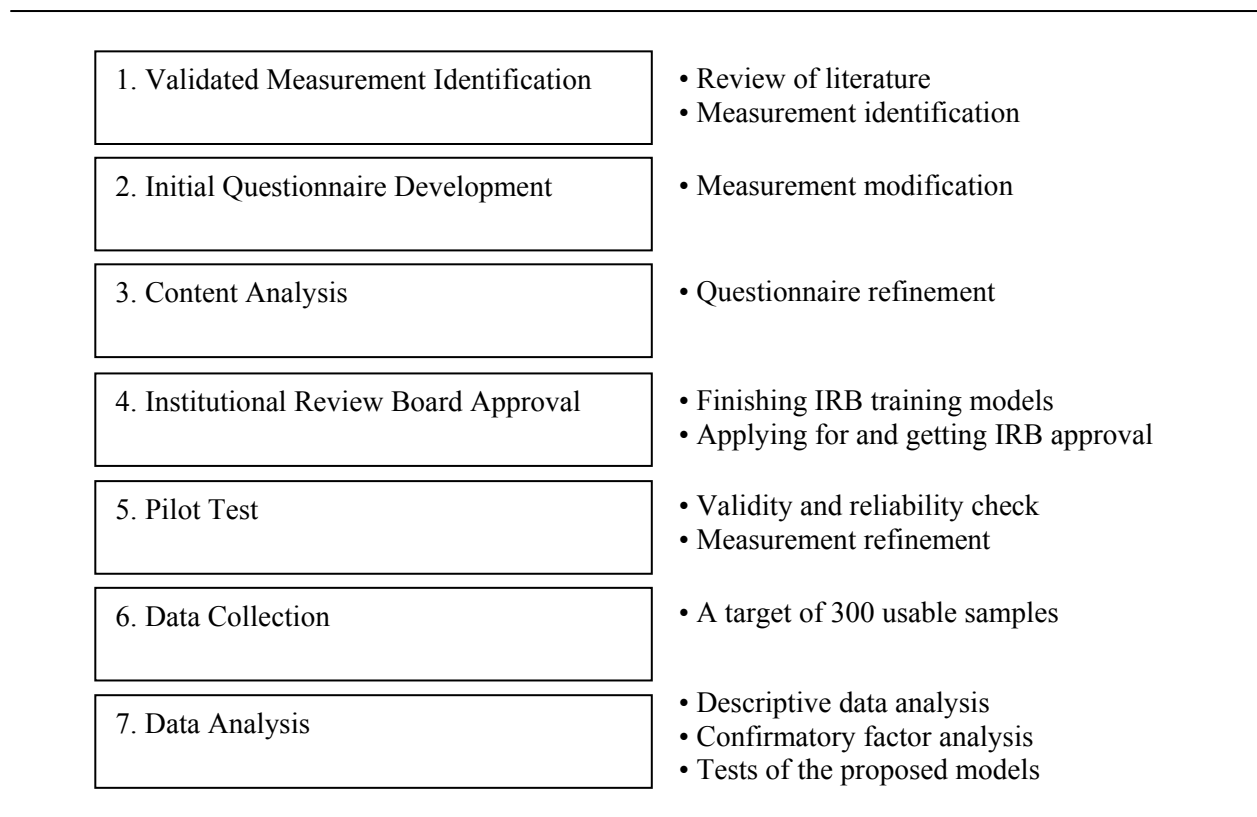
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CHAPTER 3 - METHODOLOGY

Data collection and analyses were conducted according to the procedures shown in Figure 3.1. Validated measures in the literature were identified (step 1) and adapted to the full-service restaurant context to develop an initial questionnaire (step 2). The content of the initial questionnaire was analyzed and refined based on the review results from hospitality faculty members and graduate students (step 3) and the refined initial questionnaire was sent to the Institutional Review Board for approval (step 4). Upon approval, the questionnaire was pilot-tested with approximately 152 hospitality undergraduate students (step 5). For the main survey, the questionnaire was distributed to general U.S. full-service restaurant customers via an online survey company's system and the target usable sample size was 300 (step 6). Lastly, the data were analyzed to ascertain sample characteristics, check reliability and validity (convergent, discriminant) of the construct measures, and assess the proposed models (step 7).

Figure 3.1 Data Collection and Analysis Procedures

1. Validated Measurement Identification	• Review of literature • Measurement identification
2. Initial Questionnaire Development	• Measurement modification
3. Content Analysis	• Questionnaire refinement
4. Institutional Review Board Approval	• Finishing IRB training models • Applying for and getting IRB approval
5. Pilot Test	• Validity and reliability check • Measurement refinement
6. Data Collection	• A target of 300 usable samples
7. Data Analysis	• Descriptive data analysis • Confirmatory factor analysis • Tests of the proposed models

Questionnaire Development

Validated Measurement Identification

In general, validated measures in the literature were adapted to a full-service restaurant context with varying degrees of modifications. A total of 11 constructs were employed in each model of this study and three of them were used in both models. The overlapping constructs were customer satisfaction, brand preference, and customer share of visits. Thus, a total of 19 constructs were to be measured. Eight of them were subdimensions of four 'perceived value' dimensions (i.e., two for each). They were efficiency and economic value for 'customer return on investments'; food excellence and service excellence for 'excellence'; escapism and enjoyment for 'playfulness'; and sensory appeal and entertainment for 'aesthetic appeals.' Measures for these eight constructs were borrowed from Fu and Parks (2001) and Mathwick et al. (2001). Measures for customer satisfaction were adapted from Hellier et al. (2003) and Oliver (1980), and those for brand preference were from Hellier, Geursen, Carr, & Rickard (2003). The customer satisfaction scale of this study was designed to measure 'cumulative' customer satisfaction. Reflecting a trend toward increasing multiple brand loyalties (hereafter, multi-loyalty), the brand preference scale of this study was designed to measure preference for multiple restaurants rather than for a single restaurant. Further, given that virtually all customers prefer for several restaurants rather than only one restaurant, the multi-preference approach appeared to be more adequate than the single-preference approach in the restaurant setting. Customer share of visits to a full-service restaurant was measured by asking respondents to report visit frequency to a certain restaurant and to any full-service restaurants on average (cf. Verhoef, 2003). To improve the accuracy of the measure, customer share of visits was also measured by directly asking respondents to report the approximate percentage of visits to a certain restaurant in total visits to any full-service restaurants.

In addition to the three overlapping constructs, eight more constructs as 'contingency variables for customer share of visits' were employed in the second model of this study. They were three types of switching costs, four types of customer-intrinsic factors, and alternative attractiveness. The three types of switching costs were procedural costs, social switching costs, and lost benefits costs. The measures for these constructs were all adapted from Burnham et al.

(2003). The customer-intrinsic contingency factors were intrinsic inertia, customer involvement, perceived brand heterogeneity, and intrinsic variety-seeking. Intrinsic inertia was measured with the three-item scale devised based on the discussions forwarded by Bozzo (2002), Colgate and Lang (2001), and Yanamandram and White (2006). Measures for customer involvement were adapted from Van Trijp et al. (1996) and Antón et al. (2007). Measures for perceived brand heterogeneity were drawn from Burnham et al. (2003) and Van Trijp et al. (1996). The intrinsic variety-seeking scale was designed based on Donthu and Gilliland (1996). The measures for alternative attractiveness were adapted from Ping (1993).

Content Analysis and Pilot Test

A preliminary questionnaire was composed of validated measures adapted to the restaurant context and prepared for a pre-test. The survey was initiated with a brief introduction about the nature of the study. The questionnaire was constructed as follows: definition of 'full-service restaurant'; identification of a full-service restaurant visited by a respondent most recently; presentation of the construct measures; and posing of demographic questions. The adequacy of the survey content was checked by two Ph.D. students and four faculty members in a hospitality program or a marketing program. Except for some wordings, the content of the questionnaire was found to be adequate.

Refined through content analysis, the questionnaire was pilot-tested via distribution to 297 hospitality undergraduate students at a university in an Eastern state via email. A promise of some class credit for sincere completion of the questionnaire was included in the email content. Of the 297 students, 212 students completed the questionnaire (71.4% response rate). Excluding unqualified and/or inconsistent responses, 152 responses remained for a pilot analysis (51.2% usable response rate).

Reliability and Validity of Measures

The reliability of the measures was estimated by checking the composite reliability of the constructs. For all constructs, reliability was above the suggested cut-off point of .70 (Nunnally, 1978) except for the construct of perceived brand heterogeneity. Among the three measures of perceived brand heterogeneity, one showed a very low factor loading (.02). It appeared that many of the respondents failed to notice that the item was reverse-worded. As a result, the measure was modified to be unreversed. In addition, two customer ROI measures, two intrinsic

variety measures, and one intrinsic inertia measure were also modified due to their problematically low factor loadings (around .50).

The average variance extracted (AVE) for each construct was above the recommended value of .50 (Fornell & Larcker, 1981) except for the construct of perceived brand heterogeneity due to the reverse-worded item. Therefore, the convergent validity of the constructs was expected to be established in the main survey because the problematic measures were modified to improve the factor loadings. Posing threats to discriminant validity, the correlations between customer ROI and excellence (two extrinsic value dimensions) and between playfulness and aesthetics (two intrinsic value dimensions) were as high as around .900. However, because two customer ROI measures were to be modified and AVEs for excellence, playfulness, and aesthetics were around .700, discriminant validity was also expected to be established in the main survey where respondents were expected to be more random.

Main Survey

Data Collection

The questionnaire was refined based on the pilot test results and then distributed to general U.S. full-service restaurant customers through an online survey company's system. The target sample size of 300 was considered enough for the tests of a measurement model and a structural equation model, including 29 measurement items (for the first model) and for a measurement model including 23 measurement items (for the second model).

Data Analysis

Prior to testing the conceptual models of this study, confirmatory factor analysis was conducted to assess reliability and validity (convergent and discriminant) of the constructs included in each conceptual model. For the first model, structural equation modeling was employed to test the proposed model. For the second model, a separate moderated hierarchical regression analysis was conducted for each contingency variable shown in Figure 2.2 to test the contingency variables' effects on CSOV and/or on the path from brand preference to CSOV.

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CHAPTER 4 - VALUE-DRIVEN CUSTOMER SHARE OF VISITS TO FULL-SERVICE RESTAURATNS

Abstract

This study sought to verify the effect of perceived value on customer share of visits in a full-service restaurant context, using a dimension-level value approach and positing customer satisfaction and brand preference as mediators between them. The conceptual model of this study was tested based on responses from 299 general U.S. full-service restaurant customers, using a confirmatory factor analysis and structural equation modeling. This study found that among four value dimensions, excellence (in food and service) and customer return on investment had dominant effects on customer satisfaction and brand preference whereas playfulness had a significant moderate effect only on brand preference; aesthetic appeals did not have significant effects on either. Affected by perceived value, customer satisfaction significantly enhanced brand preference and in turn brand preference contributed to customer share of visits and fully mediated the effect of customer satisfaction on customer share of visits. In essence, the findings highlight the significant antecedent role of perceived value in customers' satisfaction and brand preference formation, and the pivotal role of customer brand preference in customers' purchase decision process.

Keywords: Perceived value, customer satisfaction, brand preference, customer share of visits, full-service restaurant.

Introduction

Customer retention has limitations in detecting how much profit retained customers contribute to the firm individually and in the aggregate (Blattberg, Getz, & Tomas, 2001; Coyles & Gokey, 2002; Verhoef, 2003). In contrast, the concept of 'customer share (of wallet)' enables managers to design and evaluate strategies to obtain a larger share of customers' category spending and thus increase profitability of retained customers (Coyles & Gokey, 2002; Mägi, 2003; Perkins-Munn, Aksoy, Keiningham, & Estrin, 2005). Moreover, decreases in 'customer share (of wallet)' can be more damaging to firms' profitability than complete customer defections (Colyles & Gokey, 2002; Reinartz & Kumar, 2000). As a result, in recent years researchers and managers have shown increasing interest in customer share as an ultimate behavioral measure of loyalty (Cooil, Keiningham, Aksoy, & Hsu, 2007).

Service is characterized by its 'experiential' nature due to its intangibility and simultaneous production and consumption. On the brink of an 'experience economy' that acknowledges the importance of creating and delivering experience-based perceptions of value, restaurateurs need to have a good understanding of how customers value their dining experiences as a whole (cf. Pine & Gilmore, 1999). Consistent with this notion, Grönroos (1994) described the service consumption experience as the customer's total interaction with a firm's system, physical resources, and employees. From this perspective, the view of 'value-in-use' emerges, in contrast to 'value-in-exchange' view (cf. Grönroos, 2006). According to this view, value is not the services or goods themselves, but what customers receive from those services or goods (Vandermerwe, 1996). True value can be determined only by a given customer, based on his/her consumption experience. Such value can help explain different aspects of consumer behavior including customers' spending allocations to service firms (i.e., customer share) (cf. Gallarza & Saura, 2006).

Oliver (1997) argued that the interests in perceived value and customer satisfaction appear to have overcome interest in quality largely because value and satisfaction entails both cognitive and affective evaluations while quality is generally limited to cognitive assessment. Although the debate is still open about the potential overlap between value and customer satisfaction (Gallarza & Saura, 2006), as far as the causal relationship is concerned, value appears to affect satisfaction, rather than the other way around (e.g., Howard & Sheth, 1969;

Kotler & Levy, 1969). In line with this proposition, Woodruff (1997) suggested that customer satisfaction would be better managed if backed up with in-depth learning about customer value. Thus, customer value, by enhancing customer satisfaction, would ultimately contribute to customer share to service firms.

Recent studies indicate that the drivers of customer share differ from those of customer retention (e.g., Blattberg et al., 2001; Mittal & Kamakura, 2001; Reinartz & Kumar, 2003). Thus, finding drivers of customer share is a crucial step in understanding how customer share is allocated in a service or product category and in developing strategies to capture larger shares of customers' spending in the category (Coyles & Gokey, 2002; Perkins-Munn et al., 2005). In responding to this call for research, this study suggests that perceived value, customer satisfaction, and brand preference are key drivers of customer share in the context of full-service restaurants. Overall, as a result of its inclusion of perceived value, this study of customer share in a full-service restaurant context contributes to the literature by increasing academic and business attention to customers' value perceptions of and true behavioral loyalty to restaurants. In this perspective, the main purpose of this study was to test value dimensions as potential drivers of customer share of visits in a full-service restaurant context. In an attempt to achieve this purpose, this study suggests a conceptual model to examine how each dimension of perceived value drives customer share of visits to full-service restaurants via customer satisfaction and brand preference.

To date, empirical tests of customer share are largely limited to retail and bank industries; tests of perceived value from a multi-dimensional perspective are also very rare across all industry types. Further, despite the theoretical and practical significance of those concepts to the foodservice industry as mentioned earlier, no study yet has tested the value dimensions and customer share of visits in this industry context. Repeatedly, information on customer share enables restaurants to efficiently manage their customer bases and revenue streams by allowing them to detect upward and downward changes in customer share allocated to them (cf. Coyles & Gokey, 2002). A correct understanding of their customers' value perceptions of dining experiences also enables restaurants to design optimum value compositions tailored to their major target markets (cf. Holbrook, 1994, 1999). Consequently, the study results are expected to offer rich insights to researchers and managers alike in this business category.

Theoretical Background and Hypotheses

Perceived Value

The Concept of Perceived Value

From a consumer research perspective, the term perceived value is synonymous with consumer (or customer) value (Gallarza & Saura, 2006). The concept of 'perceived value' has received extensive research interest in recent years (Gallarza & Saura, 2006; Sánchez-Fernández & Iniesta-Bonillo, 2007). As the primary reason for a business's existence and means to its success (Slater, 1997), the creation of customer value has been increasingly recognized as a strategic focus by businesses (Cronin, Brady, & Hult, 2000; Mizik & Jacobson, 2003). The value created for customers is strongly tied to customer loyalty and thus a firm's financial success (Khalifa, 2004). Therefore, identifying the types of value sought by customers from a firm's offering is a starting point in the firm's delivery of better value to the customer and in achieving a sustainable competitive advantage (Ravald & Grönroos, 1996). Despite the competitive centrality of customer value, the value concept received relatively little interest from consumer and marketing researchers throughout the 1990s (Holbrook, 1999; Jensen, 1996).

As often occurs with longstanding concepts, researchers have presented divergent views of the value concept (Sánchez-Fernández & Iniesta-Bonillo, 2007). Broadly, these views can be classified into uni-dimensional and multi-dimensional. The uni-dimensional view suggests the value as a mere trade-off between benefit and sacrifice (or costs), so that it is measured simply by asking respondents for their perception of the ratio between what they have received to given up (e.g., Zeithaml, 1988). Monroe's (1979, 1990) price-based approach and Zeithaml's (1988) means-end theory approach are examples of uni-dimensional approaches to the value concept. In contrast, given the comprehensive nature of the value concept, other researchers have argued that perceived value is a multi-dimensional construct wherein various notions are embedded (e.g., Holbrook, 1994, 1999; Sinha & DeSarbo, 1998). Examples of the multi-dimensional approaches include 'customer value hierarchy' (Woodruff & Gardial, 1996), 'axiology theory' (Hartman, 1967, 1973), 'consumption-value theory' (Sheth, Newman, & Gross, 1991a, 1991b), and 'Holbrook's typology of perceived value' (1994, 1996, 1999). This lack of consensus among scholars on the conceptualization and measurement of perceived value appears as a consequence of its multi-faceted and complex nature (see Sánchez-Fernández & Iniesta-Bonillo, 2007 for

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review). Oliver (1999) acknowledged that value could mean anything that marketers and consumers wish with respect to offerings in the marketplace, indicating the comprehensive nature of consumer value.

Mittal, Ross, and Baldasare (1998) pointed out several advantages of using attribute-level product performance rather than product-level performance in predicting customer satisfaction. At least two appear to be equally applicable in the context of using a dimension-level value approach (i.e., multi-dimensional approach) rather than a global-level approach (i.e., uni-dimensional approach) in predicting customers' responses to a firm and its offerings. First, a dimension-level approach enables researchers to conceptualize consumers experiencing mixed feelings about a consumption experience. A consumer may render both high and low evaluations to different dimensions of the same consumption experience. A customer may rate "playfulness" value high but "excellence" value low at the same time (cf. Holbrook, 1999; Mathwick, Malhotra, & Rigdon, 2001). Second, a dimension-level approach to perceived value affords researchers a higher level of specificity and diagnostic usefulness compared with a global-level approach. Because customers' evaluations of value dimensions differ, researchers and mangers should be able to identify those dimensions rated relatively low by customers and design dimension-specific improvement plans accordingly.

Holbrook's Approach to Perceived Value

After an extensive literature review of various approaches to perceived value, Sánchez-Fernández and Iniesta-Bonillo (2007) advocated Holbrook's typology of perceived value (1994, 1999), which encompasses all of its utilitarian, hedonic, social, and altruistic components of perceived value, as the most comprehensive in defining sources of value than others. Holbrook has shown a long and consistent interest in the topic of value, and his approach offers a broader view of consumer behavior (Gallarza & Saura, 2006), deepening our understanding of the basic nature of value with a systematic and easy-to-comprehend model (Bevan & Murphy, 2001; Mathwick et al., 2001). His approach is most differentiable in that it incorporates axiological and experiential views in the value concept.

Holbrook (1994, 1999) defined consumer value as an "interactive relativistic preference experience." According to his theory, value is *interactive* in that it entails an interaction between a subject (a consumer or customer) and an object (a market offering of any type). That is, value depends on how a consumer interacts with a product, rather than the characteristics of a product

itself. Therefore, a product or service has no meaning (value) until it is experienced and appreciated by a consumer (Frondizi, 1971). In a restaurant, we never know the taste of food before we eat it and the quality of service before we are served.

Value is *relativistic* in that it is *comparative* (involving preferences among objects), *personal* (varying across people), and *situational* (context-dependent) (Holbrook, 1994, 1999). The value of a product is judged in comparison with other products because people have limited resources and thus wish to maximize their returns for a given opportunity cost (Lamont, 1955). A comparative judgment inevitably entails a consumer's *preference* for something to something else. Even one product is evaluated differently by consumers because value is a personal judgment (Hilliard, 1950), and people differ in evaluation criteria. Further, even one individual's evaluation criteria change from time to time and place to place, so value is situational and thus has meaning only within a certain situation (Frondizi, 1971). In a foodservice context, when a customer decides where to dine out, s/he weigh the *comparative* value of restaurants based on his/her *personal* choice standards which vary from *situation* to situation (e.g., for lunch or dinner, at home or work, alone or with others).

Lastly, value is *experiential* in that customer value resides not in the product/service purchased (value-in-exchange) but in the experience gained from the product/service consumption (value-in-consumption) (Holbrook, 1994, 1999). What people ultimately want is a satisfying experience derived from a product rather than the product itself (Abbott, 1955). Value-in-consumption is conceptually richer than value-in-exchange in that the former captures various sources of perceived value whereas the latter mainly focuses on a trade-off between benefits and costs in a transaction. In a foodservice context, a customer's value perception and preference judgment eventually depend on how the customer enjoyed the dining experience rather than the food/service itself.

Holbrook's Typology of Perceived Value

Dimensions of Holbrook's Typology

The typology of perceived value proposed by Holbrook (1994, 1999) suggests that consumer value can be either *extrinsic* or *intrinsic* (utilitarian or hedonic), *active* or *reactive*, and *self-oriented* or *other-oriented*. This three-axis paradigm generates eight distinct dimensions of value as shown in Table 4.1.

Table 4.1 Holbrook's Typology of Perceived Value

		Extrinsic	*Intrinsic*
Self-oriented	*Active*	Efficiency (Output/Input, Convenience)	Play (Fun)
	Reactive	Excellence (Quality)	Aesthetics (Beauty)
Other-oriented	*Active*	Status (Success, Impression Management)	Ethics (Virtue, Justice, Morality)
	Reactive	Esteem (Reputation, Materialism, Possessions)	Spirituality (Faith, Ecstasy, Rapture, Sacredness, Magic)

Source: Holbrook (1999, p.12)

According to Holbrook, *extrinsic* value pertains to a marketing offering's functional or utilitarian instrumentality in serving as a means to accomplishing some further purpose whereas *intrinsic* value occurs when a consumption experience is appreciated as an end in itself as in the case of hedonic satisfaction or pleasure. For example, a high-quality, well-priced steak may possess high extrinsic value to most customers but a vegetarian may not enjoy it, so it has low or no intrinsic value to him/her. *Active* value entails a physical or mental manipulation of a tangible or intangible object while *reactive* value occurs when a subject comprehends, appreciates, or responds to an object without directly affecting it. A diner may enjoy a dining experience by actively eating a meal while appreciating the restaurant's beautiful interior. Value can be either *self-oriented* or *other-oriented* depending on whether an evaluation of a consumption experience is centered on self or others. Eating a meal to appease one's hunger is self-oriented, and visiting a luxury, upscale restaurant to impress a girl friend may be called other-oriented. Because all eight types of perceived value tend to occur simultaneously to varying degrees in a consumption experience, some blurring gray areas between value dimensions are to be expected (Holbrook, 1994).

Self-Oriented Value Dimensions

Measurement scales for the four self-oriented value dimensions (i.e., efficiency, excellence, play, aesthetics) were developed by Mathwick et al. (2001) in a retail context. No

researcher yet has attempted to measure other-oriented dimensions. In adapting the four value dimensions to a retail setting, Mathwick et al. (2001) slightly modified them: efficiency to consumer return on investment (ROI), excellence to service excellence, play to playfulness, and aesthetics to aesthetic appeal.

As an extrinsic value resulting from the active consumption experience as a means to achieve some self-oriented purpose, 'efficiency' is often measured as a ratio of outputs to inputs (Holbrook, 1999). That is, efficiency indicates the relative amount of utility the customer gains from a transaction and consumption in return for the customer's money, time, and effort investments (Mathwick et al., 2001). As subdimensions of consumer ROI, they suggested 'economic value' to measure the consumer return on *money* investment and 'efficiency' to measure the return on *time* and *effort* investment. For example, in a foodservice context, competitive menu prices, prompt service, and convenient location would enhance consumer ROI value.

While efficiency is an active term, 'excellence' reflects the consumer's reactive response to the capacity of an object or experience to serve as an extrinsic means to a self-oriented end (Holbrook, 1999). Holbrook (1999) admitted that excellence constitutes the essence of quality as quality arises as a salient type of consumer value when a consumer admires a product for its capacity to achieve some self-oriented purpose but does so without actually using it for the purpose. In service contexts, excellence appears to indicate "whatever you can imagine, we have it all" kind of state, giving pleasant surprises to customers when they notice it. When a marketing offering's capacity is used and recognized, it adds efficiency, but when not fully used or recognized, it remains as excellence. In a retail setting, Mathwick et al. (2001) measured only 'service excellence', not 'product excellence'. Perhaps they did so because similar-category retail shops typically carry similar goods made by others than themselves. In a full-service restaurant context, it would be more appropriate to measure both service and food excellence because the foods in full-service restaurants are prepared and cooked in-house and thus customers are likely to differentiate restaurants by both service and foods.

As self-oriented, actively sought, and enjoyed for its own sake, 'play' inherently involves having fun. A leisure activity is valued for the fun one can have for its own sake (Bond, 1983). Playful acts are freely engaged in and operate without concern for immediate material interests or practical considerations (Babin, Darden, & Griffin, 1994; Day, 1981). Mathwick et al. (2001)

suggested two subdimensions of playfulness: 'escapism' and 'enjoyment'. Escapism occurs when an activity enjoyed for its own sake gives a person a feeling of being free from daily routines/obligations (Huizinga, 1955). In a restaurant setting, providing a relaxing, festive, and/or exotic atmosphere and prestigious service facilitates customers' feelings of escapism. Enjoyment directly deals with how much the customer enjoyed a consumption experience. To increase this value, a restaurateur should have an understanding of what aspects or characteristics of the restaurant are regarded as enjoyable by target customers because value is personal and thus differs among target markets.

In contrast to play, 'aesthetics' refers to a distanced appreciation of some aspects of the consumption experience valued as a self-oriented end in itself (Holbrook, 1999). Beauty is enjoyed for its own sake regardless of any further practical purpose (Lee, 1957). For this dimension of value, Mathwick et al. (2001) proposed two subdimensions: 'visual appeal' and 'entertainment'. They defined 'visual appeal' as the salient visual elements of the retail environment. However, given that the concept of servicescape encompasses not only visual aspects but also anything that appeals to our sensory organs (cf., Bitner, 1992), the measures of this subdimension should also incorporate audio (e.g., music, noise) and olfactory (e.g., fragrance, odor) servicescape elements. This is especially true for the foodservice setting. Therefore, in this study, the author modified this subdimension into 'sensory appeal', encompassing not only visual appeal but also audio and olfactory appeals. Entertainment value refers to the service or environment elements that excite the customer (Mathwick et al., 2001). If a customer remains a passive recipient of these exciting elements, they add entertainment value to him/her, but if the customer actively interacts with them, they add enjoyment value as well. Some themed restaurants such as D&B and Hard Rock Café are particularly valued for their entertainment or enjoyment value.

Customer Satisfaction

Customer satisfaction has long been regarded as a prerequisite of a business's success (e.g., Anderson & Fornell, 1994; Oliver, 1997; Yi, 1990). In various product and service categories, customer satisfaction has been shown to have positive influences on outcome variables that are beneficial to a firm, including repurchase behavior (e.g., Anderson & Sullivan, 1993; Mittal & Kamakura, 2001), purchase volume (e.g., Bolton & Lemon, 1999), relationship

duration (e.g., Bolton, 1998), positive word-of-mouth (e.g., Boulding, Kalra, Staelin, & Zeithaml, 1993; Schneider & Bowen, 1999), and even cost-savings associated with complaints and employee management (e.g., Fornell, 1992).

It is generally agreed that customer satisfaction is an overall post-purchase/consumption evaluation resulting from a comparison between prior expectations and actual product/service performance (e.g., Kotler, 1991; Oliver, 1997; Yi, 1990). Further, Oliver (1997) suggested satisfaction as an evaluation involving both cognitive and affective (emotional) components. Cognitive satisfaction judgment results from the (dis)confirmation of expectations by product/service performance and affective satisfaction stems from post-consumption emotions. It appears that cognitive satisfaction is closely related to utilitarian (extrinsic) value, and affective satisfaction to hedonic (intrinsic) value of consumption.

In the literature, two different conceptualizations of customer satisfaction have emerged: transaction-specific satisfaction (Hunt, 1977; Oliver, 1980) and cumulative satisfaction (Fornell, 1992; Johnson & Fornell, 1991). Transaction-specific satisfaction pertains to a single consumption experience whereas cumulative satisfaction relates to an overall evaluation of all consumption experiences relating to a certain firm's offerings to date (Johnson & Fornell, 1991). Given that transaction-specific satisfaction is subject to situational fluctuations, cumulative satisfaction is more likely to influence customer behaviors (Boulding et al., 1993; Hellier, Geursen, Carr, & Rickard, 2003). Therefore, cumulative satisfaction is more appropriate to the conceptual models of this study where the end variable, customer share of visits, is cumulative in nature in that it measures how often a customer has visited a provider in relation to his/her total visits in the category.

Perceived Value and Customer Satisfaction

Despite a potential strong relationship between consumer value and customer satisfaction (Woodruff, 1997), the conceptual distinction and relationship between value and customer satisfaction is difficult to find (Gallarza & Saura, 2006), and the role played by value in improving satisfaction has received limited research interest (Cronin et al., 2000). However, as early as the late 1960s, Howard and Sheth (1969) and Kotler and Levy (1969) argued that customer satisfaction depends on perceived value. More recently, Woodruff (1997) proposed that customer satisfaction can be better understood through in-depth learning about consumer value. Although employing divergent value concepts, some research indeed has empirically

proven the positive effect of consumer value on customer satisfaction (e.g., de Ruyter, Wetzels, Lemmink, & Mattson, 1997; Fornell et al., 1996).

Zeithaml's (1988) value concept as the customer's overall assessment of the utility of a market offering on perceptions of what is received and what is given is conceptually equivalent to Holbrook's (1999) 'efficiency' or Mathwick et al.'s (2001) 'consumer ROI' value dimension. The free market system assumes that every market participant wants to gain maximum returns with minimum investments. Thus, customers would be more satisfied with more returns on their money, time, and effort investments. Hypothesizing the direct effect of perceived value ('consumer ROI' in this study context) on customer satisfaction, Fornell et al. (1996) argued that incorporating perceived value (i.e., consumer ROI) enables us to take costs (i.e., money, time, effort) information into account and thus increases the comparability of the test results across firms, industries, and sectors by neutralizing the differences in income and budget constraints. Therefore, the direct effect of consumer ROI on satisfaction should hold in the full-service restaurant context as well.

H1a: Consumer ROI in consumption positively affects customer satisfaction.

Holbrook (1999) maintained that the utilitarian emphasis on the appreciation of instrumentality of the 'excellence' concept relates closely to customer satisfaction. Since excellence refers to a product's utilitarian capacity to serve as a means to a self-oriented end, the customer may use this capacity to achieve higher satisfaction in a consumption experience. Thus, to customers, more of this capacity (i.e., more excellence) means a greater possibility of a satisfactory consumption experience. Further, as excellence constitutes the core of quality (Holbrook, 1999) and quality has been found to enhance customer satisfaction in various service/product categories (e.g., Cronin & Taylor, 1992; Forenll et al., 1996; Spreng & Mackoy, 1996; Wels-Lips, van der Ven, & Pieters, 1998), excellence should positively affect customer satisfaction.

H2a: Excellence positively affects customer satisfaction.

Viewing consumption as experience, Holbrook and Hirschman (1982) argued that satisfaction as an important experiential component can be aroused by other mutually evocative symbolic or hedonic associations such as pleasures, fantasy, and imagery occurring during consumption. Thus, pleasant feelings stemming from playful activities and aesthetic appreciations derived from consumption experiences should positively affect customer satisfaction. In fact, Gallarza and Saura (2006) found a significant direct effect of playfulness and an indirect effect of aesthetic appeals on customer satisfaction in a tourism experience context.

H3a: Playfulness in consumption positively affects customer satisfaction.
H4a: Aesthetic appeals in consumption positively affect customer satisfaction.

Brand Preference

In any industry, direct competitors strive to outperform one another to win greater brand preference and customer share (of wallet). In most studies, the term 'brand preference' has been used without a clear definition, but simply implied in the context as a customer's manifested favoritism toward a company or its product/service over alternatives. Pointing out that brand preference is distinctive from similar or closely related preference constructs such as consumer preference (Mantel & Kardes, 1999) and brand choice (Manrai, 1995), Hellier et al. (2003, p.1765) defined 'brand preference' as "the extent to which the customer favors the designated service provided by a certain company, in comparison to the designated service provided by other companies in his or her consideration set…." Given that customers are often multi-loyal to multiple brands, they also form brand preferences for more than one brand in most purchase situations (i.e., polygamous rather than monogamous) although they ultimately have to choose one for purchase at a time.

The concept of brand preference appears to fit well with the theory of the consumer choice process. In the study of the consumer choice process, most marketing texts describe a sequence of stages during which the number of brands decreases until a brand is chosen for purchase (Roberts & Lattin, 1991). As one way to reduce the complexity of the purchase decision process, consumers often use a two-stage decision model (e.g., Gensch, 1987; Wright &

Barbour, 1977), especially when the purchase decision is not so complex as in the cases of small-ticket, frequently-purchased consumable goods and consumer services. In this model, available alternatives are first screened based on a simple noncompensatory rule, and the remaining alternatives are analyzed more carefully using a compensatory rule (Kardes, Kalyanaram, Chandrashekaran, & Dornoff, 1993). In the first step, a retrieval set is reduced to a consideration set; and in the second step, a brand is chosen for purchase from the consideration set. The retrieval set consists of the brands that the consumer can access from memory among all available brands in the marketplace and the consideration set consists of the brands that are scrutinized carefully from a retrieval set (Kardes et al., 1993). Roberts and Lattin (1991) defined a consideration set as the brands that a consumer would consider buying in the near future.

To maximize expected utility (expected value in this study context), consumers form a consideration set by trading-off the expected future benefits of having more brands from which to choose against the total costs associated with keeping those brands in a consideration set (e.g., physical and mental search costs, mental processing and storage costs) (Hauser & Wernerfelt, 1990). Therefore, consideration would be a more binding constraint when costs are high to maintain a consideration set in relation to the differences in expected utility across brands (Roberts & Lattin, 1991). In the full-service restaurant context, however, both consideration costs and the differences in expected utility would be relatively low due to frequent purchases and wide availability of similar menu types and quality service. Thus, consideration would be less binding in this business category, indicating that being and remaining as a preferred brand to a consumer would be relatively more challenging in the full-service restaurant context.

Perceived Value and Brand Preference

Hauser and Wernerfelt (1990) insisted that the brand with the greatest expected utility (i.e., greatest expected value in this study context) is more likely to be included in the consideration set. In line with this, Roberts and Lattin (1997) pointed out that the cost-benefit approach to consideration is based on a fundamental question: Is a brand "good enough" to be considered? This question appears to focus on ascertaining whether a brand provides enough consumer value to be considered for purchase. Therefore, a brand that offers higher consumer value is more likely to be included in a consideration set. Such preferential inclusion of a brand into a consideration set appears to be one form of customers' brand preference.

Fornell et al. (1996) suggested that value for price (consumer ROI in this study context) may be central to the formation of customers' initial preferences and choice. It may be so in that 'consumer ROI' explicitly takes "costs" into account. For instance, if a customer thinks that a restaurant is conveniently located, its menu items are affordable, and the meals are served in a timely manner, the customer is more likely to form a preference to the restaurant, perceiving more returns on his/her effort, time, and money investments. In a retail context, Mathwick et al. (2001) found that consumer ROI indeed positively affects customers' retail brand preference.

H1b: Consumer ROI in consumption positively affects brand preference.

Bitner and Hubbert (1994) proposed a definition of service quality as "the customer's overall impression of the relative inferiority/superiority of the organization and its services" (p. 77). According to this definition, to some extent, quality is a customer's comparative judgment of a brand and its offerings in comparison to other brands and their offerings. Brand preference is also a customer's comparative attitude toward a brand and its offerings compared with other brands and their offerings (cf., Hellier et al., 2003). Oliver (1999) maintained that quality judgments are ultimately formed against the standard of 'excellence'. That is, an excellence state indicates ideal or superior quality. Therefore, food/service excellence indicates superior food/service compared with the competition and thus would positively affect customers' preference for a restaurant that provides excellent food/service.

H2b: Excellence positively affects brand preference.

'Mood association' is a popular brand preference-building technique today among marketers (Knowles, Grove, & Burroughs, 1993), especially when customer involvement is low (Vakratsas & Ambler, 1999). Mood association technique works by associating a brand with particular forms of pleasant hedonic states such as humor, relaxation, excitement, fantasy, and the like (Alreck & Settle, 1999). Such positive feelings lead consumers to form preferences for a brand (or its offerings). Alreck and Settle (1999) stated that mood association continues to be a popular method for building consumers' brand preference for many brands of small-ticket, frequently-purchased consumable goods and consumer services. Therefore, customers' brand

preference for full-service restaurants would also be affected by customers' pleasant hedonic states as triggered by 'playfulness' and 'aesthetic appeals' in dining experiences. In the case of 'aesthetic appeals', Mathwick et al. (2001) reported its significant influence on customers' retail brand preference in catalog shopping.

H3b: Playfulness in consumption positively affects brand preference.
H4b: Aesthetic appeals in consumption positively affect brand preference.

Customer Satisfaction and Brand Preference

The expectation-disconfirmation model of customer satisfaction suggests that once a product/service has been consumed, an expectation-disconfirmation process is activated whereby consumers form a subjective "better/worse than" comparison of expectations and performance (Oliver, 1997; Oliver & Burke, 1999). According to this model, when a customer perceives a consumption experience as better than his/her expectations, the customer would be satisfied. The expectations that the customer brings to a consumption situation are formed through three major sources: direct prior experience with the product/service, experience with similar products/services, and information from external sources of any kind (Oliver, 1980; Spreng & Page, 2001). Consequently, customers' expectations are influenced not only by a given firm but also by competition and thus customer satisfaction with a given firm should also be affected by other comparable firms. In this sense, to some extent, customer satisfaction appears to be a comparative evaluation of a customer's consumption experience with a brand in comparison with what the customer would experience from a comparable brand. Based on this opportunity cost approach, a customer may weigh a firm against another to decide which firm is more likely to provide greater satisfaction for certain sacrifices on a particular purchasing occasion. For example, if three restaurants offer similar menus in comparable price ranges within similar driving distances (i.e., equally affordable), a consumer would choose one that has provided the greatest satisfaction to him/her. As such, a customer would form a preference for one or more firms based on his/her cumulative satisfaction with each of the firms. In an insurance industry setting, Hellier et al. (2003) found a strong positive effect of cumulative customer satisfaction on customer brand preference.

H5: Cumulative customer satisfaction positively affects brand preference.

Customer Share of Visits

In the literature, 'customer share' has been used in the same context as 'share of wallet'. Customer share represents the percentage of money a customer allocates in a category that is assigned to a specific firm (Cooli et al., 2007; Peppers & Rogers, 1999). Characterizing the twentieth century as "the century of market share", in which firms focus on acquiring more customers, Osenton (2002) described the twenty-first century as "the century of customer share", where firms focus on retaining their current customers and increase, or at least maintain, their share of existing customers' category spending. Given that too many competitors are vying for customer bases and thus customers are increasingly loyal to multiple brands in most industries, simple customer retention rates can be a mirage to managers (Rust, Lemon, & Zeithaml, 2004).

In the literature, behavioral loyalty has reflected customer retention (or repurchase) only, but recently it has evolved to encompass customer share as well (e.g. Coyles & Gokey, 2002; Verhoef, 2003). Customer retention is a measure of the continuance of a relationship with a firm (i.e., a matter of 'yes' or 'no') (Cooli et al., 2007) whereas customer share is a measure of the strength of a relationship with a firm, represented with relative expenditures allocated to a firm. As such, in that customer share is a relative term in comparison with competition and a type of 'ratio scale', which is statistically most flexible among different types of measurement scales, customer share holds richer information for researchers and managers than does customer retention. Therefore, customer share can replace customer retention not only theoretically, but also functionally, whenever customer share data are available or reasonably obtainable.

The underlying assumption in customer retention-based strategies is that the profitability of retained customers would be reasonably constant (Storbacka, Strandvik, & Grönroos, 1994). However, although retained, customers may visit a business less frequently (i.e., lower share of visits) or spend less with similar visit frequency (i.e., lower share of purchase). The possibility of this decrease in customer share is increasing as customers increasingly divide their purchases among multiple brands in most industries (Cooli et al., 2007; Coyles & Gokey, 2002). Therefore, efforts to increase customer share by managing customers' spending patterns with a firm tend to represent far greater opportunities to a firm than does simply trying to maximize

customer retention rates (Perkins-Munn et al., 2005). Coyles and Gokey (2002) indeed reported that focusing on both customers' spending patterns to improve customer share and customer retention can have as much as ten times greater value to a company than focusing on retention alone.

Despite such significance and growing popularity of the concept of 'customer share' (Zeithaml, 2000), the empirical testing of the antecedents of customer share has been largely limited to the retail and banking industries. This is largely a result of the inherent difficulty in collecting exact information on customer share in most other business categories (Perkins-Munn et al., 2005). Accordingly, managers have little insight into how to manage efforts to improve customer share (Perkins-Munn et al., 2005). Luckily though, in restaurants, customers' spending is typically limited to one meal per visit (i.e., fairly constant amount of purchase per visit) whereas customers can spend as much as they want in retail stores and banks. Hence, customer 'share of visits' would serve as a reasonable proxy for 'customer share' in the restaurant setting.

Customer Satisfaction and Customer Share of Visits

It has been extensively proven in various service industry contexts that customer satisfaction is one of the most important antecedents of customer loyalty (e.g., Anderson & Sullivan, 1993; Zeithaml, Berry, & Parasuraman, 1996). Although customer retention rate is not necessarily proportionate to customer share, retaining one more customer rather than losing one certainly contributes to customer share increase. Thus, it is reasonable to expect that customer satisfaction has a positive effect on customer share as it does on customer retention (Cooil et al., 2007). In fact, recent research has provided direct support of the notion of a positive effect of customer satisfaction on customer share (e.g., Bowman & Narayandas 2004; Keiningham, Perkins-Munn, Aksoy, & Estrin, 2005; Silvestro & Cross, 2000). In terms of customer 'share of visits' in particular, Mägi (2003) found that increasing customer satisfaction serves as a means of increasing customer share of visits in a retail context. Her finding makes more sense when customer satisfaction is viewed as a customer's comparative evaluation of consumption experiences as argued earlier. Thus, if a customer has been satisfied with a firm, the customer will devote more of his/her share of visits to the firm.

H6: Cumulative customer satisfaction positively affects customer share of visits.

Brand Preference and Customer Share of Visits

It is rather intuitive that customers would concentrate a larger share of expenditures on their preferred brands than others because the concept of brand preference reflects a customer's comparative evaluation among brands as discussed earlier. The positive effect of brand preference on customer 'share of visits' in particular is also apparent in that the preferred brands are more likely to be included in a consideration set. Therefore, customers are likely to allocate a larger share of their visits to their preferred restaurants although the probability of selecting a certain restaurant would vary depending on the number of preferred restaurants in a consideration set on a particular dining-out occasion.

H7: Brand preference positively affects customer share of visits.

Model of Value-Driven Customer Share of Visits

Acknowledging market exchange as a process wherein each party sacrifices one thing in return for something else of greater value (Kotler, 1991), Holbrook (1999) argued that exchanges depend on customer value, and thus customer value is the fundamental basis for all marketing activities. According to this view, the brand or store that provides most value to the customer for given sacrifices would be chosen most frequently and thus obtain a greater customer share.

The influence of perceived value on customer share of visits has been circumstantially suggested in the forms of its effects on product choice (e.g., Zeithaml, 1988), purchase intention (e.g., Dodds & Monroe, 1985), and repeat purchasing (Nilson, 1992). Based on extensive literature review, Hellier et al. (2003) identified perceived value and customer satisfaction as major antecedents to brand preference. More specifically, Woodall (2003) maintained that the extant literature suggests that customer satisfaction is a mediating variable between consumer value and behavioral intentions (i.e., *consumer value → customer satisfaction → behavioral intentions*). As shown in Figure 4.1, the author attempted to extend this line of research by adding an actual behavior construct of 'customer share of visits', which should be the ultimate interest of most service businesses including full-service restaurants.

Figure 4.1 Conceptual Model for Value-Driven Customer Share of Visits
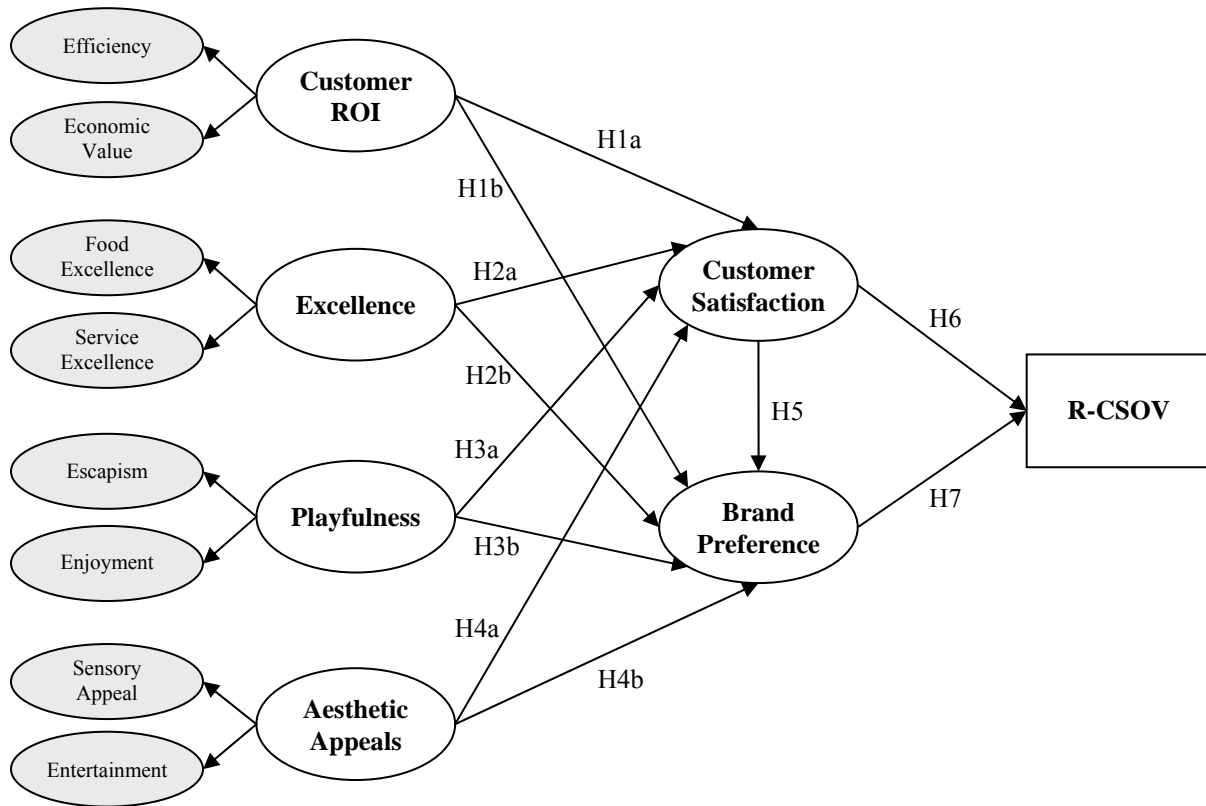
Note. ROI = return on investment; R-CSOV = relative customer share of visits (explained in details in the following methodology section).

* Shaded circles indicate first-order factors.

In testing the antecedents of customer share of visits, one unique characteristic of customer share of visits should be considered. Unlike the case of customer retention, the measure of customer share of visits is directly affected by the number of brands in a customer's consideration set. That is, a certain percentage of customer share of visits should give different meanings to the management depending on the number of brands in a customer's consideration set. For example, 30% of customer share of visits should be considered a large percentage if the customer has five different brands in his/her typical consideration set (because 30% > 20% = 100% ÷ 5 brands), but a small percentage if the customer has only two brands in his/her consideration set (because 30% < 50% = 100% ÷ 2 brands). As such, because an identical customer share of visits has different meanings depending on the number of brands in a

customer's consideration set, it cannot have linear positive relationships with the levels of perceived value and customer satisfaction. Therefore, customer share of visits needs to be transformed to a relative term to neutralize the effect of the number of brands in a customer's consideration set. The specific operationalization of such "relative customer share of visits (R-CSOV)" is detailed in the methodology section.

Methodology

Measures

In general, validated measures in the literature were adapted to a full-service restaurant context with varying degrees of modifications. A total of 11 constructs were employed in the conceptual model for this study. Eight were subdimensions of four 'perceived value' dimensions (i.e., two for each). They were efficiency and economic value for 'customer return on investments'; food excellence and service excellence for 'excellence'; escapism and enjoyment for 'playfulness'; and sensory appeal and entertainment for 'aesthetic appeals.' Measures for these eight constructs were borrowed from Fu and Parks (2001) and Mathwick et al. (2001). Measures for customer satisfaction were adapted from Hellier et al. (2003) and Oliver (1980), and those for brand preference were from Hellier et al. (2003). The customer satisfaction scale was designed to measure 'cumulative' customer satisfaction. Reflecting an increasing multi-loyalty trend, the brand preference scale was designed to measure preference for multiple restaurants rather than for a single restaurant, largely based on Hellier et al. (2003). Given that virtually all customers hold a preference for multiple restaurants rather than for only one restaurant, the multi-preference approach appeared to be more adequate than the single-preference approach in the restaurant setting in particular. The actual measures are presented in Table 4.2. All of these measures were assessed using 7-point scales anchored by 'strongly disagree (1)' and 'strongly agree (7).'

Operationalization of Customer Share of Visits

With regard to the suggested link between customer satisfaction and customer share, some researchers would be uncomfortable with the possibility that customers would have similar levels of satisfaction with multiple brands. This issue is directly related to the number of brands in a customer's consideration set. That is, a given percentage of customer share of visits (CSOV)

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would have quite different meanings to a restaurant depending on how many restaurants a customer typically considers viable choices. For example, customer X and Y have equally allocated 30% of their CSOV to a certain full-service restaurant. This percentage should be considered relatively high if customer X has chosen the restaurant out of five viable restaurants in his/her typical dining out situations because 30% is more than the 'par' or 'arithmetic mean' (20% = 100% ÷ 5 restaurants). On the other hand, if customer Y has chosen the restaurant out of only two restaurants in his/her typical consideration set, 30% should be considered relatively low because it is less than the par (50% = 100% ÷ 2 restaurants). As such, even when customer X has been more satisfied with a restaurant than customer Y has, customer X's CSOV to the restaurant can be equal to that of customer Y because customer X considers a larger number of restaurants than customer Y does when choosing a restaurant.

In order to control such effect of the number of brands in respondents' consideration sets, the author of this study contrived the concept of "relative customer share of visits (R-CSOV)." To make CSOV relative to the number of brands considered, a CSOV was multiplied by the number of brands. For example, if a customer's CSOV is 30% and the number of brands in the customer's consideration set is five, this customer's R-CSOV is 150% (= 30% × 5). In this way, this percentage can indicate that this customer allocates more CSOV to a restaurant than the par by 50% of the par (i.e., 30% (CSOV) = 150% of the par (20%)). Likewise, when the number of brands in the customer's consideration set is two, this customer's R-CSOV is 60% (= 30% × 2). In this way, 60% signifies that this customer allocates less CSOV to a brand than the par by 40% of the par (i.e., 30% (CSOV) = only 60% of the par (50%)).

Measures for Relative Customer Share of Visits

To measure a respondent's CSOV to a full-service restaurant, two questions were asked at the beginning of the questionnaire. The measure for a respondent's total visits to full-service restaurants was obtained by asking, 'how often do you dine at full-service restaurants *on an average* (emphasis added)?' The measure for the respondent's total visits to a particular full-service restaurant visited most recently by the respondent was acquired by asking, 'how often do you dine at this restaurant *on an average*?' By dividing the measure for the particular restaurant by the measure for all full-service restaurants, the author obtained a respondent's CSOV. To enhance the accuracy of CSOV measures, the questionnaire also directly inquired about a respondent's CSOV to a particular restaurant by asking, '*for the past 3 months*, the number of

my visits to this restaurant was about ( )**%** (emphasis added) of my total visits to full-service restaurants.' The ultimate measure of a respondent's CSOV was obtained by averaging the first indirect measure and the second direct measure.

In turn, to transform CSOV into R-CSOV, the question of 'how many different full-service restaurants have you dined at *in the past 3 months*?' was asked to measure the number of full-service restaurants a respondent usually chooses from when making a dining out decision. This measure was multiplied by a COSV to generate a R-CSOV as explained in the previous section. This measure should be more accurate than directly asking a respondent's consideration set because the number of different full-service restaurants that a customer actually visits should be affected not only by the customer's consideration set but also by the consideration set(s) of a member(s) of his/her company.

Qualifiers for Study Participation

To obtain relatively accurate responses questions that were mostly retrospective, the author limited study participants to those who had visited a full-service restaurant within the past one month. In addition, because this study measures CSOV and R-CSOV based on a three-month period, study participants were limited to those who have been customers at least for the past three months at the restaurant that they named. Lastly, the restaurant against which a respondent's CSOV was measured was limited to the one that was not a respondent's workplace, out-of-town, or owned or operated by one of the respondent's family members, relatives, or close friends because in such cases, the respondent's R-CSOV would be highly irrelevant to his/her satisfaction and brand preference levels.

Data Collection

To test the hypotheses against the conceptual backdrop, the author of this study conducted an online survey. The questionnaire was distributed to 2,800 general U.S. full-service restaurant customers via an online survey company's system. From this group, 480 customers participated in the survey (17.1% response rate). Of the 480 participants, 64 participants were disqualified because their most recent visits to a full-service restaurant were more than one month ago. In turn, an additional 49 participants were disqualified because their first visit to the most-recently-visited restaurant was less than three months ago. Finally, 46 participants did not complete the questionnaire or provided inconsistent responses, so they were dropped off. Most

of the inconsistent responses were found in their reported share of visits to the restaurant that they named. As a result, 310 respondents remained for analyses (11.1% valid response rate).

Results

Data Screening

Before conducting data analysis, data screening was performed to check any violations of the assumptions for a general linear model. Tests for multivariate and univariate outliers found 22 outliers. These outliers were excluded, leaving 288 respondents for further analyses. Next, a test for the distribution normality of the variables revealed that the skewnesses of the variables were within acceptable ranges, confirming normal distributions of the variables. Lastly, a test for multicollinearity showed that tolerance levels of the variables were .101 or higher, which are above the recommended cutoff of .100 (Tabachnick & Fidell, 2007). As a result, no multicollinearity problem was found among the variables.

Sample Characteristics

The sample ($n = 288$) in the analysis was 55.6% female ($n = 160$). The age of respondents ranged from 19 to 92 with a median age of 43.5. Those 25–34 years old (25.0%) and 19–24 years old (7.3%) accounted for the largest and smallest proportions of the respondents, respectively. In terms of income, the respondents were fairly evenly distributed, with the largest group (21.5%) reporting an income between US$25,000 and $39,999 and the smallest group (6.2%) reporting an income between US$85,000 and $99,999. On average, the respondents were relatively highly educated. The largest categories were college graduate (34.7%) and some college (34.4%) followed by graduate degree (21.5%) groups. Lastly, in terms of ethnicity, 66.7% of the respondents were Caucasian/white, followed by African American (11.5%), Asian (9.4%), and Hispanic (8.3%).

Measurement Model

The measurement model provided a good fit to the data in the full-service restaurant context (NFI = .926; TLI = .960; CFI = .966; RMSEA = .052; $\chi^2(345) = 613.2, p < .001; \chi^2/df = 1.78$) (Hu & Bentler, 1999). Table 4.2 shows the specific items and the first-order factors of customer ROI (efficiency and economic value), excellence (food excellence and service

excellence), playfulness (escapism and enjoyment), and aesthetic appeals (sensory appeal and entertainment) employed in this study, together with their standardized factor loadings. The factor loadings were equal to or greater than .655 and all were significant ($p < .001$) with the t-values, not shown, ranging from 10.7 to 36.6. The factor loadings for the first-order factors of each value dimension were .660 or above. The t-values of the first-order factors ranged from 8.8 to 18.6.

Table 4.2 Measurement Items and Loadings

Constructs and scale items	Standardized Loading[a]
Customer return on investment (ROI)	
Efficiency	**.660**
Dining out at this restaurant makes my life easier.	.783
Dining out at this restaurant fits with my schedule.	.925
Economic value	**.900**
The menu prices in this restaurant are reasonable, given the quality of food and service.	.928
Overall, I am happy with the menu prices in this restaurant.	.975
Excellence	
Food excellence	**.915**
This restaurant is one of the best in this type of restaurants (for example, one of the best steak-houses).	.912
I think of this restaurant as an expert in the type of foods it offers.	.945
When I think of the food in this restaurant, I think of excellence.	.923
Service excellence	**.922**
The service in this restaurant is consistent and reliable.	.856
The service in this restaurant makes me feel special and valued.	.899
Playfulness	
Escapism	**.851**
Dining at this restaurant make me feel like I'm in another world.	.975
I get so involved when I dine at this restaurant that I forget everything else.	.839
Enjoyment	**.999**
I enjoy the dining experience at this restaurant for the total experience, not just for the menu.	.903
I dine at this restaurant for the pure enjoyment of it.	.838
Aesthetic appeals	
Sensory appeal	**.853**
The interior of this restaurant is attractive.	.655
The brightness of lighting in this restaurant is appropriate.	.718
The noise level in this restaurant is acceptable to me.	.771
The music in this restaurant is appealing to me.	.680
The intensity of aromas in this restaurant is acceptable to me.	.735
The type of aroma in this restaurant is acceptable to me.	.728
Entertainment	**.679**
I think this restaurant is very entertaining.	.864
The enthusiasm of this restaurant is catching. It picks me up.	.917
This restaurant doesn't just sell food. It entertains me.	.822
Customer satisfaction	
All things considered, I feel good about my decision to dine out at this restaurant.	.935
Overall, I am satisfied with this restaurant.	.958
Considering all my experiences with this restaurant, my choice to dine out at this restaurant was a wise one.	.947
Brand preference	
When I make a dining out decision, I consider this restaurant a viable choice very often.	.895
This restaurant meets my dining needs better than other comparable full-service restaurants.	.848
I am interested in trying various menu items in this restaurant more than in other comparable full-service restaurants.	.675

[a.] All factor loadings are significant ($p < .001$). *Bold figures represent first-order factor loadings.

Table 4.3 shows the descriptive statistics and associated measures for the constructs. Convergent and discriminant validity of the scales were tested by confirmatory factor analysis, as recommended by Anderson and Gerbing (1988). As shown at Table 4.2, all indicators loaded on the proposed constructs significantly ($p < .001$). Average variance extracted (AVE) was well above the .50 cutoff for all constructs (Bagozzi & Yi, 1988). On the basis of the factor loadings and AVE estimates, convergent validity of the measurement scales was established (Fornell & Larcker, 1981). Discriminant validity was demonstrated when each squared correlation (R^2) between a pair of constructs was found to be less than the AVE for each corresponding construct (Fornell & Larcker, 1981), except for those between 'customer ROI and aesthetic appeals', 'customer ROI and customer satisfaction', 'excellence and aesthetic appeals', 'excellence and brand preference', 'aesthetic appeals and brand preference', and 'customer satisfaction and brand preference.' For those exceptions, discriminant validity between the constructs of each pair was assessed by combining them into one construct and then performing a χ^2 difference test on the values obtained from the combined and uncombined models (Bagozzi & Yi, 1988). The resulting χ^2 differences were equal to or greater than 24.3 ($df = 6$) so that the differences were all significant at $p < .001$. As a result, discriminant validity was established between all the pairs of the constructs. Then, adequate internal consistency of the scales was confirmed by computing composite reliabilities. As shown in Table 4.3, the reliabilities were all above the recommended cutoff of .70 (Hair et al., 2006). Additionally, because some correlations between the constructs were as high as .824 or above, the possibility of multicollinearity was checked against the corresponding measurement items. As a result, all the corresponding items showed tolerance levels of .101 or higher, which are above the recommended cutoff of .100 (Tabachnick & Fidell, 2007). Therefore, no multicollinearity problem was found.

Table 4.3 Descriptive Statistics and Associated Measures

	No. of Items	Mean (Std dev.)	AVE	CROI	Ex	Pl	AA	CS	BP	R-CSOV
CROI	4	5.27 (1.25)	.623	**.763**[b]	.760[c]	.603	.824	.875	.756	.196
Ex	5	5.50 (1.26)	.844	.578[d]	**.915**	.698	.946	.873	.843	.202
Pl	4	4.38 (1.44)	.861	.364	.487	**.925**	.589	.619	.615	.077
AA	9	5.29 (1.23)	.594	.679	.895	.347	**.743**	.869	.778	.075
CS	3	5.82 (1.15)	.896	.766	.762	.383	.755	**.963**	.846	.168
BP	3	5.20 (1.39)	.659	.572	.711	.378	.605	.716	**.851**	.259
R-CSOV	N/A	1.76[a](1.46)	N/A	.038	.041	.006	.006	.028	.067	N/A

Goodness-of-fit statistics:

$\chi^2(345) = 613.2, p < .001$

$\chi^2/df = 1.78$

NFI = .926; TLI = .960; CFI = .966

RMSEA = .052

Note. CROI = customer return on investment; Ex = excellence; Pl = playfulness; AA = aesthetic appeals; CS: customer satisfaction; BP = brand preference; R-CSOV = relative customer share of visits; AVE = average variance extracted; NFI = normed fit index; TLI = Tucker-Lewis index; CFI = comparative fit index; RMSEA = root mean square error of approximation.
[a] the scale for CSOV is a percentage and those for the other measures are 7-point scales; [b] composite reliabilities are along the diagonal; [c] correlations are above the diagonal; [d] squared correlations are below the diagonal.

Structural Model

At an initial test of the proposed model, modification indices indicated that no other paths are necessary for a model fit improvement. However, they suggested that active value dimensions (customer ROI and playfulness) and reactive value dimensions (excellence and aesthetic appeals) should be correlated with each other. These correlation paths are theoretically justifiable in that active/reactive 'extrinsic' value serves as a means to achieve some further purpose which conceptually includes active/reactive 'intrinsic' value (cf. Holbrook, 1999). Accordingly, they were correlated with each other as shown in Figure 4.2. As the next step, insignificant causal paths were fixed at zero (i.e., eliminated) one at a time in the sequence of low *t*-value to arrive at a parsimonious final model (cf. Perdue & Summers, 1991). As a result, the parsimonious final model provided an acceptable fit to the data in the foodservice setting (NFI = .893; TLI = .924; CFI = .933; RMSEA = .071; $\chi^2 = 882.5, df = 358, p < .001; \chi^2/df = 2.47$) (Byrne, 2001). Figure 4.2 shows the path coefficients and *t*-values for significant paths (at least $p < .05$) in the model. In addition, mediation tests revealed that two of the five insignificant

paths in the model were actually meditated by another variable. The results of the mediation

tests are discussed in a later section.

Figure 4.2 Test Results of the Proposed Model
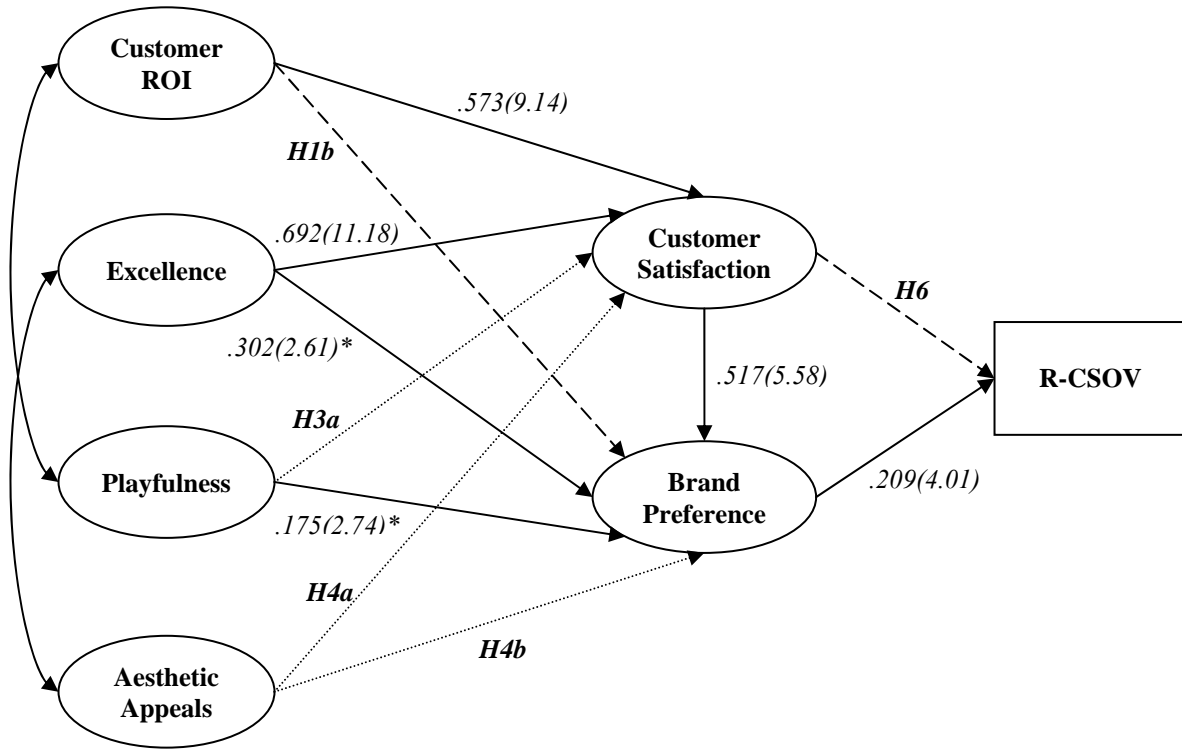
---

     * SMC: CS = .806; BP = .657; R-CSOV = .044

Note. ROI = return on investment; R-CSOV = relative customer share of visits; SMC = squared multiple correlation;
CS = customer satisfaction; BP = brand preference.
*$p < .01$, otherwise $p < .001$
1. Numbers in parentheses are the *t*-values.
2. Numbers outside of parentheses are the standardized path coefficients.
3. Dashed arrows indicate fully mediated paths.
4. Dotted arrows indicate nonsignificant paths ($p > .05$).

Hypotheses Testing

       According to the test results shown in Figure 4.2, customer ROI had a positive and

significant effect on customer satisfaction (*H1a* supported) but not on brand preference.

However, the effect of customer ROI on brand preference was found to be fully mediated by

customer satisfaction as explained in the next section. Among the four value dimensions, only

excellence showed positive and significant effects on both customer satisfaction and brand preference in the model (*H2a* and *H2b* supported). In the meantime, aesthetic appeals showed no significant effect on both customer satisfaction and brand preference (*H4a* and *H4b* not supported). Playfulness had a positive and significant effect on brand preference (*H3b* supported) but not on customer satisfaction (*H3a* not supported). Customer satisfaction showed a positive and significant effect on brand preference (*H5* supported) but not on R-CSOV. However, the effect of customer satisfaction on R-CSOV was also found to be fully mediated by brand preference as explicated in the next section. Lastly, the effect of brand preference on R-CSOV was positive and significant (*H7* supported). Overall, eight out of 11 hypotheses were supported by the data.

Mediation Testing

When the path from customer satisfaction to brand preference was constrained to zero, the effect of customer ROI on brand preference (*H1b*) was significant ($p < .001$, $\beta = .414$, $t = 4.72$). Thus, customer satisfaction fully meditated the path from customer ROI to brand preference. In addition, when the path from brand preference to R-CSOV was constrained to zero, customer satisfaction showed a significant effect on R-CSOV (*H6*) ($p < .005$, $\beta = .147$, $t = 2.99$). Therefore, brand preference fully mediated the effect of customer satisfaction on R-CSOV.

Standardized Total Effects of Predictor Variables

To take only significant effects into account, the final model was used in calculating total effects. Scrutinizing the total effects of each value dimension revealed that excellence showed the largest effects on all the endogenous variables: on customer satisfaction (.692), on brand preference (.659 = .302 + .357), and on R-CSOV (.138) as shown in Table 4.4. Although second to excellence, customer ROI showed a large effect on customer satisfaction (.573), a moderate effect on brand preference (.296), and a limited effect on R-CSOV (.036). Playfulness showed a moderate effect on brand preference (.175) and a limited effect on R-CSOV (.062) as customer ROI did. Lastly, on the other hand, aesthetic appeals showed no significant effects on all the endogenous variables as revealed in the hypotheses testing. Consequently, the extrinsic value dimensions (excellence and customer ROI) surpassed the intrinsic value dimensions (playfulness and aesthetic appeals) in the extent of effects on the endogenous variables.

Although the total effect of customer satisfaction on brand preference (.517) was smaller than that of excellence (.659), more than one-half of the total effect of excellence was indirect through customer satisfaction. Likewise, although the indirect effect of customer satisfaction on R-CSOV (.108) was less than that of excellence on R-CSOV (.138), some part of the effect of excellence on R-CSOV was through customer satisfaction. Lastly, only brand preference showed a direct effect on R-CSOV (.209). The other predictor variables showed only indirect effects on R-CSOV through brand preference.

Table 4.4 Standardized Effects of Predictor Variables on Outcome Variables

	On					
	Customer Satisfaction		Brand Preference		R-CSOV	
Effects of	Direct	Indirect	Direct	Indirect	Direct	Indirect
Customer ROI	.573	-	-	.296	-	.036
Excellence	.692	-	.302	.357	-	.138
Playfulness	-	-	.175	-	-	.062
Aesthetic Appeals	-	-	-	-	-	-
Customer Satisfaction	-	-	.517	-	-	.108
Brand Preference	-	-	-	-	.209	-

Note. ROI = return of investment; R-CSOV = relative customer share of visits

Discussions and Practical Implications

Discussions

The most notable feature of the results is that extrinsic value dimensions' effects on customer satisfaction and brand preference were dominant compared to those of intrinsic value dimensions. Specifically, both customer ROI and excellence showed large and highly significant effects on customer satisfaction and brand preference while playfulness showed a significant effect only on brand preference. Moreover, aesthetic appeals showed insignificant effects on both customer satisfaction and brand preference. This result appears to be related with a distinction between goal-directed customers and experiential customers (cf. Mathwick, Malhotra, & Rigdon, 2002). In their distinction in a retail context, goal-directed customers are more interested in making a better purchase (i.e., practical goal) while experiential customers are more

interested in having a good time while shopping. Thus, goal-directed customers are more analytic while experiential customers are more intuitive in decision-making (Mathwick et al., 2002).

Hammond (1996) argued that cognitive activity can be located on a continuum anchored by two purely analytic and purely intuitive cognitive activities, and tasks can be ordered on a continuum by the cognitive activity they are predicted to induce. Goal-directed customers would focus relatively more on extrinsic value dimensions because, by definition, extrinsic value is prized for utilitarian instrumentality, serving for practical goals (Holbrook, 1999). Evaluating extrinsic value dimensions would require more analytic than intuitive cognition – although not totally analytic – because it entails comparisons with costs/sacrifices (when judging customer ROI) or alternatives (when judging excellence) to judge utilitarian value. In the meantime, experiential customers would focus more on intrinsic value dimensions because playfulness and aesthetic appeals would fulfill the customers' desire to have an enjoyable time as an end in itself (Holbrook, 1999). Evaluating intrinsic value dimensions would require more intuitive than analytic cognition – although not totally intuitive – because play inherently involves having fun free from any conscious practical purposes, and aesthetics is an object of intuition but not of analysis (cf., Hammond, Hamm, Grassia, & Pearson, 1987).

In essence, when a customer is goal-directed, extrinsic value dimensions would be more relevant to the customer's satisfaction and thereby preference for a brand, whereas when experience-directed, intrinsic value dimensions would be more pertinent to the customer's satisfaction and brand preference. Therefore, the dominant effects of extrinsic values in this study seems to stem from the 'general' tendency for full-service restaurant customers to be more goal-directed – a goal to make a good purchase in relation to costs and quality – rather than experience-directed.

Nevertheless, as Holbrook (1994, 1999) theorized, value is situational in that the criteria for value judgment tend to be context-specific, varying from place to place and from time to time. Thus, full-service restaurant customers' responses to value dimensions are supposed to vary depending on 'dining out contexts'. For example, in terms of restaurant segment (i.e., place), customers' satisfaction and brand preference are likely to depend relatively more on playfulness in themed/casual restaurants, more on aesthetic appeals in fine/upscale restaurants, more on customer ROI in family restaurants, and so on. In addition, in terms of meal period (i.e.,

time), for weekday lunches rather than for weekend dinners, customers are likely to be more directed toward practical goals and thus attach more importance to extrinsic values, given a relatively limited time and budget.

Therefore, the conceptual model of this study may be further tested in specific restaurant segments and/or employed by an individual restaurant to identify its customers' varying responses to value dimensions during weekdays and weekends, and lunch and dinner. Through such attempts, the model of this study may be utilized by restaurant researchers as they seek a better understanding of what value customers seek from restaurants in individual segments – within and beyond full-service – and by restaurateurs who wish to gain a better understanding of their customers' value perceptions in their operations to capture a greater customer share of visits.

Needless to say, however, customers' relative emphasis on extrinsic or intrinsic value dimensions would not mean that the other dimensions may be totally ignored. Even when extrinsic or intrinsic value dimensions do not serve as significant predictors of customer satisfaction and brand preference, they are likely to serve as requisites for the other dimensions to be fully appreciated. Aspects of value do not exist in isolation but rather commingle in any one consumption experience in varying degrees (Holbrook, 1994). Thus, any one excessively poor value dimension is likely to be spillover effects on customers' responses to the other value dimensions. This notion is in line with Cadote and Turgeon's (1988) definition of dissatisfiers. Dissatisfiers are the variables where poor performance or the absence of a desired feature can cause dissatisfaction, while higher levels of these variables or the presence of a feature do not necessarily cause satisfaction. For example, even if aesthetic appeals do not significantly contribute to customer satisfaction in some consumption contexts, poor performance on this value aspect can impede customers' appreciation of other value aspects and thus degrade customer satisfaction as a whole. This issue raises the advantages of using a dimension-level value approach rather than a global-level approach (cf. Mittal et al., 1998). That is, by using a dimension-level value approach, mangers can identify the relative importance of and performance on each value dimension as perceived by customers and thus can be equipped to design dimension-specific maintenance/improvement plans.

Collectively, in full-service restaurants, customers tend to be more goal-directed in general so that excellence (food excellence and service excellence) and customer ROI (efficiency

and economic value) dominantly affect customer satisfaction and customer brand preference whereas playfulness (escapism and enjoyment) affect brand preference only and aesthetic appeals (sensory appeal and entertainment) would serve as requisites for fair appreciation of other value aspects at best. More specifically, excellence was found to be the most important value dimension followed by customer ROI and playfulness in terms of total effects on customer satisfaction and brand preference.

Turning to customer share of visits, brand preference was found to fully mediate the relationship between customer satisfaction and relative customer share of visits. This finding is consistent with Hellier et al.'s (2003) result that customer satisfaction affects repurchase intention only indirectly through brand preference in an insurance industry context. This finding suggests that the antecedent role of customer satisfaction to relative customer share of visits should be understood in the context of its effect on brand preference. More importantly perhaps, given that multi-loyalty and fairly high levels of customer satisfaction are increasingly becoming the norms in many industries (cf. Patterson, 2004 for multi-loyalty), this finding may indicate that marketing researchers and practitioners should pay attention to 'brand preference' as much as to 'customer satisfaction' in relation to customer loyalty in general and customer share of visits in particular.

As a whole, study findings highlight the fact that to capture a greater customer share of visits, a restaurant should be able to remain salient in customers' consideration sets by providing more value to customers than competition. In full-service restaurants in general, among value dimensions, excellent service and food is most emphasized by customers when they form overall satisfaction and brand preference, and in turn allocate share of visits, followed by customer ROI and playfulness. In addition, customer satisfaction exerts a strong effect on customers' brand preference formation and indirectly but significantly influences the bottom-line (relative customer share of visits) through brand preference. This result underlines the pivotal role of brand preference in customers' ultimate purchase decisions. In this sense, each value dimension's effect on brand preference also is worthy of attention.

Practical Implications

Given that the value concept is comprehensive, an experiential value scale like the one tested in this study would be an essential tool for a restaurant in managing its value package,

providing rich information to the management about customers' evaluations of their dining experience as a whole (cf. Mathwick et al., 2001). As mentioned earlier, customers' relative emphases on value dimensions are supposed to vary depending most notably on restaurant segments and meal periods. Given the revealed significant effects of value dimensions on customer share of visits, restaurateurs should be able to fine-tune their value composition to the preferences of their major customer base and/or target market customers. In this way, they can optimize resource allocation by avoiding overinvestment in 'requisite value aspects' – limiting investment within what is required to avoid dissatisfaction – and concentrating more resources on 'satisfier value aspects.' For example, focusing too much on customer ROI at the cost of food/service quality would not be advisable in fine dining restaurants.

As the number of relevant alternatives increases, the complexity of purchase decisions increases (Johnson & Payne, 1985). When a large number of brands are relevant to a particular purchase occasion, consumers may attempt to simplify decision-making by eliminating alternatives and by performing a more thorough compensatory analysis of the few remaining alternatives (Bettman, 1979; Shocker, Ben-Akiva, Boccaro, & Nedungadi, 1991). In the full-service restaurant context, for a particular menu theme, there are many similarly attractive restaurants. This competitive market situation implies that it is difficult for a restaurant to remain in a consideration set and even more difficult to remain as a preferred brand for a long time. As suggested above, tailoring a value package to customers' value preferences may be an valid way to tackle this challenge because by doing so, a restaurant can provide the most value to customers with the least cost as 'perceived by customers.'

Limitation and Suggestions for Future Research

The one potential limitation of this study is using a retrospective approach in collecting data on customer share of visits. However, the customer is the only one to know how often s/he has visited a given restaurant and other restaurants. Accordingly, in designing this study, relying on customer memory seemed to be a reasonably accurate way to collect this data. In fact, a retrospective, self-reporting approach has often been used in measuring customer share (Verhoef, 2003). In an effort to improve the accuracy in the responses, the questionnaire contained three different forms of questions about respondents' share of visits to a restaurant and encouraged

careful responses to those questions. Future research may utilize point-of-sale data if available from participating restaurant samples to enhance the accuracy of CSOV data.

Although the value measures of this study provided adequate construct reliability and validity, future research may attempt to more rigorously develop foodservice-specific value measures including other-oriented value dimensions. Relatively neglected in the marketing literature, other-oriented value dimensions may display similarly significant effects on customers' responses to dining experiences. Diners often dine out with others, making dining out a social activity. Further, the concept of socially responsible consumption seems to be related to other-oriented value (cf. Leigh, Murphy, & Enis, 1988). Thus, a restaurant that implements socially responsible practices such as 'green practices' and 'supporting local communities' (e.g., using locally-grown produce, donating to local charities) would be valued by some customers or customer groups.

As discussed earlier, this study showed the general tendency of full-service restaurant customers. This means the test results are not readily applicable to individual restaurants or restaurant segments. Future research may test the conceptual model of this study in individual restaurant segments to reveal customers' segment-specific responses to value dimensions. Moreover, future research may compare customers' different responses to value dimensions in different restaurant segments using the model. Collectively, such research efforts would ultimately complete a value map for the restaurant industry. In conducting such segment-specific value research, future researcher may develop a construct that measures customers' goal-directedness/experience-directedness and test it as mediator or moderator between customers' value perception and attitude toward a restaurant. Individual restaurants may perform importance-performance analyses against their target markets or major customer groups using the value dimensions adopted in this study to detect customers' relative emphases on and evaluations of value dimensions. Such analyses would enable restaurants to understand which value dimensions need to be maintained or improved to capture a greater customer share of visits.

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CHAPTER 5 - CONTINGENCY VARIALBES OF CUSTOMER SHARE OF VISITS TO FULL-SERVICE RESTAURANTS

Abstract

This study sought to reveal the direct effect and/or moderating effects of contingency variables in relation to customer share of visits in a full-service restaurant context. The hypotheses of this study were tested based on responses from 291 general U.S. full-service restaurant customers, using a confirmatory factor analysis and a series of (moderated hierarchical) regression analyses. The results of this study indicated that the direct effects of social switching costs, lost benefits costs, procedural costs, and intrinsic inertia were positive whereas that of intrinsic variety-seeking was negative on customer share of visits. In addition, consumer involvement and perceived brand heterogeneity were found to enhance the effect of brand preference on customer share of visits. The effects of the contingency variables appear to work by influencing the number of brands in customers' consideration sets and/or leading customers to allocate a greater share of visits to a particular brand in a given number of brands in consideration sets.

Keywords: Contingency variables, consideration set, brand preference, customer share of visits, full-service restaurant.

Introduction

In the 1980s, companies began to focus on customer retention rates and to investigate the causes of customer defection (Coyles & Gokey, 2002). However, customer retention has inherent limitations in detecting how much profit retained customers contribute to the firm individually and collectively (Blattberg, Getz, & Tomas, 2001; Coyles & Gokey, 2002; Verhoef, 2003). Contrarily, the concept of 'customer share (of wallet)' enables companies to design and evaluate strategies to obtain a greater share of customers' category spending and thus increase profitability of retained customers (Coyles & Gokey, 2002; Mägi, 2003; Perkins-Munn, Aksoy, Keiningham, & Estrin, 2005). Moreover, decreases in 'customer share (of wallet)' can be more damaging to firms' profitability than decreases in customer retention rates (Colyles & Gokey, 2002; Reinartz & Kumar, 2000). As a result, in recent years, researchers and managers have shown increasing interest in the concept of customer share as an ultimate measure of customers' behavioral loyalty (Cooil, Keiningham, Aksoy, & Hsu, 2007). Recent studies indicate that increasing customer share might require different strategies than retaining customers (Verhoef, 2003). This view is intuitively persuasive in that retained customers can either increase or decrease their share of wallet to the company by affecting retention rate.

In a broad sense, switching refers to not only complete dissolution of the business relationship, but also lower customer share to the current provider (Zeithaml, Berry, & Parasuraman, 1996). To increase customer loyalty/share or reduce customer switching, marketing researchers and practitioners have paid extensive attention to the customer satisfaction-retention linkage and customer switching (Patterson, 2004; Wieringa & Verhoef, 2007). Customer satisfaction is surely a prerequisite for customer retention. However, realizing that various contingency variables affect the relationship between satisfaction and retention, researchers have investigated switching by satisfied customers (e.g., Bansal, Taylor, & James, 2005; Sharma & Patterson, 2000) and non-switching by dissatisfied customers (e.g., Burnham, Frels, & Mahajan, 2003; Colgate, Tong, Lee, & Farley, 2007). Such contingency variables that have received extensive attention by researchers in a variety of industry contexts include various switching costs, alternative attractiveness, and consumers' intrinsic inertia/involvement/intrinsic variety-seeking/perceived brand heterogeneity. The influences of these contingency variables

are likely to be more complex for customer share than for customer retention in that the former is a matter of degree while the latter is a matter of existence.

Contingency variables for customer share play vital roles in explaining actual patterns of purchase behavior (Yanamandram & White, 2006). In other words, some variables come into play between customers' attitudes toward a firm and their observed purchasing behavior, weakening or strengthening the attitude-behavior relationship. As such, those contingency variables limit the explanatory power of customer satisfaction and brand preference for customer share of visits. Therefore, to more realistically predict customer share for a firm, managers should take contingency variables into account, in addition to customer satisfaction and brand preference. Overall, as a result of its inclusion of brand preference and contingency variables, this study of customer share in a full-service restaurant setting will help researchers and practitioners appreciate contingency variables for customer share of visits.

In this perspective, the main purpose of this study was to test individual effects of contingency variables on customer share of visits to full-service restaurants and/or in the relationship between brand preference and customer share of visits. These contingency variables include three types of switching costs (i.e., procedural costs, social switching costs, lost benefits costs), four types of customer-intrinsic factors (i.e., intrinsic inertia, consumer involvement, perceived brand heterogeneity, intrinsic variety-seeking), and one competition factor (i.e., alternative attractiveness).

To date, empirical tests of customer share are largely limited to retail and bank industries. Further, all the contingency variables included in this study have never been tested yet in the 'customer share' context – although widely tested in the 'customer retention' context (cf. Verhoef, 2003). By taking account of the contingency variables for customer share of visits to their restaurants, managers can improve their understanding of customers' purchasing behavior and the overall competitive landscape. Although managers have very little or no control of those variables, armed with this information they would be able to better design their marketing strategies. Consequently, the study results were expected to offer rich insights to researchers and managers alike in this business category.

Theoretical Background and Hypotheses

Contingency Variables for Customer Share of Visits

Contingency variables for customer share of visits represent a potential customer retention strategy (cf. Patterson, 2004). Most contingency variables are not directly under the influence of managers but any potential effects of those variables need to be taken into consideration when designing and evaluating strategies aimed at increasing customer share of visits (Mägi, 2003). Customer share of visits to restaurants would be primarily influenced by customer satisfaction (e.g., Liljander & Strandvik, 1995; Szymanski & Henard, 2001) and brand preference as reviewed earlier. However, given a highly competitive market situation, actual customer visits to restaurants appear to depend on various customer-intrinsic and situational variables in the context of purchase decision (Jones, Mothersbaugh, & Beatty, 2000). Consequently, the main contention in this study was that the effect of brand preference on customer share of visits to full-service restaurants is contingent on various switching reducers and inducers.

Switching Costs

Switching costs are increasingly recognized as a means of defending customers (Jones, Reynolds, Mothersbaugh, & Beatty, 2007). Although some researchers interchangeably use 'switching costs' and 'switching barriers', the extant literature appears to better support the contention that switching costs are a category of switching barriers (Colgate & Lang, 2001). Switching costs can be defined as the sacrifices or penalties consumers perceive they may incur in moving from one provider to another (Jones et al., 2007). Switching costs range from foregone benefits available from the current provider to joining and adapting costs to a new provider (Colgate & Lang, 2001; Jones et al., 2000). Among various typologies of switching costs, Burnham et al.'s (2003) categorization appears to be most systematic and encompassing. However, given that they developed their typology in the credit card and long-distance telephone-service industry contexts, Jones et al.'s (2007) typology, which was largely based on Burnham et al.'s (2003) typology, appears to be more applicable to the foodservice context. Therefore, this study was built on both the works of Burnham et al. (2003) and Jones et al. (2007). According to Jones et al.'s (2007) conceptualization, three major types of switching

costs have emerged: procedural costs, social switching costs, and lost benefits costs. *Procedural costs* primarily involve the time, effort, and hassle of finding and adapting to a new provider; *social switching costs* relate to the potential loss of a personal bond or friendship with a service provider; and *lost benefits costs* involve the potential loss of benefits such as special deals or concessions received from the service provider (Jones et al., 2007, p.336-337). As such, switching costs include not only monetary costs, but also time, effort, and psychological costs as all previous research has acknowledged since Jackson (1985) popularized the term switching costs. The value of identifying distinct dimensions of a multifaceted construct lies in adequate assessments of the global construct and each dimension's distinct relationships with other variables (Kumar, Stern, & Achrol, 1992).

Jones et al. (2007) drew a distinction between negative and positive sources of switching constraints. Specifically, while procedural costs are derived from negative sources of switching constraints (i.e., new costs occurring from finding and adapting to a new provider), social switching costs and lost benefits costs result from positive sources of constraints (i.e., losing social ties and benefits available from the current provider). This distinction is critical to firms in that compared to procedural costs, social switching costs and lost benefits are more associated with customers' favorable attitudes and behaviors toward service providers (Bendapudi & Berry, 1997; Jones et al., 2000; Jones et al., 2007; Reynolds & Beatty, 1999). Such distinct effects of procedural costs and social switching/lost benefits costs on customers' responses to firms are likely to lead them to work differently in the relationship between brand preference and customer share of visits. Specifically, while procedural costs directly affect customer share of visits and moderate the relationship between brand preference and customer share of visits, social switching costs and lost benefits costs are unlikely to moderate the relationship, but simply directly affect customer share of visits. These propositions are supported in detail in the following sections.

Procedural Costs

Procedural costs reflect the most traditional view of switching costs (Jones et al., 2000) that refer to the time, effort, and hassle that the customer anticipates in finding a viable new provider (Jones et al., 2007). Burnham et al. (2003) viewed this type of switching costs as including economic risk costs, evaluation costs, learning costs, and set-up costs. Given that dining out in a new restaurant rarely requires new skills and initial costs, learning costs and set-

up costs seem inapplicable to the restaurant setting. Thus, among the four, only economic risk costs and evaluation costs appear to be applicable to the typical dining-out context.

Specifically, *economic risk costs* are the costs of accepting uncertainty with the potential for a negative outcome when a customer adopts a new provider (Burnham et al., 2003; Jackson, 1985; Klemperer, 1995). Although dining out in a new restaurant does not require any new skills, some unfamiliar menu items or servicescape can pose risks to customers. As economic risk costs increase, evaluation costs would increase as well because higher risks require more careful evaluations. *Evaluation costs* are the time and effort costs associated with searching for and analyzing potential alternatives (Burnham et al., 2003; Shugan, 1980). For example, when a customer is unfamiliar with a potential alternative restaurant, the customer may want to learn about the restaurant's menus and servicescape elements to avoid unexpected losses or costs. Therefore, when customers perceive high economic risk costs and evaluation costs, they are more likely to patronize familiar current restaurants to avoid the costs of switching. As such, procedural costs are likely to increase customer share of visits. Further, when customers perceive high procedural costs, customers are likely to allocate a greater share of visits to current restaurants even with relatively low levels of brand preference, rather than venturing on alternatives. Thus, procedural costs are likely to enhance the effect of brand preference on customer share of visits.

H8a: Procedural costs positively affect customer share of visits.

H8b: Procedural costs enhance the effect of brand preference on customer share of visits.

Social Switching Costs

Social switching costs are the costs associated with the potential loss of relationships that customers have developed with current providers and their employees (Burnham et al., 2003; Jones et al., 2007). Burnham et al. (2003) identified brand/personal relationship loss costs as two sub-dimensions of social switching costs. *Brand/personal relationship loss costs* are the affective losses associated with breaking the bonds with the current provider and its employees (Burnham et al., 2003; Porter, 1980). This type of switching costs appears to be a mirror-image of customer-to-firm and customer-to-employee bonds. That is, when a customer perceives high-

quality relationships with a service firm and its employees, the customer is likely to anticipate high social switching costs.

In the customer-to-firm relationship context, Bendapudi and Berry (1997) suggested that customers' dedication to a relationship is led by dependence on and trust in the service provider. Thus, dedicated customers are characterized by free will-based relationship maintenance and therefore should be less interested in and receptive to alternatives (Bendapudi & Berry, 1997). In the terms of customer-to-employee relationships, researchers have identified several factors that comprise interpersonal service relationships such as familiarity, care, friendship, rapport, and trust (e.g., Gremler & Brown, 1998; Gremler & Gwinner, 2000; Price & Arnould, 1999). In fact, in a full-service restaurant setting, Kim and Ok (in press) revealed that rapport contributes to customers' revisit intention. Further, customer-employee social bonds have been found to foster customer loyalty not only to the employee, but also to the firm (e.g., Gutek et al., 2000; Price & Arnould, 1999). Consequently, high social switching costs, led by high-quality relationships with current restaurants and their employees, are likely to lead customers to allocate a greater share of visits to current restaurants.

H9: Social switching costs positively affect customer share of visits.

Social switching costs should be treated as a mirror image of social benefits in that both concepts reflect customers' social bonds with a firm or its employees. In this sense, social switching costs should work the same way as social benefits do in relation with brand preference. Social benefits has been contended and found to work as an antecedent of customers' positive attitude and behavior toward a firm such as commitment, positive word-of-mouth, and loyalty (cf. Hennig-Thurau, Gwinner, & Gremler, 2002). Likewise, in that brand preference is a type of customers' favorable attitude toward a firm and customer share of visits is a type of customers' behavioral loyalty to a firm, social switching costs are more likely to work as an antecedent of brand preference and customer share of visits rather than to moderate the relationship between them. In other words, brand preference is likely to mediate the relationship between social switching costs and customer share of visits rather than social switching costs moderate the relationship between brand preference and customer share of visits.

Lost Benefits Costs

According to Jones et al.'s (2007) definition, lost benefits costs are the costs reflecting the potential loss of special discounts and unique benefits that are available from the current provider. Their lost benefits costs concept appears to be equivalent to the loss of *special treatment benefits* that are available to long-term relationship customers, but typically unavailable to new customers (Gwinner, Gremler, & Bitner, 1998). Special treatment benefits are associated with special considerations to customers including price breaks, additional service, faster service, extra attention, and customized services (Gwinner et al., 1998). Such benefits provide monetary and non-monetary advantages that may outweigh the potential merits of switching to alternatives (Patterson & Smith, 2001; Williamson, 1981). As such, when a provider offers customers special treatments, the result is an increase in emotional and/or cognitive switching barriers (Fornell, 1992) and economic motives for staying in a relationship (Patterson & Smith, 2001). When customers perceive high lost benefits costs, driven by special treatment benefits, they may not want to lose those benefits by switching to alternatives. Thus, lost benefits costs should positively affect customer share of visits.

H10: Lost benefits costs positively affect customer share of visits.

Both lost benefits costs and special treatment benefits stem from a firm's preferential treatment of customers. In this sense, lost benefits costs should be regarded as a mirror image of special treatment benefits. Special treatment benefits is parallel with social benefits in its relationship with service outcome variables in that they are two different types of relational benefits (Gwinner et al., 1998: Hennig-Thurau et al., 2002). Therefore, lost benefits costs would work as an antecedent of brand preference and customer share of visits rather than moderate the relationship between them as social switching costs would.

Intrinsic Inertia

The literature on inertia offers two meanings for the term: extrinsic and intrinsic inertia. Customers' extrinsic inertia is the outcome of external factors such as unattractiveness of alternatives and high perceived switching costs or barriers (Bozzo, 2002). In that sense, high customer share of visits to a firm can be considered a form of extrinsic inertia. In contrast, intrinsic inertia refers to customers' inherent laziness, inactivity, or passivity (Bozzo, 2002;

Zeelenberg & Pieters, 2004). In purchase situations, customers' intrinsic inertia is perceived as customers' disinterest in actively processing relevant information to make the best possible choice (Yanamandram & White, 2006). Thus, customers' intrinsic inertia leads them to repeat the same purchase pattern, similar to a habit (Bozzo, 2002), concentrating on familiar few restaurants. Making a purchase decision requires cognitive as well as physical consideration costs (e.g., search costs, thinking costs, mental processing and storage costs, etc) (Roberts & Lattin, 1991). In a full-service restaurant context, for example, accessibility of the restaurant, value of menu items for prices, and service quality would be often considered by customers when making purchase choice, thus adding to consideration costs.   Motivated to avoid such costs, intrinsically inertial customers are likely to habitually patronize familiar a few familiar restaurants even with relatively low levels of brand preference. Therefore, intrinsic inertia is likely to directly increase customer share of visits and also enhance the relationships between brand preference and customer share of visits.

H11a: Intrinsic inertia positively affects customer share of visits.

H11b: Intrinsic inertia enhances the effect of brand preference on customer share of visits.

Consumer Involvement

Involvement is an internal state of goal-oriented arousal (Park & Mittal, 1985; Warrington & Shim, 2000), reflecting the subjective perception of the personal relevance of an object. In a purchase choice situation, involvement bears on the meaningfulness of the choice task and the perceived relevance of the goal-oriented consequences of choice behavior (Antón, Camarero, & Carrero, 2007; Van Trijp, Hoyer, & Inman, 1996). In general, highly-involved customers tend to react more strongly to certain aspects of the firm's behavior (Antón et al., 2007) – aspects perceived to be relevant to goal-oriented consequences (Van Trijp et al., 1996). In a full-service restaurant setting, highly-involved customers would respond more sensitively to food quality, employees' behavior, and servicescape when forming loyalty to a restaurant. The arousal inherent in involvement leads highly-involved customers to show higher levels of satisfaction or dissatisfaction (Richins & Bloch, 1991). Likewise, highly-involved customers are likely to respond more sensitively to their brand preference levels when making a purchase

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choice. Therefore, consumer involvement would enhance the effect of brand preference on customer share of visits. However, involvement itself does not appear to have a direct effect on customer share of visits (cf. Warrington & Shim, 2000).

H12: Consumer involvement enhances the effect of brand preference on customer share of visits.

Perceived Brand Heterogeneity

Perceived brand heterogeneity is defined as the extent to which the brands in the market are seen as different or nonsubstitutable (Burnham et al., 2003). In a consumption situation, heterogeneous brands require more careful attention to the brands' attributes that are relevant to customers' consumption outcomes (Van Trijp et al., 1996). Therefore, in a market of heterogeneous brands, both consideration costs and the additional utility of adding one more brand into a consideration set increase (cf. Stigler, 1961), offsetting each other's effect on customer share of visits. However, when brands are heterogeneous, customers make purchase choices and form brand preference more carefully and expend more consideration costs, and therefore are more likely to be committed to their purchase decisions. Thus, perceived brand heterogeneity is likely to enhance the effect of brand preference on customer share of visits.

H13: Perceived brand heterogeneity enhances the effect of brand preference on customer share of visits.

Burnham et al. (2003) found that perceived brand heterogeneity positively affects customers' perception of procedural costs and relational costs (social switching costs in this study context). However, as much as perceived brand heterogeneity involves risks of switching to worse ones, it also implies opportunities of switching to better ones. That is, the risks and opportunities inherent in switching between heterogeneous brands counterbalance each other. Therefore, perceived brand heterogeneity is not likely to have a direct effect on customer share of visits.

Alternative Attractiveness

In the service-switching literature, alternative attractiveness is the only existing external factor that induces customers to switch to alternatives (Bansal et al., 2005). Alternative attractiveness has been conceptualized as the customer's estimate of the likely satisfaction available in an alternative relationship (Patterson & Smith, 2003; Ping, 1993; Rusbult, 1980). In essence, alternative attractiveness is determined by the customer's perception of the relative merits of an alternative in terms of the ratio of 'benefits of switching' to 'costs or sacrifices of switching'. For example, better prices, more choices, and better service quality add alternative attractiveness (Goode & Harris, 2007) by increasing the benefits of switching. Therefore, alternative attractiveness, as perceived by a customer, should have a negative effect on customer share of visits to the current provider.

H14a: Alternative attractiveness negatively affects customer share of visits.

In a highly competitive market such as the restaurant industry, there are numerous competitive alternatives. Further, due to tiredness or saturation, a customer may switch to acceptable alternatives even when highly satisfied with the current provider (Antón et al., 2007). Thus, owing to a competitive market situation and ever-changing and -diversifying customer tastes, it is difficult even for the best providers to retain customers. Patterson (2004) articulated that reduced loyalty appears to be the norm as markets become increasingly competitive. Therefore, alternative attractiveness, as perceived by customers, would weaken the effect of brand preference on customer share of visits.

H14: Alternative attractiveness buffers the effect of brand preference on customer share of visits.

Intrinsic Variety-Seeking

Van Trijp et al. (1996) provided a clear distinction between intrinsic and extrinsic variety-seeking. They argued that variation in brand choices should be attributed to intrinsic variety-seeking only when variation is sought out for the sake of variety and stimulation,

regardless of the consequences implied by variation in choices (cf. McAlister & Pessemier, 1982). On the other hand, extrinsic variety-seeking is prompted by instrumentality or functionality in attainment or avoidance of another purchase or consumption goal (cf. McReynold, 1971). They added that although intrinsic and extrinsic variety-seeking lead to the same behavior, the different underlying causes hold different marketing implications.

Intrinsic variety-seeking values the utility inherent in variation itself (Van Trijp et al., 1996). When the customer feels bored or satiated with repeated purchases of the same brand, switching to another is one way to increase stimulation and restore it to the preferred level (Fiske & Maddi, 1961; Van Trijp et al., 1996). Consistent with this, marginal utility theory explains that as variation in consumption increases, the marginal utility of consumption increases as well (cf. Kauder, 1965). In a full-service restaurant context, intrinsic variety-seeking would lead customers to show more interest in trying brand new restaurants and/or new cuisine/menu theme restaurants. Consequently, the customer's variety-seeking tendency would act to decrease his/her share of visits to the incumbent provider. Further, even when a customer highly prefers a current provider, s/he may switch to an alternative simply 'for a change' owing to his/her high variety-seeking tendency.

H15a: Intrinsic variety-seeking negatively affects customer share of visits.
H15b: Intrinsic variety-seeking buffers the effect of brand preference on customer share of visits.

Contingency Model of Customer Share of Visits

As competition in the market is getting fiercer and customers have greater access to information of competitive offers, a firm's strategy to defend their customer base against the competition has become a critical issue for their survival in the market (Antón et al., 2007). As a primary means to promote customer loyalty, customer satisfaction has received extensive attention from researchers and practitioners (Patterson, 2004). However, it has been proven that some external factors intervene between customer satisfaction and retention (e.g., Burnham et al., 2003; Jones et al., 2000). Those factors come into play when customers make purchase decisions. As a result, satisfied customers do not necessarily allocate a greater share of visits to

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the current provider just as dissatisfied customers do not always reduce their share of visits (Yanamandram & White, 2006). As such, influenced by competition and customer-intrinsic decision-making mechanism, a customer's actual purchase behaviors – as represented by customer share of visits – are shaped by various contingency variables as well as the customer's brand preference.

Among others, the contingency variables shown in Figure 5.1 represent some of the most researched contingency variables relating to customers' behavioral loyalty. These include switching costs (procedural costs, social switching costs, lost benefits costs), customer-intrinsic factors (intrinsic inertia, consumer involvement, perceived brand heterogeneity, intrinsic variety-seeking), and competition (alternative attractiveness). In essence, these variables are likely to influence customer share of visits by affecting either the merit of brand switching or the number of brands in a customer's consideration set, or both.

Given that the number of brands in a customer's consideration set would be affected by some of the contingency variables, the measure of customer share of visits (CSOV) in this study should be allowed to be affected by the number of brands in a consideration set unlike that of relative customer share of visits (R-CSOV). For example, in this study, 30% of customer share of visits are treated the same no matter how many competing brands may be found in the customers' consideration sets because the number of competing brands in a consideration set is affected by contingency variables – one of the phenomena of interest in this study.

Figure 5.1 Contingency Model of Customer Share of Visits
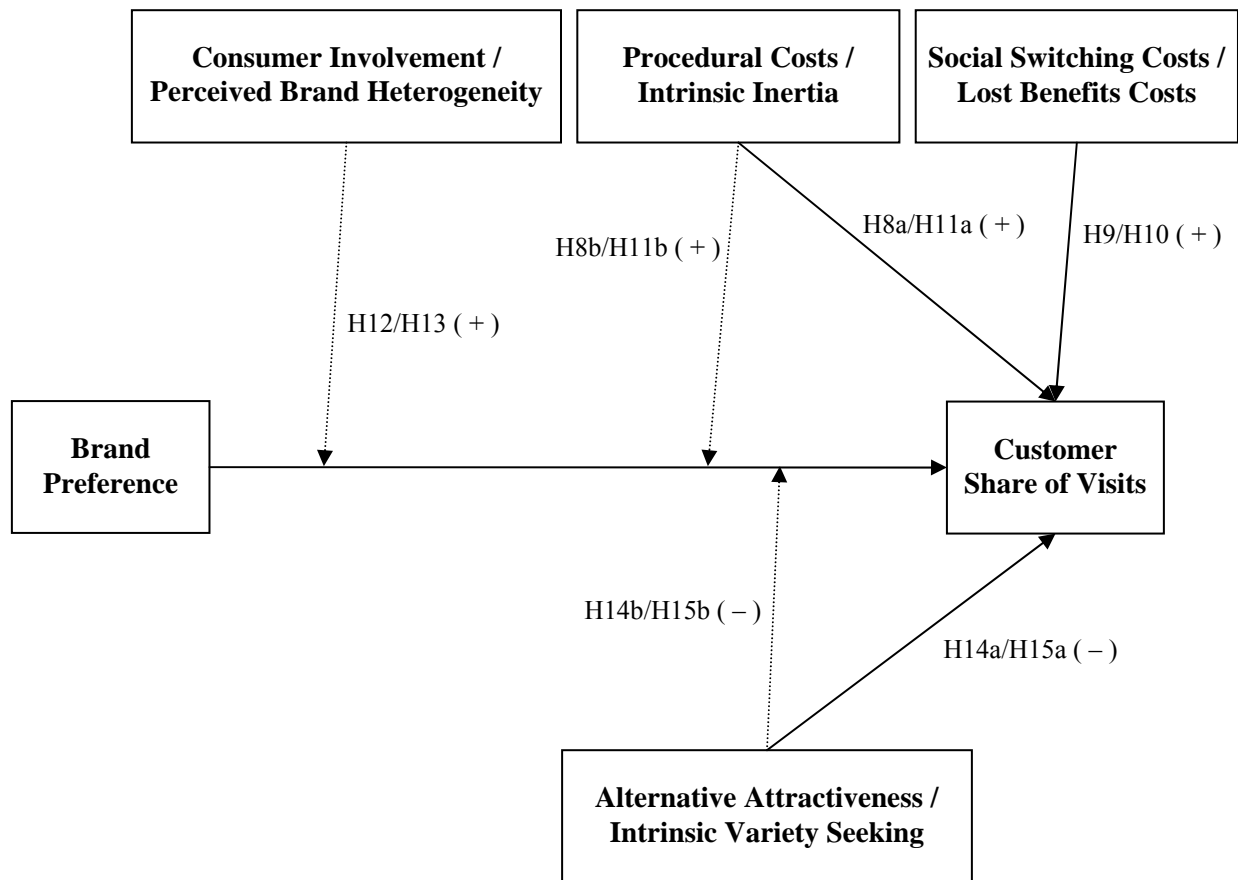
Methodology

Measures

The conceptual model for this study suggested eight 'contingency variables for customer share of visits'. There were three types of switching costs, four types of customer-intrinsic factors, and alternative attractiveness. The three types of switching costs were procedural costs, social switching costs, and lost benefits costs. The measures for these constructs were all adapted from Burnham et al. (2003). The customer-intrinsic contingency factors were intrinsic inertia, customer involvement, perceived brand heterogeneity, and intrinsic variety-seeking. Intrinsic inertia was measured with the three-item scale based on discussions from Bozzo (2002),

Colgate and Lang (2001), and Yanamandram and White (2006). Measures for customer involvement were adapted from Van Trijp et al. (1996) and Antón et al. (2007). Measures for perceived brand heterogeneity were drawn from Burnham et al. (2003) and Van Trijp et al. (1996). The intrinsic variety-seeking scale was designed based on Donthu and Gilliland (1996). Lastly, the measures for alternative attractiveness were adapted from Ping (1993). Reflecting the increasing multi-loyalty trend, the brand preference scale for this study was designed to measure preferences for multiple restaurants rather than for a single restaurant, largely based on Hellier, Geursen, Carr, & Rickard (2003). Given that virtually all customers have preferences for multiple restaurants rather than for only one restaurant, the multi-preference approach appears to be more adequate than the single-preference approach in the restaurant setting in particular. The actual measures are presented in Table 5.1. All these measures were assessed using 7-point scales anchored by 'strongly disagree (1)' and 'strongly agree (7).'

Operationalization of Customer Share of Visits

In contrast to the relative customer share of visits (R-CSOV) adopted in the previous study, the concept of customer share of visits (CSOV) in this study treated a CSOV percentage as itself regardless of the number of brands (restaurants) in the customer's consideration set – including the consideration set(s) of a member(s) of a company. For example, 30% of CSOV was treated as 30% no matter whether from two or five viable brands in a customer's consideration set. The reason for using this concept of CSOV in this study is that some of the contingency variables are likely to affect customer share of visits or its relationship with brand preference by influencing the number of brands in a customer's consideration set. For example, a customer's intrinsic inertia and perceived switching costs would decrease the number of brands in the customer's consideration set while a customer's intrinsic variety-seeking and perceived alternative attractiveness would increase the number. Thus, to explore how the contingency variables affect CSOV, it needs to be considered how they affect the number of brands in a consideration set. Therefore, CSOV was calculated here simply by dividing the number of a customer's visits to a full-service restaurant by the number of the customer's total visits to full-service restaurants.

Measures for Customer Share of Visits

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To measure a respondent's CSOV to a full-service restaurant, two questions were asked at the beginning of the questionnaire. The measure for a respondent's total visits to full-service restaurants was obtained by asking, 'how often do you dine at full-service restaurants *on an average* (emphasis added)?' The measure for the respondent's total visits to a particular full-service restaurant visited most recently by the respondent was acquired by asking, 'how often do you dine at this restaurant *on an average*?' By dividing the measure for the particular restaurant by the measure for all full-service restaurants, the author of this study obtained a CSOV for a respondent. To enhance the accuracy of CSOV measures, the questionnaire also directly inquired about a respondent's CSOV to a particular restaurant by asking, '*for the past 3 months*, the number of my visits to this restaurant was about ( )% (emphasis added) of my total visits to full-service restaurants.' The ultimate measure of a respondent's CSOV was obtained by averaging the first indirect measure and the second direct measure.

Qualifiers for Study Participation

To obtain more accurate responses to questions that were mostly retrospective, the author limited study participants to those who had visited a full-service restaurant within the past one month. In addition, because CSOV was measured based on a three-month period in this study, participants were limited to those who have been patronized the restaurant that they named at least for the past three months. Lastly, the restaurant against which a respondent's CSOV was to be measured was disqualified if the one was a respondent's workplace, out-of-town, or owned or operated by one of the respondent's family members, relatives, or close friends because in such cases, the respondent's visit frequency to the restaurant would be highly irrelevant to his/her brand preference level and perceptions of the contingency variables.

Data Collection

To test the hypotheses, the author conducted an online survey. The questionnaire was distributed to 2,800 general U.S. full-service restaurant customers through an online survey company's system. From these samples, 480 customers participated in the survey (17.1% response rate). Of the 480 participants, 64 participants were disqualified because they last visits to a full-service restaurant were more than one month ago. Next, additional 49 participants were disqualified because their first visit to the most-recently-visited restaurant was less than three months ago. Finally, 46 participants were dropped off because they did not complete the

questionnaire or provided inconsistent responses. Most of the inconsistencies in responses were found in their reported share of visits to the restaurant that they named. As a result, 310 respondents remained for analyses (11.1% valid response rate).

Results

Data Screening

Before conducting data analysis, data screening was performed to check any violations of the assumptions for a general linear model. Tests for multivariate and univariate outliers found 23 outliers. These outliers were excluded as well, leaving 287 respondents for further analyses. Next, a test for the distribution normality of the variables revealed that the skewnesses of the variables were within acceptable ranges, confirming normal distributions of the variables. Then, a test for multicollinearity showed that tolerance levels of the variables were .205 or higher, which are well above the recommended cutoff of .100 (Tabachnick & Fidell, 2007). As a result, no multicollinearity problem was found among the variables. Lastly, after the variables for each construct were factor-scored to generate one standardized measure for each construct, extreme 10 cases of which any factor scores fall outside of ±3.0 range were excluded from the data set. Ultimately, 277 respondents remained for hypotheses testing.

Sample Characteristics

The sample ($n = 277$) in the analysis was 57.0% female ($n = 158$). The age of respondents ranged from 19 to 92 with a median age of 43. The age group of 25–34 years old (25.3%) and that of 19–24 years old (7.6%) accounted for the largest and smallest proportions of the respondents, respectively. In terms of income, the respondents were fairly evenly distributed, with the two largest groups (equally 20.9%) reporting an income between US$25,000 and $39,999 or US$40,000 and $55,999 and the smallest group (6.9%) reporting an income between US$85,000 and $99,999. On an average, the respondents were relatively highly educated. The largest categories were college graduate (36.5%) and some college (32.9%) followed by graduate degree (21.7%) groups. Lastly, in terms of ethnicity, Caucasian/white was 67.5% of the respondents, followed by African American (10.5%), Asian (9.7%), and Hispanic (7.6%).

Measurement and Hypotheses Testing

Prior to the regression analyses, a confirmatory factor analysis was conducted to assess reliability and validity (convergent and discriminant) of the construct measures included in the conceptual model. Then, a series of (moderated) regression analyses was performed to examine the hypotheses.

Reliability and Validity

As shown in Table 5.1, the factor loadings for the scales were equal to or greater than .583 ($p < .001$) and all indicators loaded on the proposed constructs. Table 5.2 shows the descriptive statistics and associated measures for the constructs. Average variance extracted (AVE) was greater than the .50 cutoff for all constructs (Bagozzi & Yi, 1988). The factor loadings and AVE estimates together indicated adequate convergent validity of the scales (Fornell & Larcker, 1981). Strong discriminant validity was demonstrated when each squared correlation (R^2) between a pair of constructs was found to be less than the AVE for each corresponding construct (Fornell & Larcker, 1981) as can be seen on Table 5.2. Lastly, adequate internal consistency of the scales was confirmed by computing composite reliabilities. The reliability of each construct was above the recommended value of .70 (Hair et al., 2006).

Table 5.1 Measurement Items and Loading

Constructs and scale items	Standardized Loading[a]
Brand preference	
When I make a dining out decision, I consider this restaurant a viable choice very often.	.815
This restaurant meets my dining needs better than other comparable full-service restaurants.	.882
I am interested in trying various menu items in this restaurant more than in other comparable full-service restaurants.	.665
Social switching costs	
I highly value my relationships with the employees in this restaurant.	.820
I am more comfortable interacting with this restaurant's employees than I would be with the employees of another full-service restaurant that is new to me.	.845
I feel good about my relationship with this restaurant.	.715
Lost benefits costs	
This restaurant sometimes provides me with faster service or extra attention to my needs.	.765
Some employees in this restaurant know my preferences or special needs.	.896
Procedural costs	
It is hard to find a good full-service restaurant that meets my expectations.	.632
Trying a new full-service restaurant is likely to incur some unexpected costs.	.691
Searching for an acceptable full-service restaurant takes a lot of time and effort.	.841
Intrinsic inertia	
It is too much trouble to find an acceptable full-service restaurant.	.890
Searching for an acceptable full-service restaurant is too much trouble in terms of my time and effort.	.973
Consumer involvement	
When I make a decision where to dine out, I do it very carefully.	.695
Choosing a full-service restaurant to dine out at is important to me.	.899
Perceived brand heterogeneity	
I think service quality varies a lot among different full-service restaurants.	.583
In terms of menus or menu themes, full-service restaurants vary a great deal.	.773
It matters which full-service restaurant I dine out at. They are quite different from one another.	.912
Alternative attractiveness	
I think there are a variety of full-service restaurants that provide similar or better food and service than this restaurant.	.745
I would be similarly or more satisfied with other restaurants than I am with this restaurant.	.835
I think there are many restaurants are that are similarly or more attractive than this restaurant.	.832
Intrinsic variety-seeking	
I prefer 'trying new things' to 'doing familiar things.'	.860
I like 'change' more than 'consistency.'	.908
I enjoy 'variety' more than 'familiarity.'	.820

[a] All factor loadings are significant ($p < .001$).

Table 5.2 Descriptive Statistics and Associated Measures

	No. of Items	Mean (Std dev.)	AVE	SSC	LBC	PC	InIn	CI	PBH	AA	InVS	BP	CSOV
SSC	3	4.38 (1.39)	.633	**.839**[b]	.742[c]	.464	.456	.402	.141	-.071	.001	.490	.407
LBC	2	3.57 (1.77)	.694	.551[d]	**.818**	.258	.383	.245	.037	-.087	-.022	.389	.397
PC	3	4.41 (1.50)	.528	.215	.067	**.768**	.630	.425	.231	.132	.166	.164	.197
InIn	2	3.23 (1.58)	.869	.208	.147	.397	**.930**	.183	.021	.160	.042	.157	.291
CI	2	4.71 (1.37)	.646	.152	.060	.181	.033	**.782**	.521	.026	.215	.265	.028
PBH	3	5.61 (1.07)	.590	.020	.001	.053	.000	.271	**.807**	.178	.152	.223	-.018
AA	3	4.40 (1.44)	.648	.005	.008	.017	.026	.001	.032	**.846**	.450	-.319	-.084
InVS	3	4.35 (1.35)	.745	.000	.000	.028	.002	.046	.023	.203	**.898**	.110	-.107
BP	3	5.20 (1.35)	.628	.240	.151	.027	.025	.070	.050	.102	.012	**.833**	.235
CSOV	N/A	0.31[a](0.22)	N/A	.166	.158	.039	.085	.001	.000	.007	.011	.049	**N/A**

Goodness-of-fit statistics:

$\chi^2(230) = 382.8, p < .001$

$\chi^2/df = 1.66$

NFI = .900; TLI = .944; CFI = .957

RMSEA = .049

Note. SSC = social switching costs; LBC = lost benefits costs; PC = procedural costs; InIn = intrinsic inertia; CI = consumer involvement; PBH = perceived brand heterogeneity; AA = alternative attractiveness; InVS = intrinsic variety-seeking; BP = brand preference; CSOV = customer share of visits; AVE = average variance extracted; NFI = normed fit index; TLI = Tucker-Lewis index; CFI = comparative fit index; RMSEA = root mean square error of approximation. [a] the scale for CSOV is a percentage and those for the other measures are 7-point scales; [b] composite reliabilities are along the diagonal; [c] correlations are above the diagonal; [d] squared correlations are below the diagonal.

Regression Analysis

Contingency variables were tested in a series of moderated hierarchical regression models. As a first attempt to test contingency variables of CSOV, this study was more interested in the contingency variables' individual effects on CSOV and/or on the path from brand preference to CSOV than their collective effects. Such collective effects and potential interrelationships between the contingency variables were beyond the scope of this study.

Effects of Social Switching Costs (SSC) and Lost Benefits Costs (LBC)

Two separate moderated hierarchical regression analyses were performed to test the direct effects of social switching costs and lost benefits costs on CSOV and check whether those switching costs moderate the relationship between brand preference and CSOV. In step 1 and 2, BP and SSC/LBC were entered in order to test the main effects. In step 3, the interaction terms (BP × SSC and BP × LBC) were entered into the models to test moderating effects.

Table 5.3 Testing Moderating Effects of SSC and LBC on CSOV

Model and variable	Contingency variable: Social switching costs				Model and variable	Contingency variable: Los benefits costs			
	B	β	t-value	ΔR^2		B	β	t-value	ΔR^2
Step 1					*Step 1*				
Intercept	.308		23.69		Intercept	.308		23.69	
BP	.049	.202***	3.42	.041***	BP	.049	.202***	3.42	.041***
Step 2					*Step 2*				
SSC	.081	.353***	5.66	.100***	LBC	.069	.310***	5.20	.086***
Step 3					*Step 3*				
BP × SSC	.020	.093	1.61	.008	BP × LBC	-.008	-.032	-.55	.001

Note: SSC = social switching costs; LBC = lost benefits costs; CSOV = customer share of visits; BP = brand preference.
*** $p < .001$

As predicted, SSC and LBC showed significant direct effects on CSOV, but did not significantly moderate the relationship between brand preference and COSV as shown in Table 5.3. These results indicated that when customers perceived high social switching costs and lost benefits costs, they tended to allocate a greater share of visits to the current full-service restaurant, supporting Hypothesis 9 and 10. In relative terms, SSC affected CSOV more strongly and significantly than LBC in terms of the extent of effect and R^2 increase. This result is

consistent with Gwinner et al.'s (1998) finding that customers perceived social benefits to be more prevalent and important than special treatment benefits (significantly at $p < .001$) in the contexts of high-contact, customized, personal services such as a full-service restaurant context (cf. Bowen, 1990).

Effects of Procedural Costs (PC) and Intrinsic Inertia (InIn)

Two separate moderated hierarchical regression analyses were also performed to test whether procedural costs and intrinsic inertia directly affect customer share of visits and enhance the relationship between brand preference and customer share of visits. The procedures were identical to those outlined in the previous tests, except that entered contingency variables were PC and InIn.

Table 5.4 Testing Moderating Effects of PC and InIn on CSOV

Model and variable	Contingency variable: Procedural costs				Model and variable	Contingency variable: Intrinsic inertia			
	B	β	t-value	ΔR^2		B	β	t-value	ΔR^2
Step 1					*Step 1*				
Intercept	.308		23.69		Intercept	.308		23.69	
BP	.049	.202***	3.42	.041***	BP	.049	.202***	3.42	.041***
Step 2					*Step 2*				
PC	.032	.147*	2.48	.021*	InIn	.057	.255***	4.42	.064***
Step 3					*Step 3*				
BP × PC	.007	.028	.46	.001	BP × InIn	-.005	-.022	-.38	.000

Note: PC = procedural costs; InIn = intrinsic inertia; CSOV = customer share of visits; BP = brand preference.
* $p < .05$, *** $p < .001$

The results of these analyses, as shown in Table 5.4, suggest significant the main effects of PC and InIn on CSOV. The customers who perceived high procedural costs or had high intrinsic inertia in terms of full-service restaurant choice reported greater shares of visits to the current full-service restaurant. The effect of intrinsic inertia was relatively stronger and explained more variance (i.e., ΔR^2) in CSOV than procedural costs. On the other hand, unlike the hypotheses, both PC and InIn did not interact with BP in affecting CSOV. Thus, Hypothesis 8b and 11b (moderating effects) were not supported while Hypothesis 8a and 11a (direct effects) were supported by the data.

Effects of Consumer Involvement (CI) and Perceived Brand Heterogeneity (PBH)

Again, two separate moderated hierarchical regression analyses were performed to test the moderating effects of customer involvement and perceived brand heterogeneity in the relationship between brand preference and customer share of visits. The procedures were the same as those outlined in the previous tests, except that entered moderators were CI and PBH.

Table 5.5 Testing Moderating Effects of CI and PBH on CSOV

Model and variable	Contingency variable: Consumer involvement				Model and variable	Contingency variable: Perceived brand heterogeneity			
	B	β	t-value	ΔR^2		B	β	t-value	ΔR^2
Step 1					*Step 1*				
Intercept	.308		23.69		Intercept	.308		23.69	
BP	.049	.202***	3.42	.041***	BP	.049	.202***	3.42	.041***
Step 2					*Step 2*				
CI	.001	.003	.04	.000	PBH	-.010	-.040	-.68	.002
Step 3					*Step 3*				
BP × CI	.038	.160**	2.67	.024**	BP × PBH	.045	.183**	3.04	.031**

Note: CI = consumer involvement; PBH = perceived brand heterogeneity; CSOV = customer share of visits; BP = brand preference.
** $p < .01$, *** $p < .001$

The results of the analyses were exactly identical as predicted. That is, both CI and PBH did not show significant direct effects on CSOV while both revealed enhancing effects in the relationship between BP and CSOV, supporting Hypothesis 12 and 13. These results indicate that high consumer involvement in dining out choices and high perceived heterogeneity among full-service restaurants do not necessarily increase customer share of visits to a full-service restaurant, but they lead customers to respond more strongly to their brand preference in allocating share of visits to a full-service restaurant.

Effects of Alternative Attractiveness (AA) and Intrinsic Variety-seeking (InVS)

Another set of moderated hierarchical regression analyses were performed to test whether alternative attractiveness and intrinsic variety-seeking negatively affect customer share of visits and buffer the effect of brand preference on customer share of visits. The same procedures were followed as with the previous tests, except that AA and InVS were entered as quasi-moderators.

Table 5.6 Testing Moderating Effects of AA and InVS on CSOV

Model and variable	Contingency variable: Alternative attractiveness				Model and variable	Contingency variable: Intrinsic variety-seeking			
	B	*β*	*t*-value	*ΔR²*		*B*	*β*	*t*-value	*ΔR²*
Step 1					*Step 1*				
Intercept	.308		23.69		Intercept	.308		23.69	
BP	.049	.202***	3.42	.041***	BP	.049	.202***	3.42	.041***
Step 2					*Step 2*				
AA	-.006	-.029	-.48	.001	InVS	-.029	-.136*	-2.30	.018*
Step 3					*Step 3*				
BP × AA	.019	.092	1.44	.007	BP × InVS	.004	.016	.27	.000

Note: AA = alternative attractiveness; InVS = intrinsic variety-seeking; CSOV = customer share of visits; BP = brand preference.
* *p* < .05, *** *p* < .001

The results of these analyses indicate that customers' perception of alternative attractiveness does not necessarily reduce their share of visits while customers' intrinsic variety-seeking significantly decreases their share of visits to a current full-service restaurant. In addition, no evidence was found to support significant interactions between BP and AA/InVS in predicting CSOV.

Discussions and Practical Implications

Discussions

Although numerous studies have tested the contingency variables adopted in this study in the 'customer retention' context, no study has yet tested them in the 'customer share' context. As a first attempt, this study succeeded in verifying the contingency variables' significant direct effects on customer share of visits or moderating effects in the relationship between brand preference and customer share of visits, except for alternative attractiveness. Specifically, the results revealed that three types of switching costs and two customer-intrinsic variables (intrinsic inertia and intrinsic variety-seeking) directly affected customer share of visits; the other two customer-intrinsic variables (consumer involvement and perceived brand heterogeneity) enhanced the effect of brand preference on customer share of visits.

The first interesting aspect of the results is that social switching costs, as a mirror image of social benefits, showed a stronger effect on customer share of visits than lost benefits costs,

which is a mirror image of special treatment benefits (cf. Gwinner et al., 1998). This result is consistent with Gwinner et al.'s (1998) finding that customers perceived social benefits as being more prevalent and important than special treatment benefits in the context of high-contact, customized, personal services such as the full-service restaurant (cf. Bowen, 1990) and with Hennig-Thurau et al.'s (2002) finding that social benefits are a better predictor of customer attitudinal loyalty than special treatment benefits in a general service context. The results indicate that in the full-service restaurant context, when customers highly value their relationships with a restaurant and/or its employees and perceive high special treatment benefits from the restaurant, they tend to allocate a greater share of visits to that restaurant, motivated by social comfort from social benefits and monetary/non-monetary advantages from special treatment benefits (Gwinner et al., 1998).

Also interestingly, so-called positive switching costs (social switching costs and lost benefits costs) explained much more variance in customer share of visits than did negative switching costs (procedural costs) (ΔR^2 = .100 and .086 vs. .021). Parallel with Bendapudi and Berry's (1997) theory, Jones et al. (2007) suggested distinguishing between those deriving primarily from positive sources of constraints (e.g., the loss of social bonds with and special treatment benefits from a current provider) and those deriving primarily from negative sources of constraints (e.g., the time and hassle of finding a new provider). They maintained that the distinction between positive and negative switching costs is critical to understanding the different mechanism through which different types of switching costs influence loyalty outcomes. This argument is in line with Bendapudi and Berry's (1997) argument that a free will-based relationship may lead customers to dedicational behaviors while a constraint-based relationship may lead them to opportunistic behaviors. In this sense, this finding is encouraging to restaurateurs in that it indicates that positive switching costs exert greater influences on customer shares of visits which are 'better-quality' shares in contrast to those derived from negative switching costs.

The results also revealed that both customer intrinsic inertia and perceived procedural costs contribute to customer share of visits. As hypothesized, they may increase customer share of visits by reducing the number of brands in customers' consideration sets. Moreover, it is interesting to compare customer intrinsic inertia with procedural costs in relation to their effects on customer share of visits in that the latter encourages customers' 'extrinsic' inertia (cf. Bozzo,

2002). The results indicate that customer intrinsic inertia is a better predictor of customer share of visits than customer-perceived procedural costs in terms of the extent of effect, significance level, and R^2 change (i.e., variance explained). This finding suggests that focusing marketing efforts on customers' inherent disinterests in alternative seeking is more efficient in increasing customer share of visits than focusing on procedural costs. In addition, restaurant marketers may attempt to alleviate potential customers' procedural costs perceptions of switching to their restaurants (i.e., 'inbound switching'), given that they have very limited influences on that of switching to competitors (i.e., 'outbound switching') due to the presence of numerous competitors in the market.

In terms of consumer involvement and perceived brand heterogeneity, the test results were exactly as anticipated. That is, neither directly affected customer share of visits but enhanced the effect of brand preference on customer share of visits. These results indicate that the more carefully customers evaluate alternatives (including the current one) because they attach great importance to restaurant choices (due to high involvement) and/or perceive restaurants to be heterogeneous (due to perceived brand heterogeneity), the more likely they are to rely on their brand preference when choosing a restaurant. In other words, the more serious customers are about their purchase choices, the more frequently they tend to include preferred brands in their consideration sets. As such, for those customers who are highly involved in purchase choices and/or perceive high brand heterogeneity, brand preference is more binding and thus of greater managerial relevance.

The results indicate that customers' intrinsic variety-seeking tendency reduces customer share of visits to current restaurants. This finding may result from the fact that intrinsically variety-seeking customers have more brands in their consideration sets than do others. Because such customers tend to become bored more quickly than others with repeated purchases, they are inclined to patronize a wider range of brands than others (cf. Van Trijp et al., 1996). In contrast, alternative attractiveness showed neither a direct effect on customer share of visits nor a moderating effect in the relationship between brand preference and customer share of visits. This result may be due to the prevalence of similarly attractive full-service restaurants in the market. Thus, the difference in attractiveness is trivial in their meaning to purchase choice even when customers indicate that an alternative is more attractive. In this sense, future research may

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adopt different measurement items to ascertain the importance attached to the difference in attractiveness when making a purchase decision.

Lastly, the findings revealed that the R^2 change by social switching costs and lost benefits costs is greater than that by brand preference. Thus, they explained more variance in customer share of visits than did brand preference. However, given that brand preference's causal relationships with social switching costs and lost benefits costs are not obvious yet in theory and empirical evidence in the literature, it seems too early to make a direct comparison between those R^2 changes. Theoretically, it is more likely that social benefits and special treatment benefits contribute to customers' brand preference (review Gwinner et al., 1998; Hennig-Thurau et al., 2002 for their study results). In fact, an instant structural equation modeling revealed that both social switching costs and lost benefits costs positively affect brand preference ($\beta = .407$, $p < .001$; $\beta = .138$, $p = .050$, respectively). Future research may examine their relationships more rigorously in relation to customer share of visits.

Practical Implications

A highly competitive market situation makes it easy for customers to switch among brands and thus to be increasingly multi-loyal. Therefore, firms should have an in-depth understanding of the mechanism of customers' share allocation to capture a greater customer share of visits. In this sense, in addition to the drivers of customer share of visits (perceived value, customer satisfaction, and brand preference), this study revealed the contingency variables' individual effects on customer share of visits.

As shown, all three types of switching costs contribute to customer share of visits. As discussed earlier, restaurant marketers may seek to alleviate customers' procedural costs perceptions of 'inbound' switching. In that economic risk costs and evaluation costs are the most salient procedural costs in the restaurant setting, and that when economic risk costs are high, it takes customers more evaluation costs, a restaurant may attempt to reduce economic risks costs first in customers' perceptions. For example, a restaurateur may introduce a 'satisfaction guarantee' to reduce performance risk costs or occasionally issue 'coupons' to lessen financial risk costs.

In that social switching costs and lost benefits costs are mirror images of social benefits and special treatment benefits, these can be enhanced by improving customers' perceptions of

social benefits and special treatment benefits. Social benefits reflect customers' enjoyment of personal recognition and social comfort in social relationships with employees (cf. Gwinner et al., 1998). These sources of social benefits closely coincide with two rapport dimensions (i.e., personal connection, enjoyable interaction). Therefore, by nurturing rapport between employees and customers, a restaurant can directly improve customers' perceptions of social benefits and thus social switching costs. For customer-employee rapport development, Kim and Ok (in press) emphasized the importance of service employees' customer orientation which includes employees' technical skills, social skills, motivation, and perceived decision-making authority. Gremler and Gwinner (2008) provided a thorough description of rapport-building behaviors that can be efficiently adopted by service employees. Broadly, those behaviors include uncommonly attentive behavior, common grounding behavior, courteous behavior, connecting behavior, and information-sharing behavior (review Gremler & Gwinner, 2008 for further details).

Likewise, lost benefits costs can be enhanced by increasing special treatment benefits which refer to special considerations to customers such as better prices, additional services, faster service, and extra attention (Gwinner et al., 1998). However, such special considerations should be provided with careful discretion and perhaps only to high-share customers, considering potential cost increases and other customers' jealousy or perception of unfairness which can backfire on overall customer share of visits to the restaurant. Kim, Ok, and Gwinner (in press) found that customers' perception of special treatment benefits can be enhanced by customer-employee rapport. It may be due to the fact that the employee is likely to better know the customer's preferences and/or the customer's perception is more likely to be biased in favor of the employee's behavior when they have a close personal relationship with each other. Overall, customer-employee rapport can be a powerful hard-to-imitate advantage to a restaurant in terms of customer share of visits.

Intrinsically inertial customers are characterized by disinterest in actively processing purchase-relevant information (Yanamandram & White, 2006). This study found that once attracted, intrinsically inertial customers tend to concentrate their purchases on a selected few brands. Thus, attracting them to the restaurant in the first place is critical for these customers. Because they are inherently inactive in processing purchase-related information, alleviating their consideration costs would be the key to attract them. In this sense, simple/straightforward or

memorable advertising messages and highly visible locations may be helpful to attract them by easing their information processing.

The results indicate that both consumer involvement and perceived brand heterogeneity enhance the effect of brand preference on customer share visits. In other words, highly-involved customers and those who perceive high heterogeneity among restaurants tend to respond more sensitively to their brand preferences when making purchase choices. For these customers, preventing their brand preference from degrading is as important as upgrading it. Building trust with consistent value provision and satisfactory service recovery would mitigate negative effects of occasional shortcomings in food/service quality on brand preference (e.g., Bendapudi & Berry, 1997; Mogan & Hunt, 1994). Marketing scholars generally agree that trust is a necessary ingredient for long-term relationships.

Intrinsically variety-seeking customers tend to become easily tired of repeated purchases and thus seek variety to restore stimulation to the preferred level (Van Trijp et al., 1996). For these customers, occasional menu item changes based on 'menu engineering' (cf. Kasavana & Smith, 1982) or rotations of seasonal menu items would be helpful in mitigating their boredom of repeated visits to the same restaurants.

Limitation and Suggestions for Future Research

The one potential limitation of this study involves the use of a retrospective approach in collecting data on customer share of visits. However, given that the customer is the only one who can ever know how often s/he has visited a given restaurant and others, this study collected data on customer share of visits via direct questioning of respondents. In fact, such retrospective, self-reporting approach has often used in measuring customer share (Verhoef, 2003). In an effort to improve the accuracy of responses, the questionnaire asked three different forms of questions about a respondent's share of visits to a restaurant and encouraged a respondent to think carefully in responding to those questions. Future research may utilize point-of-sale data if available from participating restaurant samples to enhance the accuracy of CSOV data.

The insignificant effects of alternative attractiveness on customer share of visits are thought to be due to the fact that the measures for alternative attractiveness in this study simply measured the degree of relative attractiveness of alternatives. Future research may adopt different measurement items to ascertain the importance attached to relative attractiveness from

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the customers' perspective rather than mere differences in attractiveness. Such measures are more likely to help managers understand the influence of competition on customer share of visits.

Lastly, as a first attempt to assess contingency variables for customer share of visits, this study focused on revealing the individual effects of those variables. Future research may test interrelationships among the variables or their collective effects on customer share of visits. Future research may also test mediating variables between the contingency variables and customer share of visits. In essence, as a fairly new concept, customer share (of visits) is yet to be tested in various approaches and hospitality contexts.

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CHAPTER 6 - SUMMARY AND CONCLUSIONS

The most notable feature of the results is that extrinsic value dimensions' effects on customer satisfaction and brand preference were dominant compared to those of intrinsic value dimensions. Specifically, both customer ROI and excellence showed large and highly significant effects on customer satisfaction and brand preference while playfulness showed a significant effect only on brand preference. Moreover, aesthetic appeals showed insignificant effects on both customer satisfaction and brand preference. This result appears to be related with a distinction between goal-directed customers and experiential customers (cf. Mathwick, Malhotra, & Rigdon, 2002).

when a customer is goal-directed, extrinsic value dimensions would be more relevant to the customer's satisfaction and thereby preference for a brand, whereas when experience-directed, intrinsic value dimensions would be more pertinent to the customer's satisfaction and brand preference. Therefore, the dominant effects of extrinsic values in this study seems to stem from the 'general' tendency for full-service restaurant customers to be more goal-directed – a goal to make a good purchase in relation to costs and quality – rather than experience-directed. Nevertheless, full-service restaurant customers' responses to value dimensions are supposed to vary depending on 'dining out contexts'.

Therefore, the conceptual model of this study may be further tested in specific restaurant segments and/or employed by an individual restaurant to identify its customers' varying responses to value dimensions during weekdays and weekends, and lunch and dinner. Through such attempts, the model of this study may be utilized by restaurant researchers as they seek a better understanding of what value customers seek from restaurants in individual segments – within and beyond full-service – and by restaurateurs who wish to gain a better understanding of their customers' value perceptions in their operations to capture a greater customer share of visits.

Even when extrinsic or intrinsic value dimensions do not serve as significant predictors of customer satisfaction and brand preference, they are likely to serve as requisites for the other dimensions to be fully appreciated. Aspects of value do not exist in isolation but rather commingle in any one consumption experience in varying degrees (Holbrook, 1994). Thus, any

one excessively poor value dimension is likely to be spillover effects on customers' responses to the other value dimensions. This notion is in line with Cadote and Turgeon's (1988) definition of dissatisfiers. Dissatisfiers are the variables where poor performance or the absence of a desired feature can cause dissatisfaction, while higher levels of these variables or the presence of a feature do not necessarily contribute to satisfaction.

Collectively, in full-service restaurants, customers tend to be more goal-directed in general so that the excellence (food excellence and service excellence) and customer ROI (efficiency and economic value) dominantly affect customer satisfaction and customer brand preference whereas playfulness (escapism and enjoyment) affects brand preference only and aesthetic appeals (sensory appeal and entertainment) would serve as requisites for fair appreciation of the other value aspects at best. More specifically, excellence was found to be the most important value dimension followed by customer ROI and playfulness in terms of total effects on customer satisfaction and brand preference.

Turning to customer share of visits, brand preference was found to fully mediate the relationship between customer satisfaction and relative customer share of visits. This finding is consistent with Hellier et al.'s (2003) result that customer satisfaction affects repurchase intention only indirectly through brand preference in an insurance industry context. This finding suggests that the antecedent role of customer satisfaction to relative customer share of visits should be understood in the context of its effect on brand preference. More importantly perhaps, given that multi-loyalty and fairly high levels of customer satisfaction are increasingly becoming the norms in many industries (cf. Patterson, 2004 for multi-loyalty), this finding may indicate that marketing researchers and practitioners should pay attention to 'brand preference' as much as to 'customer satisfaction' in relation to customer loyalty in general and customer share of visits in particular. This result underlines the pivotal role of brand preference in customers' ultimate purchase decisions. In this sense, each value dimension's effect on brand preference also is worthy of attention.

Although numerous studies have tested the contingency variables adopted in this study in the 'customer retention' context, no study has yet tested them in the 'customer share' context. As a first attempt, this study succeeded in verifying the contingency variables' significant direct effects on customer share of visits or moderating effects in the relationship between brand preference and customer share of visits, except for alternative attractiveness. The first interesting

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aspect of the results is that social switching costs, as a mirror image of social benefits, showed a stronger effect on customer share of visits than lost benefits costs, which is a mirror image of special treatment benefits (cf. Gwinner et al., 1998). The results indicate that in the full-service restaurant context, when customers highly value their relationships with a restaurant and/or its employees and perceive high special treatment benefits from the restaurant, they tend to allocate a greater share of visits to that restaurant, motivated by social comfort from social benefits and monetary/non-monetary advantages from special treatment benefits (Gwinner et al., 1998).

Also interestingly, so-called positive switching costs (social switching costs and lost benefits costs) collectively explained much more variance in customer share of visits than did negative switching costs (procedural costs). This finding is encouraging to restaurateurs in that it indicates that positive switching costs exert greater influences on customer shares of visits which are 'better-quality' shares in contrast to those derived from negative switching costs. The results also revealed that both customer intrinsic inertia and perceived procedural costs contribute to customer share of visits. As hypothesized, they may increase customer share of visits by reducing the number of brands in customers' consideration sets. The results indicate that customer intrinsic inertia is a better predictor of customer share of visits than customer-perceived procedural costs in terms of the extent of effect, significance level, and R^2 change.

In terms of consumer involvement and perceived brand heterogeneity, the test results were exactly as anticipated. That is, neither directly affected customer share of visits but enhanced the effect of brand preference on customer share of visits. These results indicate that the more carefully customers evaluate alternatives (including the current one) because they attach great importance to restaurant choices (due to high involvement) and/or perceive restaurants to be heterogeneous (due to perceived brand heterogeneity), the more likely they are to rely on their brand preference when choosing a restaurant. In other words, the more serious customers are about their purchase choices, the more frequently they tend to include preferred brands in their consideration sets. As such, for those customers who are highly involved in purchase choices and/or perceive high brand heterogeneity, brand preference is more binding and thus of greater managerial relevance.

The results indicate that customers' intrinsic variety-seeking tendency reduces customer share of visits to current restaurants. This finding may result from the fact that intrinsically variety-seeking customers have more brands in their consideration sets than do others. Because

such customers tend to become bored more quickly than others with repeated purchases, they are inclined to patronize a wider range of brands than others (cf. Van Trijp et al., 1996). In contrast, alternative attractiveness showed neither a direct effect on customer share of visits nor a moderating effect in the relationship between brand preference and customer share of visits. This result may be due to the prevalence of similarly attractive full-service restaurants in the market. Thus, the difference in attractiveness is trivial in their meaning to purchase choice even when customers indicate that an alternative is more attractive. In this sense, future research may adopt different measurement items to ascertain the importance attached to the difference in attractiveness when making a purchase decision.

Lastly, the findings revealed that the R^2 change by social switching costs and lost benefits costs is greater than that by brand preference. Thus, they explained more variance in customer share of visits than did brand preference. However, given that brand preference's causal relationships with social switching costs and lost benefits costs are not obvious yet in theory and empirical evidence in the literature, it seems too early to make a direct comparison between those R^2 changes. Theoretically, it is more likely that social benefits and special treatment benefits contribute to customers' brand preference (review Gwinner et al., 1998; Hennig-Thurau et al., 2002 for their study results). Future research may examine their relationships more rigorously in relation to customer share of visits.

Major Findings

Value-Driven Customer Share of Visits (Study 1)

To assess the structure of value dimensions and the reliability and validity (convergent and discrimninant) of construct measures in the proposed conceptual model, a confirmatory factor analysis was conducted. As a result, the measurement model provided a good fit to the data in the full-service restaurant context (NFI = .926; TLI = .960; CFI = .966; RMSEA = .052; $\chi^2(345) = 613.2, p < .001; \chi2/df = 1.78$) (Hu & Bentler, 1999). All indicators loaded on proposed constructs. The factor loadings of the indicators and the first-order factors of value dimensions were equal to or greater than .655 and significant ($p < .001$). Average variance extracted (AVE) of each construct was also well above the recommended cutoff of .50. Thus, the convergent validity of each construct was established. Adequate discriminant validity of each construct was also established when each squared correlation (R^2) between a pair of constructs was found to be

less than the AVE for each corresponding construct (Fornell & Larcker, 1981) or each pair of constructs was assessed by combining them into one construct and then performing a χ^2 difference test on the values obtained from the combined and uncombined models (Bagozzi & Yi, 1988). The resulting χ^2 differences were equal to or greater than 24.3 ($df = 6$) so that the differences were all significant at $p < .001$. Adequate internal consistency of the scales was confirmed by computing composite reliabilities which were all above the recommended cutoff of .70 (Hair et al., 2006). Lastly, no multicollinearity problem was found when all the measurement items of highly inter-correlated constructs showed tolerance levels of .101 or higher, which are above the recommended cutoff of .100 (Tabachnick & Fidell, 2007).

To test the hypotheses, the conceptual model was tested using structural equation modeling (SEM). As a result, the parsimonious final model provided an acceptable fit to the data in the foodservice setting (NFI = .893; TLI = .924; CFI = .933; RMSEA = .071; $\chi^2 = 882.5$, $df = 358$, $p < .001$; $\chi2/df = 2.47$) (Byrne, 2001). Among the 11 hypotheses, eight hypotheses were supported by the data, indicated with "S" below. Two of the supported hypotheses were fully mediated by another construct.

H1a: Consumer return on investment (ROI) in consumption positively affects customer satisfaction. (S)

H2a: Excellence positively affects customer satisfaction. (S)

H3a: Playfulness in consumption positively affects customer satisfaction.

H4a: Aesthetic appeals in consumption positively affect customer satisfaction.

H1b: Consumer ROI in consumption positively affects brand preference. (S)

H2b: Excellence positively affects brand preference. (S)

H3b: Playfulness in consumption positively affects brand preference. (S)

H4b: Aesthetic appeals in consumption positively affect brand preference.

H5: Cumulative customer satisfaction positively affects brand preference. (S)

H6: Cumulative customer satisfaction positively affects customer share of visits. (S)

H7: Brand preference positively affects customer share of visits. (S)

Figure 6.1 Test Results of the Proposed Model
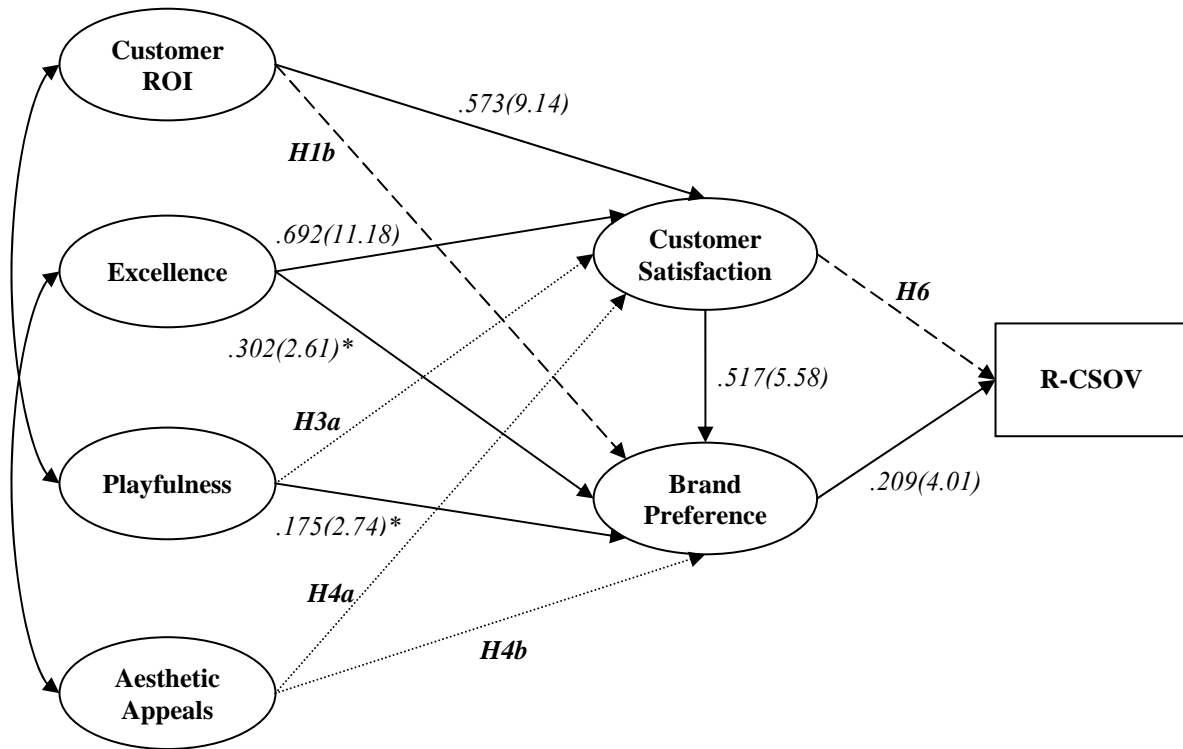
* SMC: CS = .806; BP = .657; R-CSOV = .044

Note. ROI = return on investment; R-CSOV = relative customer share of visits; SMC = squared multiple correlation; CS = customer satisfaction; BP = brand preference.
*$p < .01$, otherwise $p < .001$
1. Numbers in parentheses are the *t*-values.
2. Numbers outside of parentheses are the standardized path coefficients.
3. Dashed arrows indicate fully mediated paths.
4. Dotted arrows indicate nonsignificant paths ($p > .05$).

Contingency Variables for Customer Share of Visits (Study 2)

A confirmatory factor analysis was conducted to assess reliability and validity of the constructs included in the conceptual model. The factor loadings for the scales were equal to or greater than .583 ($p < .001$) and all indicators loaded on the proposed constructs. Average variance extracted (AVE) was greater than the .50 cutoff for all constructs (Bagozzi & Yi, 1988). The factor loadings and AVE estimates together indicated adequate convergent validity among the scales (Fornell & Larcker, 1981). Strong discriminant validity was also demonstrated when

each squared correlation (R^2) between a pair of constructs was found to be less than the AVE for each corresponding construct (Fornell & Larcker, 1981). Lastly, adequate internal consistency of the scales was confirmed by computing composite reliabilities which were found to be all above the recommended value of .70 (Hair et al., 2006).

To test the hypotheses, a series of (moderated hierarchical) regression analyses was performed. Among the 12 hypotheses, seven hypotheses were supported by the data, indicated with "S" below. More specifically, five out of six direct effect hypotheses and two out of six moderation hypotheses were supported by the data.

H8a: Procedural costs positively affect customer share of visits. (S)

H8b: Procedural costs enhance the effect of brand preference on customer share of visits.

H9: Social switching costs positively affect customer share of visits. (S)

H10: Lost benefits costs positively affect customer share of visits. (S)

H11a: Intrinsic inertia positively affects customer share of visits. (S)

H11b: Intrinsic inertia enhances the effect of brand preference on customer share of visits.

H12: Consumer involvement enhances the effect of brand preference on customer share of visits. (S)

H13: Perceived brand heterogeneity enhances the effect of brand preference on customer share of visits. (S)

H14a: Alternative attractiveness negatively affects customer share of visits.

H14b: Alternative attractiveness buffers the effect of brand preference on customer share of visits.

H15a: Intrinsic variety-seeking negatively affects customer share of visits. (S)

H15b: Intrinsic variety-seeking buffers the effect of brand preference on customer share of visits.

Figure 6.2 Contingency Model of Customer Share of Visits
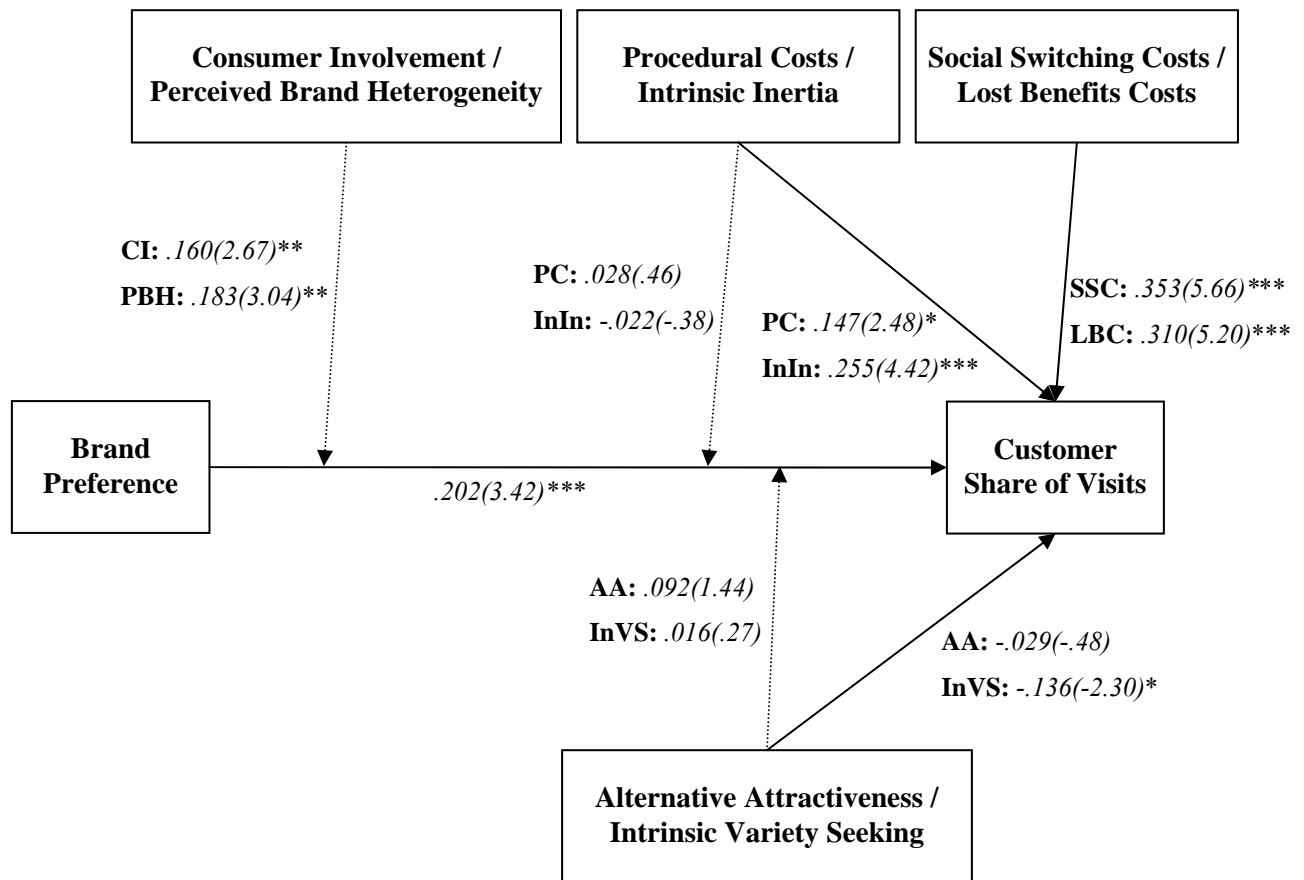
Note. CI = consumer involvement; PBH = perceived brand heterogeneity; PC = procedural costs; InIn = intrinsic inertia; SSC = social switching costs; LBC = lost benefits costs; AA = alternative attractiveness; InVS = intrinsic variety-seeking.
$* p < .05, ** p < .01, *** p < .001$

Practical Implications

Given that the value concept is comprehensive, an experiential value scale like the one tested in this study would be an essential tool for a restaurant in managing its value package, providing rich information to the management about customers' evaluations of their dining experience as a whole (cf. Mathwick et al., 2001). As mentioned earlier, customers' relative emphases on value dimensions are supposed to vary depending most notably on restaurant segments and meal periods. Given the revealed significant effects of value dimensions on

customer share of visits, restaurateurs should be able to fine-tune their value composition to the preferences of their major customer base and/or target market customers. In this way, they can optimize resource allocation by avoiding overinvestment in 'requisite value aspects' – limiting investment within what is required to avoid dissatisfaction – and concentrating more resources on 'satisfier value aspects.' For example, focusing too much on customer ROI at the cost of food/service quality would not be advisable in fine dining restaurants.

As the number of relevant alternatives increases, the complexity of purchase decisions increases (Johnson & Payne, 1985). When a large number of brands are relevant to a particular purchase occasion, consumers may attempt to simplify decision-making by eliminating alternatives and by performing a more thorough compensatory analysis of the few remaining alternatives (Bettman, 1979; Shocker, Ben-Akiva, Boccaro, & Nedungadi, 1991). In the full-service restaurant context, for a particular menu theme, there are many similarly attractive restaurants. This competitive market situation implies that it is difficult for a restaurant to remain in a consideration set and even more difficult to remain as a preferred brand for a long time. As suggested above, tailoring a value package to customers' value preferences may be an valid way to tackle this challenge because by doing so, a restaurant can provide the most value to customers with the least cost as 'perceived by customers.'

A highly competitive market situation makes it easy for customers to switch among brands and thus to be increasingly multi-loyal. Therefore, firms should have an in-depth understanding of the mechanism of customers' share allocation to capture a greater customer share of visits. In this sense, in addition to the drivers of customer share of visits (perceived value, customer satisfaction, and brand preference), this study revealed the contingency variables' individual effects on customer share of visits.

As shown, all three types of switching costs contribute to customer share of visits. As discussed earlier, restaurant marketers may seek to alleviate customers' procedural costs perceptions of 'inbound' switching. For example, a restaurateur may introduce a 'satisfaction guarantee' to reduce performance risk costs or occasionally issue 'coupons' to lessen financial risk costs. In that social switching costs and lost benefits costs are mirror images of social benefits and special treatment benefits, these can be enhanced by improving customers' perceptions of social benefits and special treatment benefits. Two sources of social benefits closely coincide with two rapport dimensions (i.e., personal connection, enjoyable interaction).

Therefore, by nurturing rapport between employees and customers, a restaurant can directly improve customers' perceptions of social benefits and thus social switching costs. Likewise, lost benefits costs can be enhanced by increasing special treatment benefits. However, such special considerations should be provided with careful discretion and perhaps only to high-share customers, considering potential cost increases and other customers' jealousy or perception of unfairness which can backfire on overall customer share of visits to the restaurant. Kim, Ok, and Gwinner (in press) found that customers' perception of special treatment benefits can be enhanced by customer-employee rapport. Overall, customer-employee rapport can be a powerful hard-to-imitate advantage to a restaurant in terms of customer share of visits.

Intrinsically inertial customers are characterized by disinterest in actively processing purchase-relevant information (Yanamandram & White, 2006). This study found that once attracted, intrinsically inertial customers tend to concentrate their purchases on a selected few brands. Thus, attracting them to the restaurant in the first place is critical for these customers. Because they are inherently inactive in processing purchase-related information, alleviating their consideration costs would be the key to attract them. The results also indicate that both consumer involvement and perceived brand heterogeneity enhance the effect of brand preference on customer share visits. For these customers, preventing their brand preference from degrading is as important as upgrading it. Building trust with consistent value provision and satisfactory service recovery would mitigate negative effects of occasional shortcomings in food/service quality on brand preference (e.g., Bendapudi & Berry, 1997; Mogan & Hunt, 1994). Intrinsically variety-seeking customers tend to become easily tired of repeated purchases and thus seek variety to restore stimulation to the preferred level (Van Trijp et al., 1996). For these customers, occasional menu item changes based on 'menu engineering' (cf. Kasavana & Smith, 1982) or rotations of seasonal menu items would be helpful in mitigating their boredom of repeated visits to the same restaurants.

Limitations and Suggestions for Future Research

The one potential limitation of this study is using a retrospective approach in collecting data on customer share of visits. However, the customer is the only one to know how often s/he has visited a given restaurant and other restaurants. Accordingly, in designing this study, relying on customer memory seemed to be a reasonably accurate way to collect this data. In fact, a

retrospective, self-reporting approach has often been used in measuring customer share (Verhoef, 2003). In an effort to improve the accuracy in the responses, the questionnaire contained three different forms of questions about respondents' share of visits to a restaurant and encouraged careful responses to those questions. Future research may utilize point-of-sale data if available from participating restaurant samples to enhance the accuracy of CSOV data.

Although the value measures of this study provided adequate construct reliability and validity, future research may attempt to more rigorously develop foodservice-specific value measures including other-oriented value dimensions. Relatively neglected in the marketing literature, other-oriented value dimensions may display similarly significant effects on customers' responses to dining experiences. Diners often dine out with others, making dining out a social activity. Further, the concept of socially responsible consumption seems to be related to other-oriented value (cf. Leigh, Murphy, & Enis, 1988). Thus, a restaurant that implements socially responsible practices such as 'green practices' and 'supporting local communities' (e.g., using locally-grown produce, donating to local charities) would be valued by some customers or customer groups.

As discussed earlier, this study showed the general tendency of full-service restaurant customers. This means the test results are not readily applicable to individual restaurants or restaurant segments. Future research may test the conceptual model of this study in individual restaurant segments to reveal customers' segment-specific responses to value dimensions. Moreover, future research may compare customers' different responses to value dimensions in different restaurant segments using the model. Collectively, such research efforts would ultimately complete a value map for the restaurant industry. In conducting such segment-specific value research, future researcher may develop a construct that measures customers' goal-directedness/experience-directedness and test it as mediator or moderator between customers' value perception and attitude toward a restaurant. Individual restaurants may perform importance-performance analyses against their target markets or major customer groups using the value dimensions adopted in this study to detect customers' relative emphases on and evaluations of value dimensions. Such analyses would enable restaurants to understand which value dimensions need to be maintained or improved to capture a greater customer share of visits.

The insignificant effects of alternative attractiveness on customer share of visits are thought to be due to the fact that the measures for alternative attractiveness in this study simply measured the degree of relative attractiveness of alternatives. Future research may adopt different measurement items to ascertain the importance attached to relative attractiveness from the customers' perspective rather than mere differences in attractiveness. Such measures are more likely to help managers understand the influence of competition on customer share of visits.

Lastly, as a first attempt to assess contingency variables for customer share of visits, this study focused on revealing the individual effects of those variables. Future research may test interrelationships among the variables or their collective effects on customer share of visits. Future research may also test mediating variables between the contingency variables and customer share of visits. In essence, as a fairly new concept, customer share (of visits) is yet to be tested in various approaches and hospitality contexts.

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Appendix A - Main Survey Questionnaire with Consent Letter

Consumption experiences in a full-service restaurant and preferences

Opening Instructions

Dear Participants,

We are conducting a research project to better understand how customers evaluate various aspects of 'dining experiences' in restaurants. The results of this study are expected to help restaurants provide better value to customers in their services, foods, and restaurant environments.

Your help is important for the success of this study. Participation is strictly voluntary. Submission of a completed questionnaire indicates your willingness to participate. Refusal to participate will involve no penalty or loss of benefits to which the subject is otherwise entitled, and the subject may discontinue participation at any time without penalty or loss of benefits, to which the subject is otherwise entitled.

It should take you about 10 minutes to complete this questionnaire. There are no right or wrong answers, so just answer the questions based on your true feelings and best judgments. You must be at least 18 years old to participate. All responses will remain confidential and anonymous. No individual responses, but only aggregate responses will be reported.

Your cooperation and contribution is greatly appreciated.

Sincerely,

Wansoo Kim, Ph.D. Candidate
Deborah D. Canter, Professor
Chihyung Ok, Assistant Professor
Kansas State University

Some questions may look similar, but each question was designed to measure different aspects. So, *please respond to all the questions*.

There are *no right or wrong answers*. So, please answer the questions based on <u>your true feelings and best judgments</u>.

Question 1

How often do you dine at <u>full-service restaurants</u> *on an average*?

(A **full-service restaurant** is defined as restaurant that provides waited table service for customers. Customers make orders and receive checks in seat. Therefore, fast-food restaurants, cafeterias, and buffet restaurants are *<u>not included in this category</u>*.)

- ☐ 4 or more times a week
- ☐ 3 times a week
- ☐ 2 times a week
- ☐ Once a week
- ☐ 3 times a month
- ☐ 2 times a month
- ☐ Once a month
- ☐ Once in two months
- ☐ Less than once in two months

Question 2

How many <u>different</u> full-service restaurants have you dined at *in the past 3 months*?

[   ]

Question 3

Provide the name of the full-service restaurant that you visited <u>most recently</u>.

***Note**: A restaurant that is your workplace, out-of-town, or owned or operated by one of your family members, relatives, or close friends are *<u>not qualified</u>*.

[   ]

Question 4

When was your most recent visit to <u>this restaurant</u>?

☐ Within the past 1 week
☐ Within the past 2 weeks
☐ Within the past 1 month
☐ More than 1 month ago

Question 5

How long have you been a customer of <u>this restaurant</u>?

☐ Less than 3 months
☐ 3 months to 6 months
☐ 6 months to 1 year
☐ 1 to 3 years
☐ More than 3 years

Question 6

How often do you dine at <u>this restaurant</u> *on an average*?

☐ 4 or more times a week
☐ 3 times a week
☐ 2 times a week
☐ Once a week
☐ 3 times a month
☐ 2 times a month
☐ Once a month
☐ Once in two months
☐ Less than once in two months

Question 7

―

What is your approximate average 'dinner' check size (including taxes and tips) **per person** when you dine out at <u>this restaurant</u>?

Question 8

―

For the past 3 months, the number of my visits <u>to this restaurant</u> was about (   )**%** of my total visits <u>to full-service restaurants</u>.

Please indicate <u>your levels of agreement</u> with the following statements <u>pertaining "only" to the restaurant named earlier</u>.

Question 9

―

1 - Strongly disagree | 2 - Disagree | 3 - Somewhat disagree

4 - Neutral | 5 - Somewhat agree | 6 - Agree | 7 - Strongly agree

	1	2	3	4	5	6	7
10.1 The interior of this restaurant is attractive.	☐	☐	☐	☐	☐	☐	☐
10.2 Employees in this restaurant appear neat and clean.	☐	☐	☐	☐	☐	☐	☐
10.3 The brightness of lighting in this restaurant is appropriate.	☐	☐	☐	☐	☐	☐	☐
10.4 The noise level in this restaurant is acceptable to me.	☐	☐	☐	☐	☐	☐	☐
10.5 The music in this restaurant is appealing to me.	☐	☐	☐	☐	☐	☐	☐
10.6 The volume of music in this restaurant is appropriate.	☐	☐	☐	☐	☐	☐	☐
10.7 The intensity of aromas in this restaurant is acceptable to me.	☐	☐	☐	☐	☐	☐	☐

10.8 The type of aroma in this restaurant is acceptable to me.	⬚	⬚	⬚	⬚	⬚	⬚	⬚
10.9 I think this restaurant is very entertaining.	⬚	⬚	⬚	⬚	⬚	⬚	⬚
10.10 The enthusiasm of this restaurant is catching. It picks me up.	⬚	⬚	⬚	⬚	⬚	⬚	⬚
10.11 This restaurant doesn't just sell food. It entertains me.	⬚	⬚	⬚	⬚	⬚	⬚	⬚

Question 10

—

1 - Strongly disagree | 2 - Disagree | 3 - Somewhat disagree

4 - Neutral | 5 - Somewhat agree | 6 - Agree | 7 - Strongly agree

	1	2	3	4	5	6	7
11.1 The service in this restaurant is consistent and reliable.	⬚	⬚	⬚	⬚	⬚	⬚	⬚
11.2 The employees in this restaurant are friendly and always willing to help me.	⬚	⬚	⬚	⬚	⬚	⬚	⬚
11.3 The service in this restaurant makes me feel special and valued.	⬚	⬚	⬚	⬚	⬚	⬚	⬚
11.4 This restaurant is one of the best in this type of restaurants (for example, one of the best steak-houses).	⬚	⬚	⬚	⬚	⬚	⬚	⬚
11.5 I think of this restaurant as an expert in the type of foods it offers.	⬚	⬚	⬚	⬚	⬚	⬚	⬚
11.6 When I think of the food in this restaurant, I think of excellence.	⬚	⬚	⬚	⬚	⬚	⬚	⬚

Question 11

—

1 - Strongly disagree | 2 - Disagree | 3 - Somewhat disagree

4 - Neutral | 5 - Somewhat agree | 6 - Agree | 7 - Strongly agree

	1	2	3	4	5	6	7
12.1 Dining at this restaurant "gets me away from it all".	⬚	⬚	⬚	⬚	⬚	⬚	⬚
12.2 Dining at this restaurant make me feel like I'm in another world.	⬚	⬚	⬚	⬚	⬚	⬚	⬚
12.3 I get so involved when I dine at this restaurant that I	⬚	⬚	⬚	⬚	⬚	⬚	⬚

forget everything else.							
12.4 I enjoy the dining experience at this restaurant for the total experience, not just for the menu.	☐	☐	☐	☐	☐	☐	☐
12.5 I dine at this restaurant for the pure enjoyment of it.	☐	☐	☐	☐	☐	☐	☐
12.6 Dining at this restaurant is enjoyable to me.	☐	☐	☐	☐	☐	☐	☐

Question 12

—

1 - Strongly disagree | 2 - Disagree | 3 - Somewhat disagree

4 - Neutral | 5 - Somewhat agree | 6 - Agree | 7 - Strongly agree

	1	2	3	4	5	6	7
13.1 Dining out at this restaurant is an efficient way to manage my time.	☐	☐	☐	☐	☐	☐	☐
13.2 Dining out at this restaurant makes my life easier.	☐	☐	☐	☐	☐	☐	☐
13.3 Dining out at this restaurant fits with my schedule.	☐	☐	☐	☐	☐	☐	☐
13.4 The menus in this restaurant are a good economic value.	☐	☐	☐	☐	☐	☐	☐
13.5 The menu prices in this restaurant are reasonable, given the quality of food and servcie.	☐	☐	☐	☐	☐	☐	☐
13.6 Overall, I am happy with the menu prices in this restaurant.	☐	☐	☐	☐	☐	☐	☐

Question 13

—

1 - Strongly disagree | 2 - Disagree | 3 - Somewhat disagree

4 - Neutral | 5 - Somewhat agree | 6 - Agree | 7 - Strongly agree

	1	2	3	4	5	6	7
14.1 All things considered, I feel good about my decision to dine out at this restaurant.	☐	☐	☐	☐	☐	☐	☐
14.2 Overall, I am satisfied with this restaurant.	☐	☐	☐	☐	☐	☐	☐
14.3 Considering all my experiences with this restaurant, my choice to dine out at this restaurant was a wise one.	☐	☐	☐	☐	☐	☐	☐

	1	2	3	4	5	6	7
14.4 Overall, I am pleased with the dining experiences at this restaurant.	☐	☐	☐	☐	☐	☐	☐
14.5 When I make a dining out decision, I consider this restaurant a viable choice very often.	☐	☐	☐	☐	☐	☐	☐
14.6 This restaurant is one of my favorite full-service restaurants.	☐	☐	☐	☐	☐	☐	☐
14.7 This restaurant meets my dining needs better than other comparable full-service restaurants.	☐	☐	☐	☐	☐	☐	☐
14.8 I am interested in trying various menu items in this restaurant more than in other comparable full-service restaurants.	☐	☐	☐	☐	☐	☐	☐

Please <u>indicate your levels of agreement</u> with the following statements <u>pertaining to full-service restaurants "in general."</u>

Question 14

<div style="text-align:center">

1 - Strongly disagree | 2 - Disagree | 3 - Somewhat disagree

4 - Neutral | 5 - Somewhat agree | 6 - Agree | 7 - Strongly agree

</div>

	1	2	3	4	5	6	7
15.1 It is hard to find a good full-service restaurant that meets my expectations.	☐	☐	☐	☐	☐	☐	☐
15.2 Trying a new full-service restaurant is likely to incur some extra costs.	☐	☐	☐	☐	☐	☐	☐
15.3 Searching for an acceptable full-service restaurant takes a lot of time and effort.	☐	☐	☐	☐	☐	☐	☐
15.4 I highly value my relationships with the employees in this restaurant.	☐	☐	☐	☐	☐	☐	☐
15.5 I am more comfortable interacting with this restaurant's employees than I would be with the employees of another full-service restaurant that is new to me.	☐	☐	☐	☐	☐	☐	☐
15.6 I feel good about my relationship with this restaurant.	☐	☐	☐	☐	☐	☐	☐
15.7 In this restaurant, I occasionally receive some price breaks or additional service	☐	☐	☐	☐	☐	☐	☐
15.8 This restaurant sometimes provide me with faster service or extra attention to my needs.	☐	☐	☐	☐	☐	☐	☐
15.9 Some employees in this restaurant know my preferences or special needs.	☐	☐	☐	☐	☐	☐	☐

Question 15

	1	2	3	4	5	6	7
16.1 It is too much trouble to find an acceptable full-service restaurant.	☐	☐	☐	☐	☐	☐	☐
16.2 Searching for an acceptable full-service restaurant is too much trouble in terms of my time and effort.	☐	☐	☐	☐	☐	☐	☐
16.3 I feel coming to this restaurant is sometimes habitual.	☐	☐	☐	☐	☐	☐	☐
16.4 When I make a decision where to dine out, I do it very carefully.	☐	☐	☐	☐	☐	☐	☐
16.5 I consider myself a person concerned about and involved in deciding where to dine out.	☐	☐	☐	☐	☐	☐	☐
16.6 Choosing a full-service restaurant to dine out at is important to me.	☐	☐	☐	☐	☐	☐	☐

Question 16

	1	2	3	4	5	6	7
17.1 I think service quality varies a lot among different full-service restaurants.	☐	☐	☐	☐	☐	☐	☐
17.2 In terms of menus or menu themes, full-service restaurants vary a great deal.	☐	☐	☐	☐	☐	☐	☐
17.3 It matters which full-service restaurant I dine out at. They are quite different from one another.	☐	☐	☐	☐	☐	☐	☐
17.4 I think there are a variety of full-service restaurants that provide similar or better food and service than this restaurant.	☐	☐	☐	☐	☐	☐	☐
17.5 I would be similarly or more satisfied with other restaurants than I am with this restaurant.	☐	☐	☐	☐	☐	☐	☐
17.6 I think there are many restaurants are that are similarly or more attractive than this restaurant.	☐	☐	☐	☐	☐	☐	☐

17.7 I prefer 'trying new things' to 'doing familiar things.'	☐	☐	☐	☐	☐	☐	☐
17.8 I like 'change' more than 'consistency.'	☐	☐	☐	☐	☐	☐	☐
17.9 I enjoy 'variety' more than 'familiarity.'	☐	☐	☐	☐	☐	☐	☐

We will use this information for <u>research purposes only</u>.

Your answer will remain <u>absolutely confidential and anonymous</u>.

Question 17

What is your gender?

☐ Male

☐ Female

Question 18

What is your age?

☐

Question 19

Which category describes your total income level before taxes?

☐ Under $25,000

☐ $25,000-$39,999

☐ $40,000-$54,999

☐ $55,000-$69,999

☐ $70,000-$84,999

☐ $85,000-$99,999

☐ Over $100,000

Question 20

What is your highest level of education you have completed?

☐ Less than high school degree

☐ High school degree

☐ Some college

☐ College graduate

☐ Graduate degree

Question 21

What is your ethnic background?

☐ African American

☐ Asian

☐ Hispanic

☐ Caucasian/White

☐ Other: [_____]

Question 22

Please type in your 5-digit ZIP code.

[_____]

Closing Message

Thank you for your time and your effort!

- End of Survey -