

# THE IMPACT OF DINING ATMOSPHERICS AND PERCEIVED FOOD QUALITY ON CUSTOMERS' RE-PATRONAGE INTENTION – IN FAST CASUAL RESTAURANTS

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## **Abstract**

**Purpose** – The purpose of this study is to build a conceptual model, to show how dimensions of quality – dining atmospherics and food quality influences customers' perceived value, consumption emotions and re-patronage intentions in fast-casual restaurants.

**Design** – This research examined the interrelationships among the constructs of dining atmospherics, food quality, perceived value, positive consumption emotions and re-patronage intentions.

**Methodology and Approach** – Data were collected from three fast-casual restaurants of densely populated urban town of north India. A self-administered questionnaire was randomly distributed to customers in the restaurants to capture their perception, emotion and behavioural intention. The data collected was later analysed using the factor analysis and structural equation model (SEM) technique.

**Findings** – A significant relationship was found between dining atmospherics and food quality perceptions. Also, food quality was found to influence customer perceived value. Dining atmospherics and food quality were found to affect customers' consumption emotion. In addition, perceived value and consumption emotion were confirmed as strong determinant of customers' re-patronage intentions. Further, the mediating role of food quality, perceived value, and consumption emotion were also confirmed in the study.

**Practical Implications** – The study provides practical implications that support fast-causal restaurateurs in enhancing their customers' revisits to dine.

**Originality of the research** – This study provides new insight on the combined effects of quality dimensions (dining atmosphere and food quality) in inducing perceived value and consumption emotion, which in turn, affects customers' re-patronage intentions in fast-casual restaurant settings.

**Keywords:** Dining atmospherics, food quality, perceived value consumption emotions, and re-patronage intentions

## **1. INTRODUCTION**

Nowadays people prefer to eat 'out' more often and are in regular search of restaurants that offer quick-quality meals and a better environment. In this connection, the new fast-casual restaurant has emerged as a popular category which is a blend of quick-service and casual dining restaurant. In comparison to casual restaurants, they offer quality food and services, at reasonable price. The menu and décor of fast-casual restaurant are

analogous to casual dining restaurants but superior to quick-service restaurants. They receive a higher volume of visitors during the afternoon and evening hours with an average bill range between \$8 and \$15. The customers who visit these restaurants belong to middle and upper-income groups. However, in today's market, the fast-casual restaurateurs are confronting fierce competition from the other categories of restaurants, and exploring novel ways to attract customers' traffic.

In the foodservice literature, positive emotional responses have been retorted by researchers as the key regulator of customers' actions (Martin, et al. 2008; Yüksel 2007; Han and Jeong 2013). These responses result from the customers' overall restaurant experience. Atmospherics, food, and services are attributes that form part of customers' evaluation of a restaurant (Ryu and Han 2010). Through the proper usage of these attributes, restaurateurs can deliver what customer today typically seeks in a restaurant—the 'sensory experience'. However, customers' experience greatly depends upon the 'value' they derive from the restaurant attributes (like décor, ambiance, menu variety, food etc.) which consequently affect their re-patronage decisions (Sánchez-Fernández and Iniesta-Bonillo 2007). Yet little is known about the role perceived value and consumption emotion play in inducing customers' response in the fast-casual dining segment.

When the customer enters the restaurant he/she first interacts with its atmospherics, so the view that originates in his/her mind could affect his/her perception of food which later served on the table. Though studies on atmospherics have examined its direct impact on the customers' emotion and behaviour but have mostly ignored its plausible effect on their quality perceptions. Unarguably, if the customer holds a high perception of atmospherics then their expectation of food quality (in terms of taste, presentation and nutrient value) can also be higher. Furthermore, if the restaurants atmospherics are not satisfactory, the good quality food served can instead arouse positive emotion and behaviour by surpassing the poor perception engendered from atmospherics. In this situation, merely providing an ambiance which is appealing and soothing in a sense may not wholly enhance the customer's consumption emotion until the excellent food is served. Based on this rationale, the effects of perceived dining atmospherics on consumption emotions can vary in accordance with customer's perception of food quality in a fast-casual restaurant.

Though the importance of fast-casual segment in the restaurant industry has steadily increased however it has not caught the attention of the researchers. Moreover, despite the importance of the atmospherics and food quality, empirical research on determining their interrelationships and the consequent effect on the perceived value, emotions and behavioural intentions has been rather scarce in hospitality literature. In this study, we aimed to examine these aforementioned relationships, and have set specific objectives: (a) to examine the effects of dining atmospherics and food quality on perceived value and consumption emotion, (b) to analyse the influence of dining atmospherics on the customers' food quality perception, (c) to assess the mediating role of perceived food quality between the dining atmospherics and customer's perceived value, and (d) to further explore the mediating roles of perceived value and consumption emotions among the dining atmospherics, perceived food quality and customers' re-patronage intention.

## **2. CONCEPTUAL CONSTRUCTS**

### **2.1. Dining Atmospheric**

Kotler (1973) has emphasised especially the ‘atmosphere of a place’ in some cases to be more influential than the product itself. Popularly referred to as –‘atmospherics’- it is described as the space designed to create certain specific emotional effects in the customers mind to increase their purchase probability. Being a vital marketing tool, atmospheric has been considered an important constituent of the restaurant business. This is because customers’ consumption behaviours at the point of purchase are affected by the emotions generated from the restaurant atmosphere.

Previous studies have identified several dimensions of atmospheric as ambiance, spatial layout and design, and social factors (Ha and Jang 2012). Ambiance includes elements like lighting, scent, temperature and music which mainly affect customers’ non-visual senses (Mattila and Wirtz 2001). Spatial layout and design factors include the way machinery, equipment, furniture, artefacts and furnishings are arranged within a surrounding that explicitly or implicitly communicate about the place (Ryu et al. 2012). Social factors consist of human elements such as employees’ appearance and crowd type which typically affect customers’ visual senses (Liu and Jang 2009). In fact, Ryu and Jang (2008) developed a scale named ‘DINESCAPE’ to measure the restaurants’ dining environment. Their scale included six components: facility aesthetics, ambiance, lighting, table setting, spatial layout and service staff.

While the unique nature of fast-casual restaurants (e.g. no table service, self-ordering etc.) provides limited opportunity to customers to interact with their staff, thus it becomes extremely difficult to distinguish the effect of quality service from that of atmospheric. Unlike physical atmospheric variables, the ‘human elements’ (such as employee professionalism, interaction, etc.) are not readily controllable, and so excluded from our research framework (Liu and Jang 2009; Baker et al, 2002). As atmospheric effect could occur without a service encounter therefore three dimensions of dining atmospheric are identified which seemed relevant to study exclusive interest to dining space: interior design and décor, spatial layout and table setting.

### **2.2. Perceived Food Quality**

‘Quality’ continues to be a frequent focus area of research in the marketing domain. Despite advances in marketing literature, customer’s quality perceptions are studied in-depth because the perceived quality is a critical indicator of consumers’ decision-making and also influences future behaviours. It is noted that quality production is primarily the domain of firms while its evaluation is the domain of customers (Golder, Mitra and Moorman 2012). The subsequent interaction between these two domains engenders quality experience.

The quality-focused studies have mainly considered service quality as a key construct to evaluate customers’ emotional responses and behaviours (Namkung and Jang 2007). For example, the quality measuring scales such as SERVQUAL, TANGSERV, and DINESERV, to a great extent have been used to explain the relative importance of

functional quality (i.e. what services are provided) in shaping customers' future responses. Beside service quality, some studies have suggested the importance of technical quality aspects— such as food, to evaluate customer's response (Clark and Wood, 1998; Hansen 2002). For instance, Fu and Parks (2001) used 'quality of food' as one item in their 24-itemed-service quality measurement scale to measure the customer's perceived quality of the restaurant. Clark and Wood (1998) examined ten aspects of restaurant product, found 'quality' and 'type' of food served as key determinants of customer's restaurant choice. Mattila (2001) indicated food quality, service and atmosphere as the primary reasons for customer's patronage in the casual dining segment. In addition, Namkung and Jang (2007) and Ha and Jang (2012) also found a positive association between food quality and satisfaction/behavioural intentions.

Even though the food itself being a fundamental component of restaurant experience, yet quality-focused studies have often overlooked its importance in effectuating customer's choice, emotion, and purchase behaviour. It is even surprising to note that not much of the evidence exists which suggests the extent of perceived food quality in influencing customer's emotion and patronage intentions in the fast-casual dining spaces. Thus to understand the role of perceived food quality, it is extremely important to include this key construct in the model to determine customer's restaurant experience.

### **2.3. Perceived Value**

The 'value creation' concept has generated extreme interest among marketing researchers in both academia and industry. Perceived value has been defined as the customer's overall appraisal of the utility of a product based on perceptions of what is received and what is given. Researchers have suggested that 'perceived value' is a multi-dimensional construct entailing a variety of notions (such as perceived price, benefits, sacrifice and costs) (Sánchez-Fernández and Iniesta-Bonillo, 2007). Among several dimensions, utilitarian and hedonic values are most commonly applied in the consumer research (Ryu, Han and Jang 2010). Utilitarian value been defined as an overall judgement of functional benefits and sacrifices (Ryu et al. 2010). The identified dimensions related to utilitarian value are price savings, service excellence, time savings, and selections. Thus, utilitarian values are primarily functional, instrumental and cognitive in nature (Ryu et al. 2010). On the other hand, hedonic values are non-instrumental, experiential and affective in nature. Based on these attributes, Overby and Lee (2006) defined hedonic value as an overall assessment of experiential benefits and sacrifices.

Researchers have extensively studied the concepts of hedonic and utilitarian values in several business settings such as retailing, tourism and restaurant industry (Allard, Babin and Chebat 2009; Bernardo, Marimon, and Mar Alonso-Almeida 2012; Ryu et al. 2010). Moreover, Babin, Darden and Griffin (1994), and Voss, Spangenberg and Grohmann (2003) developed scales to measure hedonic and utilitarian values. In the restaurant setting, Park (2004) examined the relationship between the perceived value of eating-out and attributes of fast-food restaurant. Ha and Jang (2010) investigated the effects of hedonic and utilitarian value on customers' satisfaction and behavioural intention by taking in consideration their familiarity level with the restaurant. Further, Ryu et al. (2010) adopted two-dimensional measure of Babin et al. (1994) of consumer value to

study their effect on customer's satisfaction and behavioural intention in the fast-casual restaurant industry. While studies have shown functional values to be more instrumental in triggering behavioural response (Overby and Lee 2006; Ha and Jang 2010; Ryu et al. 2010), nonetheless, the hedonic aspects of consumer value are also viewed as an important predictor of customers' action (Ryu et al. 2010). Because both hedonic and utilitarian values maintain an underlying presence across consumption process, when taken together these two dimensions represent a more comprehensive picture of value (Sánchez-Fernández and Iniesta-Bonillo 2007). Thus, customers' perceptions of values regarding the overall dining experience can be formed based on their assessment of functional benefits as well as experiential factors. Therefore, in this study, we included utilitarian values (resulting from functional aspects), and hedonic values (resulting from the pleasure) in constructing the perceived value.

#### **2.4. Consumption Emotion**

Customer's "nature" is erratic because it is typically driven by the emotions (Brehm 1999). Emotions arise from person's cognitive appraisal of an event and experience (Bagozzi 1992). An individual's favourable and unfavourable judgement of an episode or incident may induce a positive and negative set of emotions. Thus, emotions are intentionally induced, as it has an object or referent that instigates specific response (Bagozzi, Gopinath and Nyer 1999). Consumption emotions are distinct from emotions as they are generated through specific consumption activity (Zins, 2002). While consumption emotions are specific, ephemeral and more intense, but unlike emotions have a narrow range. Prayag, Khoo-Lattimore and Sitruk (2015) given the context of restaurants, defined consumption emotions as "the affective or the emotional responses generated from a consumption experience, including both functional (e.g., food quality) and hedonic (e.g., staff courtesy) experience". Customer's evaluation of service, food and restaurant atmospherics have noted to produce positive and negative emotions (Jang and Namkung 2009). However, little is known about the effect of restaurants' perceived value (an outcome of evaluative judgement) on customers' consumption emotion. Nevertheless, it is being observed that when customers' display positive emotions the likelihood of their purchase decisions, such as intention to return and willingness to pass positive comments tend to increase (Jang and Namkung 2009; Han and Jeong 2013; Liu and Jang 2009).

In recent years, the studies on emotion have vastly increased in scope. Measures such as emotional profile index (EPI), differential emotions scale (DES), pleasure-arousal-dominance (PAD) scale and standardised emotional profile (SEP) scale been used by researchers to study customers' emotion. As these measures remain arguably inadequate to some research domain, particularly in the restaurant consumer's behaviour research, Han et al, (2009) developed a consumption emotion scale (CES) for the use in the full-service restaurant industry. CES included four broad dimensions with 32 underlying items. Nonetheless, Han and Jeong (2013) further modified and improved the Han et al. (2009) CES to increase its effectiveness and usability in assessing the upscale restaurant customers' emotional experiences. Further, the ongoing debate on whether unipolar or bipolar forms of scale are good or bad for measuring emotion remains inconclusive. Researchers have questioned the bipolar scales as they provide merely opposite poles of

the same emotional dimensions and marked unipolar scales to be more appropriate in measuring emotions (Huang 2001).

While there is no definitive consensus on the usage of specific emotional scale, Bagozzi et al. (1999) have suggested the use of multi-item scale to measure single emotion construct in order to reduce obscurity of differences in emotional responses across various dimensions. In fact, they characterised emotions in a number of ways, like positive or negative, independent or a set, and felt or expressed (Bagozzi et al. 1999). As the common feelings after dining are joy, happiness, elation, excitement, and other similar positive expressions (Derbaix and Pham 1991; Richins 1997; Kwortnik Jr. and Ross Jr. 2007; King and Meiselman 2010), researchers have typically non-conceptualised the path between negative emotions and behavioural intentions in restaurant settings. Given this, we lay our focus on the positive consumption emotions and employ a single construct to understand its impact on customer's behaviour.

### **3. HYPOTHESES DEVELOPMENT**

#### **3.1. Dining atmospherics and perceived food quality**

Kotler (1973) stated that customers' respond to the total product which includes intangible features. The most important feature of the product is the place from where it is bought or consumed (Kotler 1973). Commonly referred to as atmospherics, it is essentially the design of the buying environment (Ryu and Jang 2008). Notably, studies have found that the design elements in the environment posit a significant impact on the individual's evaluation of people and objects (Campbell 1979; Baker, Grewal and Parasuraman 1994). In their study, Gardner and Siomkos (1985) shown that in an environment consisting of soft lighting, music, carpentry, clean and large dressing room, wide aisle and nicely dressed salespeople, the shoppers evaluated products more favourably. Ha and Jang (2012) proposed that environmental components are important in the context of restaurants because it can be used as a cue for evaluating the quality of services or products. However, empirical research examining the effect of atmospherics on quality perception in the context of restaurant has been rare. Except Ha and Jang (2012) and Prayag et al. (2015), other studies did not sought to consider atmospherics in its overall effect and primarily examined only single components such as colour and light (Baker and Cameron 1996), background music (Herrington and Capella 1996; Yalch and Spangenberg 2000) and odours (Mattila and Wirtz 2001) as cues for quality evaluation. As the perception of atmospherics affects customers' evaluation of quality (Zeithaml, Berry and Parasuraman 1993; Baker et al. 1994), we propose:

H1: Dining atmospherics have a positive influence on perceived food quality.

#### **3.2. Effect of dining atmospherics and perceived food quality on customer's perceived value**

In both industry and academia, delivering superior value to customers is a highly discussed concept (Ulaga and Chacour 2001). Perceived value is a dynamic variable which is gauged by customers before purchase, at the moment of purchase, at the time

of use and after use (Payne and Holt 2001; Sanchez et al. 2006). Researchers continually investigated the relationship between quality and value (Zeithaml 1988; Bolton and Drew 1991; Chen and Hu 2010) and have suggested perceived quality as an antecedent of perceived value (Cronin, Brady and Hult 2000; Sanchez et al. 2006; Ryu, Lee and Kim 2012). Like researchers have recognised food quality as one of the key elements of the perceived product quality (Ryu and Han 2010; Namkung and Jang 2007; Ryu et al. 2012), equivalently Liu and Jang (2009) regarded atmospherics as the “perceived quality of the surrounding space”. For instance when customers’ interact with the restaurant environment, they cognitively compare the desirable attributes (e.g., lighting, colour, scent etc.) with the sacrificial attributes (e.g., time and monetary costs) through their impression of atmospherics quality. Except Ryu and Jang (2008) and Ryu et al. (2012) who investigated the effects of atmospherics and food quality on customers’ perceived value, to the best of our knowledge there is little research that exactly studied the combined effects of these constructs in a model. Considering the fact that dining atmospherics and food quality are elements of quality for a restaurant (Liu and Jang 2009; Ryu et al. 2012), it is logical to propose the linkage between ‘dining atmospherics → perceived value and food quality → perceived value’, in the fast-casual restaurant space. Thus, following hypotheses are suggested:

H2: The dining atmospheric has a favourable influence on customers’ perceived value.

H3: The food quality has a favourable influence on customers’ perceived value.

### **3.3. Impact of dining atmospherics and perceived food quality on consumption emotion**

In the past decades, researchers in environmental psychology have closely examined the relationship between physical environment and human behaviour (Donovan and Rossiter 1982; Turley and Milliman 2000; Yang 2015). Mehrabian and Russell (1974) presented a theoretical model that demonstrated the influence of physical environment on consumers’ psychological state and behaviour. Bitner (1992) coined the term ‘servicescape’ for physical surroundings and advocated that customers’ get an impression of quality by experiencing the ambiance, noise, décor and activities. Several studies have revealed physical environment settings to affect customer emotional states (Reimer and Kuehn 2005; Heung and Gu 2012; Ha and Jang 2012; Liu and Jang 2009; Prayag et al. 2015). For example, background colour, music (tempo), lighting, scent, temperature, spatial layout and social cues (e.g., crowding) have all been associated with the positive and negative emotional states in specific retail settings (Bellizzi, Crowley and Hasty 1983; Bruner 1990; Turley and Milliman 2000; Lin, 2004; Heide and Gronhaug 2006). Kotler (1973) described atmospherics as the conscious designing of space that produces a specific emotional response in the buyer. In restaurants, the ‘dining atmospherics’ consists of elements such as facility aesthetics (e.g. wall décor, flowers, painting/pictures etc.), ambiance, lighting, table setting and staff service (Ryu and Jang, 2008). Besides studies of Ryu and Jang (2007) and Liu and Jang (2009) who found support for the linkage between dining atmospherics and emotions, the research investigating effects of dining atmospherics on customers’ consumption emotions in a fast-casual restaurant setting has been scant. Based on this review, following hypothesis is proposed:

H4: Dining atmospherics has a positive influence on consumption emotion.

Despite 'food quality' being an important component of dining experience (Liu and Jang 2009; Prayag et al. 2015), has attracted limited attention of the researchers in the foodservice sector. Sulek and Hensley (2004), suggested that dining experience at large extent shaped by the various dimensions of food namely— safety, appeal and dietary acceptability. Therefore, perceived food quality is one of the important parameter that influences customers' choice of the restaurant (Clark and Wood 1998). Studies have recognised perceived quality and emotions to be a related concept as they both are affected by customers' exposure to external stimuli (Hansen, 2002). Moreover, Prayag et al. (2015) in the casual-dining restaurant setting found a positive association between food quality and positive emotions. Thus, following hypothesis can be suggested:

H5: Perceived food quality has a positive influence on consumption emotion.

#### **3.4. Relationship between perceived value and consumption emotion**

Cognitive appraisal theory explicates that emotions arise as a consequence of individuals' cognitive assessment of the situation they encounter (Arnold 1960; Frijda 1986; Roseman 1984). While studies of Yeo and Park (2006) and Sun (2011) indicated perceived value to induce emotion, counterintuitively, others suggested this relationship to work in reverse order as well (i.e. emotions →perceived value) (Yuksel 2007; Byun and Mann 2011; Babin et al. 2013). Studies determining the order between perceived value and emotions have been scarce. Lazarus (1991) suggested elicitation of emotions to occur after cognitive appraisal, thus, it is construed that customers' consumption emotion could as well arise after their product usage and consumption experience (Oliver 1993; Westbrook and Oliver 1991). As consumption emotion is an affective state that results from customers' specific dining experiences, a plausible relationship can exist between perceived value and consumption emotion. Thus, we propose a testable hypothesis:

H6: Perceived value positively influences consumption emotion.

#### **3.5. Impact of perceived value and consumption emotion on customer's re-patronage intention**

Yang and Chang (2011) defined re-patronage intention as a "customer's desire to revisit or make a repeat purchase". Though the concept of re-patronage intention is subjective and hold little correlation with the actual behaviour, scholars have considered it as a reasonable construct to predict likely behaviour (Namkung and Jang 2008). For instance, in the retail store setting, Ariely and Carmon (2000) illustrated overall purchase experience to be a crucial factor that determines one's likelihood of returning to the same site again. Researchers showed the aspects of quality, satisfaction and emotion to be the important precursor of re-patronage intention (Yap and Kew 2007; Grace and O'Cass 2005). Similarly, in hospitality literature, authors have shown perceived value and emotion to directly influence behavioural intentions (Liu and Jang, 2009; Ha and Jang, 2010; Al-Sabbahy, Ekinci and Riley 2004). Moreover, Liu and Jang (2009) adverted that when customers' perception for the product or service they bought surpasses their actual



expended cost (i.e., monetary and non-monetary), they may prefer to repeat the transaction in the future. As emotions have power to elicit actions (Frijda 1986), likewise consumption related emotions might as well shape consumers behaviour (Lee et al. 2015). Thus, when a customer experiences positive emotions in a service encounter, he/she will be more willing to return again to the provider. Furthermore, research have confirmed the relationship between positive emotions and behavioural outcomes such as—intention to return (e.g. Bloemer and De Ruyter 1999), willingness to recommend (Lee et al. 2008; Jang and Namkung 2009) and word of mouth (Ladhari 2007). Based on this review, we propose following hypotheses:

H7: Perceived value positively affects customer re-patronage intention.

H8: Consumption emotions have a direct influence on customer re-patronage intention.

### **3.6. Mediating role of perceived food quality, perceived value and consumption emotion**

To the best of our knowledge, except for consumption emotions, little evidence exists for the mediating role of perceived food quality and perceived value in the foodservice literature. While studies have focussed on exploring the direct linkages between food quality and emotion (Hansen 2002; Namkung and Jang 2007; Ryu and Han 2009; Ryu et al. 2012), they have often overlooked the intervening effects of these constructs on behavioural intention. Researchers found that higher perception of atmospheric and quality, improve value judgements (Ryu et al. 2012; Liu and Jang 2009; Ryu and Han 2010), and induce positive emotions (Liu and Jang 2009) which in turn, produce favourable behaviour. On this rationale, following hypotheses are framed:

H9: The relationship between dining atmospherics and perceived value is mediated by perceived food quality.

H10: The relationship between dining atmospherics and consumption emotion is mediated by perceived food quality and perceived value.

H11: The relationship between perceived food quality and consumption emotion is mediated by perceived value.

H12: The relationship between dining atmospherics and re-patronage intention is mediated by perceived food quality, perceived value and consumption emotions.

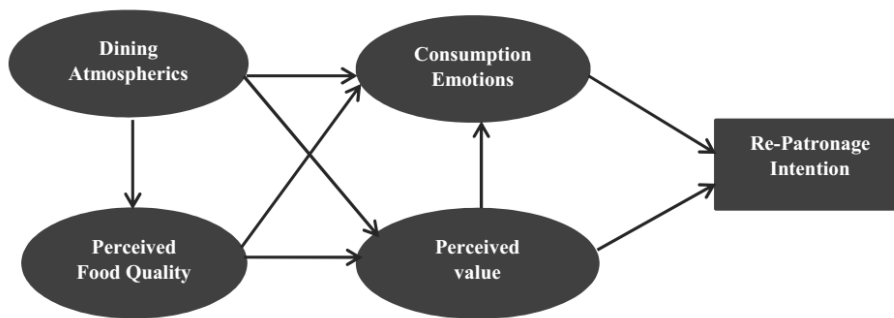
H13: The relationship between perceived food quality and re-patronage intention is mediated by perceived value and consumption emotions.

H14: The relationship between perceived value and re-patronage intention is mediated by consumption emotions.

#### 4. FAST-CASUAL RESTAURANT SCENARIO IN INDIA

In India, the fast-casual restaurant is a relatively new and growing concept that is positioned between quick-service and casual-dining restaurant. As consumers today are seeking quality food, value for money and lavish experience, fast-casual restaurants look to fulfil these expectations. According to a recent report of Federation of Indian Chambers of Commerce and Industry (FICCI), the fast casual restaurants in India have gained fair market share in a decade and are expected to grow at a CAGR of 27 per cent during 2019-20. To remain competitive, developing and implementing effective marketing strategies to attract and retain customers is important for the fast-casual restaurateurs. Thus, the study makes an attempt to serve this goal and propose a theoretical model (figure 1).

Figure 1: A Conceptual Model



#### 5. METHODOLOGY

##### 5.1. Measurement

A self-administered questionnaire was developed to examine the proposed relationships in the study. The questionnaire consists of two sections. The first section captured basic information of the participants related to age, gender, education, income, food expenditure, visit status etc. Section two was divided into five parts. Part A measured the participants' perception of dining atmospherics on three attributes: facility aesthetics (design and décor), table settings and spatial layout (Ryu and Jang 2008; Ha and Jang 2012; Liu and Jang, 2009). Part B ascertained participants' perceptions of food quality on five aspects: presentation, a variety of items, taste, freshness and temperature (Namkung and Jang 2007; Prayag et al. 2015; Jang and Namkung 2009). In Part C participants' notion of value is captured on two broad dimensions: hedonic and utilitarian (Ryu et al, 2010; Ha and Jang 2010; Noble, Griffith and Weinberger 2005). In part D we asked participants to indicate their consumption related emotional reactions to the dining experience. After review of literature, a total of 4 positive emotional descriptors: pleasure, excitement, satisfaction and relaxation (Laros and Steenkamp 2005; Bagozzi et al. 1999) — were selected. Finally, in part E, re-patronage intentions of the participants

were captured to predict future behaviour. All items used in the section two (i.e. from part A through E) were measured on a five-point Likert-type scale.

## **5.2. Data collection**

Using purposive sampling approach, the three fast-casual dining restaurants located in the densely-populated urban city of Lucknow in North India were selected. The selection was done on the basis of the highest ratings given by India's most popular restaurant search and discovery website of the fast-casual restaurants. These restaurants were of mid-scale size, with an average bill of around \$8. The survey activity was conducted on weekends, specifically in the lunch hours, for two consecutive months of June and July in the year 2017. The self-administered questionnaires were randomly distributed to customers who ordered food, and were asked to complete the questionnaire after meal. The questionnaire was collected when the customers finished the meal and prepares to leave. From the 243 customers who visited these restaurants during the survey hour a total of 228 participated and filled the questionnaires, of which 206 were usable, and others due to certain response discrepancies were excluded. The usable number of questionnaire thereby satisfies the minimum sample size requirement of 200 for using structural equation modelling (SEM) (Nunkoo, Ramkissoon, and Gursoy 2013).

## **5.3. Data analysis**

As the current research model and its instrument are based on previously tested empirical research, and the objective was to confirm the currently collected data fit into the current research model, so instead of conducting exploratory factor analysis (EFA), in the study confirmatory factor analysis was employed. A two-step procedure, as suggested by Anderson and Gerbing (1988), was followed. First, confirmatory factor analysis (CFA) was conducted to ascertain whether the observed variables reflected the hypothesized latent constructs using the covariance matrix. The measurement reliability of the constructs was checked using Cronbach's alpha and composite reliability measures. Further, convergent validity and discriminant validity were also confirmed by using the factor loading and average variance extracted (AVE) values. After confirmation of measurement model, the structural model was examined to ascertain the proposed relationships between the constructs through SEM. STATA 12 software package was used to conduct the statistical analysis in our study.

# **6. RESULTS AND DISCUSSION**

## **6.1. Descriptive statistics**

Table 1 shows descriptive details of the respondents' demographic and dining profile. Of the total 206 respondents, 65.5 per cent were male and 34.5 per cent were female. The mean age of the respondents was reported to be 35.1 years. A large fraction of the respondents' were Hindus (66 per cent). A significant number of the respondents' were post-graduates (71.8 per cent) and full-time workers (82 per cent). About 63 per cent of the respondents' reported that they spend INR501 (\$8) to INR3000 (\$45), every month,

on food 'outside home.' Of the total respondents, 35.9 per cent indicated they visited the restaurant twice in the past six months, 30.1 per cent had visited it more than twice, 21.8 per cent had visited only once earlier, and 12.1 per cent had visited for the first time. Majority of the respondents' visited the restaurant with family and friends (76.22 per cent), and ordered more than two items on average from the menu. Moreover, top three basic motivations of respondents to dine-out were tasty food (39.30 per cent), right mood setting (18.40 per cent) and interaction with people (14.10 per cent).

**Table 1: Demographic and dining characteristics**

Variables	Frequency (n=206)	Mean/Percentage (%)
Age (in years)	-	35.160
Gender		
Male	135	65.50%
Female	71	34.50%
Education		
Less than high school	4	1.90%
High school	5	2.40%
Up to higher secondary	22	10.70%
Graduate	27	13.10%
Post-Graduate	148	71.80%
Religion		
Hindu	136	66.00%
Muslim	40	19.40%
Sikh	18	8.70%
Others	12	5.80%
Monthly eating outside expenditure (Indian Rupees, INR)		
Less than 500	11	5.30%
501-1500	65	31.60%
1501-3000	64	31.10%
3001-5000	50	24.30%
5001 and above	16	7.80%
Employment Status		
Working full-time	169	82.00%
Working Part-time	13	6.30%
Not working	24	11.70%
Times restaurant visited in past 6 months		3.07
Once	45	21.84%
Twice	74	35.92%
More than twice	62	30.10%
Never	25	12.14%
Visiting restaurant		
Alone	49	23.78%
With family or friends	157	76.22%
Items ordered	-	2.34

Variables	Frequency (n=206)	Mean/Percentage (%)
The motivation for dining outside		
Tasty Food	81	39.30%
Try something new	27	13.10%
Setting right mood	38	18.40%
No washing up	13	6.30%
Connect and interact with people	29	14.10%
Culinary adventure	18	8.70%

## 6.2. Measurement model

As the two-step procedure was followed in the study, a measurement model was first estimated using confirmatory factor analysis (CFA). Each latent construct was made to correlate in the analysis (Weston and Gore Jr 2006). The reliability of the scales was checked using two measures: Cronbach's alpha and composite reliability. The alpha values for the four constructs ranged from 0.78 to 0.98. As presented in table 2, the Cronbach's alpha values exceeded the threshold limit of 0.70, indicating measures to be internally consistent (Nunnally 1978). Composite reliabilities of the four constructs were also found to be above the cut-off value of 0.70 (i.e., ranging from 0.78 to 0.98) suggesting the instrument used was reliable to measure latent constructs in the study.

The items loaded significantly ( $p < 0.001$ ) with relatively high standardised loadings (ranging from 0.61 to 0.99) on their underlying constructs (table 2), confirming the convergent validity of the measures (Fornell and Larcker 1981). In addition, the average variance extracted (AVE) of all the constructs exceeded the threshold limit of 0.50, suggesting that majority of variance was explained by the constructs (Fornell and Larcker 1981). Discriminant validity was assessed by comparing AVE values for each construct and the squared correlations between the paired constructs (Henseler, Ringle and Sarstedt 2015). The discriminant validity was confirmed as the AVE values of the constructs were found to be greater than the squared correlations between the paired constructs (table 3).

**Table 2: Confirmatory factor analysis for the measurement model**

Construct	Items	Factor Loadings ( $\lambda$ )	Composite reliabilities (CR)	Average Variance Extracted (AVE)	Cronbach's alpha ( $\alpha$ )	Mean ( $\mu$ )	SD ( $\sigma$ )
Dining Atmospherics	The table setting is visually appealing. (DATM1)	0.9845	0.9826	0.9496	0.9801	3.2475	0.9483
	The restaurant has comfortable seating space (DATM2)	0.9398				3.4368	1.0835
	Interior decor of the restaurant is attractive (DATM3)	0.9938				3.2815	0.9819
Perceived Food Quality	Food presentation is visually alluring (PFQ1)	0.6901	0.7876	0.5060	0.7892	4.0242	0.9341
	The restaurant offers a variety of dishes in the menu (PFQ2)	0.6962				3.7427	0.9353
	The food served in the restaurant is tasty (PFQ3)	0.6459				3.7281	0.8910
	The restaurant offered fresh food (PFQ4)	0.6147				3.7766	0.9205
	The food served in the restaurant at the appropriate temperature (PFQ5)	0.6159				3.6067	0.9243
Perceived Value	The restaurant offered good value for the price (PV1)	0.9705	0.9481	0.9014	0.9475	4.5291	0.6601
	The restaurant experience was worth its value (PV2)	0.9276				4.5000	0.6607

Construct	Items	Factor Loadings ( $\lambda$ )	Composite reliabilities (CR)	Average Variance Extracted (AVE)	Cronbach's alpha ( $\alpha$ )	Mean ( $\mu$ )	SD ( $\sigma$ )
Consumption Emotion	I find pleasure dining at this restaurant (CE1)	0.7873	0.8295	0.5820	0.8275	4.4126	0.6768
	I feel excited to dine at this restaurant (CE2)	0.7312				4.4077	0.6689
	I feel satisfied with my experience at this restaurant (CE3)	0.7690				4.4320	0.6646
	I feel relaxed when dining at this restaurant (CE4)	0.6726				4.4854	0.6605
Re-patronage intention	I like to visit again in future this restaurant (RPI)	-	-	-	-	4.8446	0.5632

Source: Author's compilation. CFA loading ( $\lambda$ ) values are significant at 0.01 levels.  
 SD is standard deviation ( $\sigma$ ).

The overall fit of the model was assessed using Chi-square test and number of goodness-of-fit indices. The Chi-square test of the measurement model in this study was found to be significant ( $X^2=123.71$ ,  $df=71$ ,  $p=0.000$ ), suggesting the model to be a poor fit. However, the other fit indices used such as Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), root mean squared error of approximation (RMSEA) and standardised root mean squared residual (SRMR) indicated that the measurement model data fitted well ( $X^2/df=123.706$ ,  $CFI=0.976$ ,  $TLI=0.970$ ,  $RMSEA=0.060$ ,  $SRMR=0.044$ ). Based on the above statistical results, it was concluded that the measurement model fit was satisfactory.

Table 3: Comparison of AVE and squared correlations of paired constructs

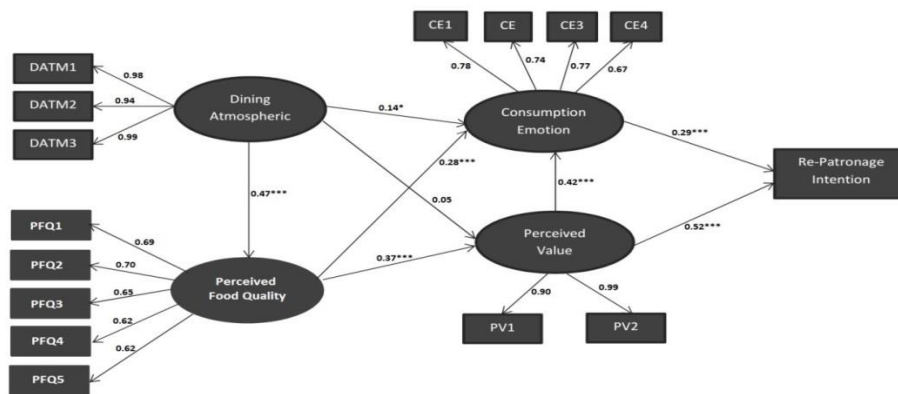
Constructs	DATM	FQ	PV	CE
Dining Atmospherics (DATM)	0.9496			
Perceived Food Quality (PFQ)	0.2179	0.5060		
Perceived Value (PV)	0.1421	.2503	0.9014	
Consumption Emotion (CE)	0.0795	0.1789	0.3433	0.5820

Note: AVE is on the diagonal matrix. Squared correlations of the paired construct are on off-diagonal matrix.

### 6.3. Structural model

In the second step, the proposed structured model was estimated. The Chi-square value for the structural model was found to be 156.033 with 86 degrees of freedom ( $p=0.00$ ), CFI=0.97, TLI= 0.96, RMSEA=0.065 and SRMR=0.048. Except for chi-square statistic, values of all other indices were in a range which indicated that the structural model's fit was acceptable.

Figure 2: Structural Model



Note: Significance level \*\*\* $p<0.01$ , \*\* $p<0.05$  and \* $p<0.10$

The parameter estimates indicated that the restaurants' dining atmospherics positively influenced customers' food quality perceptions ( $\beta=0.47$ ,  $z=7.31$ ), thus hypothesis 1 was supported. While the results indicated the favourable influence of food quality on customers' perceived value ( $\beta=0.37$ ,  $z=4.42$ ) [H3], the similar effect was not confirmed of dining atmospherics and perceived value relationship, thus hypothesis H2 was not supported. The results provided support for hypotheses H4 and H5 that showed the direct positive effect of dining atmospherics ( $\beta=0.14$ ,  $z=1.91$ ) and food quality ( $\beta=0.28$ ,  $z=3.11$ ) on customers' consumption emotions. Also between these two factors, food quality had the greater effect than dining atmospherics on consumption emotion. The results supported hypothesis H6 suggesting perceived value to be positively associated with consumption emotion ( $\beta=0.42$ ,  $z=6.09$ ). Results further provided support for hypotheses H7 and H8 that indicated the direct positive influence of perceived value ( $\beta=0.52$ ,  $z=7.30$ ) and consumption emotions ( $\beta=0.28$ ,  $z=4.12$ ) on customer re-patronage intentions.

### 6.4. The mediating role of perceived food quality, perceived value and consumption emotions

Table 4 showed the coefficients of mediating variables— food quality, perceived value and consumption emotion. The results depicted the indirect effect of dining atmospherics on perceived value through food quality ( $\phi=0.1701$  and  $z=3.21$ ). The dining atmospherics indirectly affect consumption emotion through food quality and perceived value ( $\phi=0.215$  and  $z=3.98$ ). In addition, dining atmospherics indirectly affects customer



re-patronage intention through food quality, perceived value and consumption emotion ( $\phi=0.299$  and  $z=4.54$ ). Food quality indirectly effects consumption emotion through perceived value ( $\phi=0.153$  and  $z=3.54$ ). Food quality indirectly effect re-patronage intention through perceived value and consumption emotions ( $\phi=0.2967$  and  $z=4.33$ ). Perceived value indirectly effect re-patronage intention through consumption emotion ( $\phi=0.1168$  and  $z=4.58$ ). This finding emphasizes the importance of perceived value and consumption emotion between the dining atmospherics, food quality and re-patronage intention.

Table 4: **Mediation Effect**

Relationship	Standardised Coefficient ( $\phi$ )	Z-Value	Results
Dining atmospherics → perceived food quality → perceived value (H9)	0.1701***	3.21	Supported
Dining atmospherics → perceived food quality → perceived value → consumption emotions (H10)	0.2154***	3.98	Supported
Perceived Food quality → perceived value → consumption emotions (H11)	0.1543***	3.54	Supported
Dining atmospherics → perceived food quality → perceived value → consumption emotion → re-patronage intention (H12)	0.2993***	4.54	Supported
Perceived food quality → perceived value → consumption emotion → re-patronage intention (H13)	0.2967***	4.33	Supported
Perceived value → consumption emotion → re-patronage intention (H14)	0.1168***	4.58	Supported

Note: \*\*\* $p < 0.01$ .  $\phi$  depicts the mediation coefficient value.

## 7. IMPLICATIONS

### 7.1. Theoretical Implication

From the theoretical perspective, the most vital contribution of this study is—the inclusion of cognitive (perceived value) and emotional (consumption emotion) elements. The study confirmed the effects of dining atmospherics and perceived food quality on the consumer behaviour. Second, this study contributes to the hospitality literature by empirically confirming dining atmospherics to be an antecedent of food quality. Third, our study could identify the impact of perceived value on consumption emotion, thereby suggesting cognition to precede emotion and behaviour in the emotion-based service experience. Fourth, the study provided support for the use of unipolar scales to measure consumption emotion in a restaurant setting. In the fast-casual restaurant, positive emotions such as pleasure, excitement, satisfaction, and relaxation can be considered as valid indicators of consumption related emotional experience. Finally, this study accentuated the mediating role of perceived value and consumption emotion in the relationship among dining atmospherics, food quality and re-patronage intention. It suggests that quality dimensions of restaurant experience not only influence consumer

re-patronage intention directly but also indirectly through perceived value and consumption emotions, exhibiting the significance of incorporating cognitive and emotional elements in the stimulus-response models.

## **7.2. Managerial implication**

This study offers several practical implications for fast-casual restaurateurs in India. The majority of Indian restaurants are of low to mid-size scale. The strategies they readily follow to allure customers are tasty food and lower food price. However, Nusra (2007), in her column, wrote that consumers today also look for a lavish experience and memory to cherish while eating out. Thus the upcoming breed of fast-casual dining restaurants expects to provide such an enduring experience. Yet, studies have rarely examined the crucial role of dining atmospherics and food quality variables on the customers' revisit intent in the fast-casual restaurants. Like any other restaurants variety in menu, tasty food and upscale décor are critical to the success of fast-casual restaurants (Ryu et al., 2008). Moreover, with a radical shift in consumer's preference to eat-out, Indian fast-casual restaurateurs are facing a severe challenge from other restaurants forms (e.g. fast-food, fine dining, family/casual dining, pop-up's, food trucks etc.). A recent report by KPMG (2016) on India's food service industry showed that consumers are more inclined to eat food when it is hot and fresh, and so prefers eat-in (81 per cent) over takeaway (19 per cent) options. This recent finding does indicate that fast-casual restaurateurs, along with quality food, can strengthen other non-food factors like dining atmospherics in order to attract customers.

Like previous studies (Heung and Gu 2012; Ha and Jang, 2012; Prayag et al. 2015) have considered dining atmospherics as an important determinant of intention, our findings quite aligns with others in suggesting atmospherics as favourable factor that can be utilised by marketers as an auxiliary determinant to enhance customer revisits. Pleasing and comfortable atmospherics can play a key role in fulfilling epicurean needs, enhancing overall value, triggering positive consumption emotions and most importantly effectuating customer's re-patronage behavioural intentions. Considering the salient role played by atmospherics in shaping customers food quality perception, restaurateurs should allocate reasonable business resources to upkeep the restaurants' aesthetics which can help them in attracting and keeping customers exulted. In order to avoid severe competition, Indian restaurateurs must take advantage of this new breed of fast-casual restaurants by developing them in mid- to up-end markets.

Despite dining atmospherics plays a crucial role in inducing favourable customer response (Njite et al., 2008) a restaurateur cannot ignore the important role of food quality in enhancing the overall restaurant value. If the customers derive greater value from the food served they will more likely to have positive consumption emotions. Given the significance of food quality in enhancing perceived value and generating positive consumption emotions, restaurant owners should serve tasty, hygienic, nutritious and well-cooked food to customers. They can use environmental cues (such as décor, scent, clean premise and comfortable seating) as a stimulus to evoke favourable consumption emotion.

In addition, this study helps Indian fast-casual restaurateurs in understanding the role of perceived value and consumption emotion in strengthening relationship with patrons. Unlike prior studies those examined the direct effects of atmospherics and quality on behavioural intentions (Heung and Gu 2012, Namkung and Jang 2007; Ryu et al. 2010), our results confirms the indirect effects of dining atmospherics and food quality on customers' re-patronage intention through perceived value and consumption emotion, signalling the superiority of quality perceptions on behavioural intentions. Restaurant operators can provide high-quality and innovative food along with riveting atmospherics to lift the overall dining experience of the visitors. These results suggest that customers give more importance to restaurants' environment and food quality, even in the fast-casual restaurants, and therefore restaurateurs are expected to offer a total dining experience.

## 8. LIMITATIONS AND FUTURE RESEARCH

The findings of the study should be interpreted with utmost caution. At first, to select restaurants the study used a purposive sampling approach, which might induce selection bias. To draw inference, larger sample with widespread geography is needed in future research. Further, future researchers can include demographic variables in their model to explain restaurant customers' behaviour. Also this study did not capture the personal trait variables in the model which could even influence the customers' perception of atmospheric, food and value. To improve model's validity, future research can assess the moderating role of personality traits in influencing dining atmospherics and perceived food quality perceptions. Though the relationship between dining atmospherics and perceived value is incongruent with the past study results, researchers can further investigate the reason for such discrepancy using similar model in a different restaurant setting.

## APPENDIX

### SECTION I

#### PART A

(a) How do you find the dining atmospherics of restaurant:

Please rate on a five point scale: 1 = *strong disagree* to 5 = *strongly agree*

The table setting is visually appealing.	1	2	3	4	5
The restaurant has comfortable seating space.	1	2	3	4	5
Interior decor of the restaurant is attractive.	1	2	3	4	5

**PART B**

(b) How do you feel about the quality of food:

Please rate on a five point scale: 1 = *strong disagree* to 5 = *strongly agree*

Food presentation is visually alluring.	1	2	3	4	5
The restaurant offers a variety of dishes in the menu.	1	2	3	4	5
The food served in the restaurant is tasty.	1	2	3	4	5
The restaurant offered fresh food.	1	2	3	4	5
The food served in the restaurant at the appropriate temperature.	1	2	3	4	5

**PART C**

(c) How do you perceive value of the restaurant:

Please rate on a five point scale: 1 = *strong disagree* to 5 = *strongly agree*

The restaurant offered good value for the price	1	2	3	4	5
The restaurant experience was worth its value.	1	2	3	4	5

**PART D**

(d) How do you feel of the restaurant:

Please rate on a five point scale: 1 = *strong disagree* to 5 = *strongly agree*

I find pleasure dining at this restaurant.	1	2	3	4	5
I feel excited to dine at this restaurant.	1	2	3	4	5
I feel satisfied with my experience at this restaurant.	1	2	3	4	5
I feel relaxed when dining at this restaurant.	1	2	3	4	5

**PART E**

(e) Please give your opinion about re patronage intent.

Please rate on a five point scale: 1 = *strong disagree* to 5 = *strongly agree*

I like to visit again in future this restaurant.	1	2	3	4	5
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**SECTION II**

1. Age (in years).....
2. Gender: Male ..... Female.....
3. Education: Less than 10<sup>th</sup> ..... 10<sup>th</sup> ..... 12<sup>th</sup>..... Graduation..... Post Graduation.....
4. Religion: Hindu..... Muslim..... Sikh..... Other.....
5. Annual household Income.....
6. Annual Household Expenditure on Food at Home.....  
 (1) 1000-3000 (2) 3001-5000 (3) 5001-7000 (4) 7001-10000 (5) 10001 & above
7. Annual Household Expenditure on Food outside Home.....  
 (1) 0-500 (2) 501-1000 (3) 1001-2000 (4) 2001-3000 (5) 3001 & above
8. Employment Status: Not Working..... Working Full time..... Part Time.....
9. How many time did you visited this restaurant in the past 6 months  
 (i) Once (ii) twice (iii) thrice (iv) More than five times (v) for first time
10. Number of people accompanying you: .....

11. Purpose of Dinning:

- (i) With Family members (ii) With Colleagues (iii) With friends (iv) Try new food (v) regular food taker (vi) for celebration

12. How many items did you order .....

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