

DOES BRANDING INFLUENCES CONSUMERS' PREFERENCE OF RESTAURANTS

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ABSTRACT

Branding is a name, term, design or a special feature that helps in identifying seller's good or service and distinguish them. A successful branding helps in adding to company reputation. This may not be the case with restaurants and small food chains. The current paper investigates relevance of branding with specific reference to restaurants. The main objective of this research is to figure out the importance of branding and the various factors that impact the productivity and profitability of the firm. The research focuses on the effect of branding which leads to the performance of the restaurants. It also includes various factors that leads to the restaurateurs to not opt for any branding.

Keywords: Branding, Customer Preference, Customer Loyalty, Productivity and Performance.

INTRODUCTION

An effective marketing strategy tool which is used frequently and is successful in the past is branding. Today, branding is not just an experience of a new popularity that results from innovative applications but is something which any customer looks for. Today branding strategy includes various issues like selection of a brand name. Once a name is selected, marketers have to choose the advertising strategy to support and communicate the name. Finally, keeping the brand in a strong position is a critical concern. Branding helps consumers to give absolute control over the product. It involves use of design, advertising, marketing, service, corporate culture. It helps in generating associations in the mind of the people that benefits the organisation. In different industrial sectors especially in the food industry, the customers, competitors, delivery and branding in providing service may differ.

For any business branding is very critical because it changes how customers perceive the brand, it will help to increase the brand awareness and brand drives any new business. Branding is the face of any company. It helps the businesses to be known to the customers and thus helps in getting recognition. Branding helps in proving the food industries with more business values also helps in firmly establishing one's business firmly in the market. People are willing to pay more for branded products as compared to the unbranded ones. Branding helps in differentiating the products from the competitors. It highlights any product or service amongst any other identical products. Along with providing a competitive advantage, it creates an emotional resonance in the customers' mind. A decent brand will experience no difficulty scrounging up referral business.

A brand success reflects the choice with regards to selection which the consumers have made. There is a passive, cognitive and emotional perspective attached to the buying behaviour.

Why Do Some Companies Do Not Brand?

Many famous restaurants established years back don't like to brand themselves or try to expand their business and they will run that business in a single place. There are various reasons why they will not brand themselves. The restaurateur believes in their own family members and partners. They feel that the essence of their business is not safe in the hands of others. They have a fear that their recipe might be leaked. The restaurants upon expanding or branding their business will lose control to a long extent. This is due to many reasons like improper strategic and functional planning, with a smaller number of the members they can trust who can run their business effectively. Many restaurants don't analyse the daily aspects such as how many customers are being fed; which item is not selling and what needs to be updated; how much is spent on the labour cost as compared to the restaurant sales, as they manage their day to day operations of their business. Also, there could be hidden motives for not branding that is the fear of uncertainty. The restaurant business will come under government scrutiny in case of branding. They need to adhere to the labour laws and taxes. The branding involves high cost if it is done through a professional branding agency and there are no instant returns on investment. The brand can be a barrier in entering new markets. This can be highly expensive and time consuming as restaurateurs have to start from scratch to enter a new market.

Problems Related to Indian Context

Considering the background of activities and exercises, there is a lot of work being done and numerous difficulties to be faced in building brands in India. There has to be a comprehensive effort to be initiated from the government as well as from the business people and corporate substances of a country. Tax is one of the primary problems for businesses in India, the tax for restaurants is very high. There are many taxes that are levied on restaurants in India like Trade licence fee, FSSAI licence fee, ESIC and PF on salary and wages, GST at 5% without input tax credit and 18% with input tax credit, charges for removal of both dry and wet garbage on weight basis, electricity duty, Water cess etc. The small restaurant owner finds it difficult to invest such a huge amount of taxation. Starting a restaurant business is not simple as one has to deal with several policies and bureaucratic principles such as selling liquor may not be allowed in some states or one has to get a license from FSSAI before setting up the kitchen. Moreover, the business on partnership or Indian family business generally face internal conflicts. Conflicts can destroy the image of the restaurant and there is a fear of losing the unique selling point of one's business. Tricks and untrustworthy conduct affects the brand name of the restaurants. Competitors perform fraudulent activities by acquiring other's brand name. The restaurateurs experienced significant problems in acquiring and managing fixed as well as working capital. Restaurateurs require a sufficient capital during their initial phases as well as to deal with daily expenditures which is very difficult for them to raise. The restaurant business needs adequate cash flow to manage daily operational costs. The branding of restaurants needs the cash flow to pay for advertisement, social media campaigns, hiring and training of employees, infrastructure, ambience and other licence costs, which creates a point of concern in the mind of restaurateurs before branding. The general work culture in Indian restaurants is that they overemphasize physical participation over performance.

They need to modernize its work culture to improve its worldwide picture and establish a brand name. Indian restaurants must guarantee that global quality benchmarks are being followed and ensure that their items and administrations show a positive picture of their firm. Indian restaurateurs should rush to embrace new innovation in the essential part, food and way of presenting their recipes. To increase the performance of the restaurant and establish brand name in the market, they should be viewed as working on the front line of development and innovation. Maintaining the food taste, quality and uniqueness of the recipes is the most important part for branding. Hiring right employees and trained chefs is important as incompetent staff can irreparably damage the current and future customer base.

Restaurant branding involves a unique name and image for the restaurant in the mind of the consumer. There are many strategies which can help to brand a restaurant. Amongst the various ways to create brand awareness, logo, menu design, restaurant food quality, restaurant theme, name, restaurant speciality is most famous. Advertisement and social media presence are equally important. Defining a personality to a restaurant may prove as an effective push to achieve restaurant's growth and performance. Brand identity will ensure that the restaurant provides a consistent message to the customers. There are instances where branding has been unsuccessful as well as successful, there is a need to find the appropriate applications.

Although there are many benefits of branding the restaurant business, the restaurateurs still consciously choose not to brand or they opt out of branding. They think that branding will not only increase the amount to be invested but will also come with various issues like corruption, lack of trust and government policies. This study investigates various reasons for restaurants to not brand and how the branding will lead to the firm's performance.

Review of Literature and Research Gap

Naehyun (Paul) Jin, Sangmook Lee & Lynn Huffman (2012) examined the connections among restaurant experiences, brand image, satisfaction, and loyalty in the context of full-service restaurants and found that restaurant's environment and food quality are positively associated; customers' perceptions of price fairness do not influence brand image and customers' dining motivations moderate the relationship between restaurant experiences and perceptions of brand image. Laura, (2020), studied why branding is important in marketing and found that there is a difference between brand reputation and brand image which is not specified precisely. A wide range of products often leads to confusion. There is a perception in the mind of the customer that branded products are marketed intensively and would always perform better. Brands are viewed as less risky to buy. When a firm goes for branding, its revenue and market share also increase. Firm becomes stronger than before and enters into a new geographical market with many distribution opportunities. Branding gives a competitive advantage and tremendous benefits over the competitors. Customers willingly pay a premium amount for a well-established brand as compared to similar offerings by others. Brand image and brand reputation both helps in focusing and prioritizing how a firm is being perceived by the customers. Brand image is how customers perceive and forms a perception from past and present purchases. It includes quality, value, variety or services. Whereas reputation is something which is built by a company or firm's corporate action and the way it affects the customer's opinion. (Lo Ying Tuan et al., 2019) investigated the moderating effect of brand image on relationship quality in the chain restaurant industry and found a strong evidence of the moderating effect of brand image on the relationship between patron dining experience (PDE) and relationship quality, where relationship quality in turn affects customer loyalty. Andreassen & Lindestad (1998) attempted to test corporate image and customer satisfaction as two routes to customer loyalty

in the service sector and found that corporate image impacts customer loyalty directly whereas customer satisfaction does not. Clark & Wood, (1998) found that the quality and range or type of food are key determinants in consumer loyalty in the restaurant industry and tangible rather than intangible factors were identified as more important factors in consumer loyalty. Article ‘Customer relations, not brand power, are the most important brand asset’ by Sarah Vizard (2016) talks about the customer centric world and importance of maintaining customer relations all above the brand name. There is discussion about how the developed brands that are keeping up their relationship on customer perspectives are not effectively making an interpretation of those relationships into consumer behaviours. The articles will not talk about how it will affect the restaurant business, how they can improve their customer relation and the problems that can be faced by them in case of branding in Figure 1 & Figure 2.

CONCEPTUAL FRAMEWORK AND HYPOTHESIS

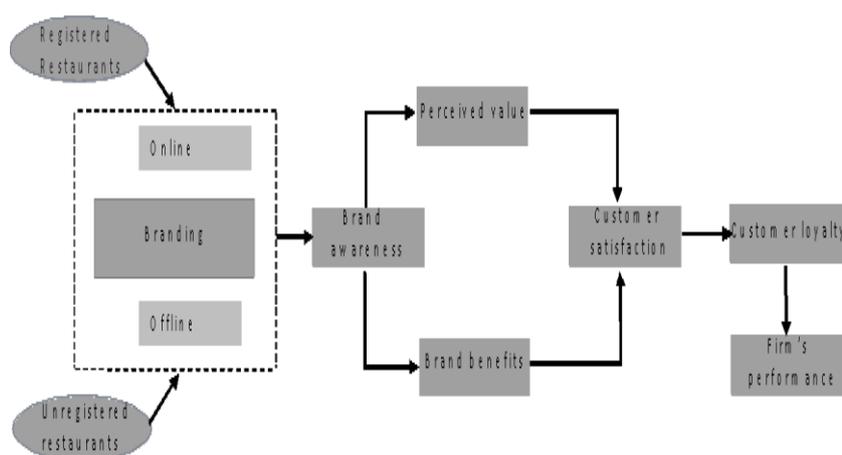


Figure 1
CONCEPTUAL FRAMEWORK AND HYPOTHESIS

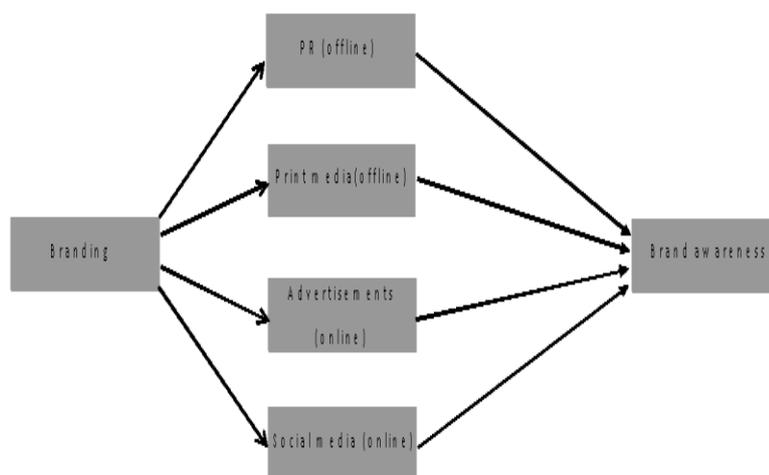


Figure 2
CONCEPTUAL FRAMEWORK MODEL

Table 1	
CONSTRUCT VARIABLES BRANDING	
CONSTRUCT	VARIABLES
Branding	Features Online/offline advertisements Value of brand
Perceived value	Price Quality of food Self-esteem / status
Brand Benefits	Pleasure Self esteem
Customer satisfaction	Expected service Self-satisfaction
Brand Awareness	Recognition Importance of branding Emotional attachment
Customer loyalty	Association with restaurant Frequent visit Repurchase intention
Firm performance	Revenue growth Profit Competitive advantage

RESEARCH OBJECTIVES

The main objective of this research is to figure out the importance of branding and the various factors that impact the productivity and profitability of the firm. Our research focuses on the effect of branding which leads to the performance of the restaurants. It also includes various factors that leads to the restaurateurs to not opt for any branding in Table 1 & Figure 1.

Research Questions

The questions for our research are:

1. *Why is branding important for restaurant growth?*
2. *Is branding necessary to increase the output?*
3. *When and why should a company go for branding?*

Scope of Study

The Scope of study is on determining the Branded and Non-Branded restaurants in Bangalore by studying, understanding and differentiating the variables and being able to identify its result on the outcome i.e. productivity and success.

The study also focuses on the success rate and failure rate of both branded restaurants and Non-branded restaurants to get various outcomes. The independent variables like brand name, price, value, customer loyalty, and dependent variables like customer satisfaction, firm's performance etc. will be helpful for the further study.

To know the influence level of branding, with the help of all these factors we can determine the effect of branding on the restaurants. This study helps in knowing whether a brand is really necessary for the success of any restaurant and also brings outcomes like how Non-branded restaurants survive or earn in a profitable way in the market.

Data Specifics

Primary and secondary data were collected for the study and it includes surveys, feedback and reviews of people on branded restaurants and their trust level on the Brands and the Non-brands. In this process we use both qualitative and quantitative data to measure the relation between inputs we have gathered and outputs which are required to prove the relation between them in order to find out our required outcomes. The Qualitative data will give the meaning, definition, model and metaphor characterizing the desired outcome where expert survey will be used in our study and Quantitative data will give the meaning and measure it empirically. Both together helps in finding out the approximate results. Here the Firm's performance, Customer satisfaction, loyalty, Recognition, Frequent visit, Emotional attachment and some others are termed to be categorical variables and Price, Quality of food, Revenue growth and some other variables are continuous variables. The present study employed a convenience sampling method and collected primary data from respondents in select locations such as Electronics City, Koramangala, HSR Layout and White Field from Bangalore city, India. A total of 350 target respondents have been approached for the study and the complete responses were obtained from 153 respondents. The selected locations represent a large number of branded as well as unbranded restaurants and attract large number of footfalls on a regular basis. The data were collected during January-February 2020 in Table 2 & Table 3.

Variables and Measures

Input (Independent variables (IV): Brand name, Price, Brand value, customer loyalty

uncertain income, uncertain profit and loss values in daily measures.

Output (Dependent Variables (DV): customer satisfaction, firm's performance.

Extraneous Variables (EV): Taste differences, health factors of customers and chefs

Control Variables (CV): Cuisine in the restaurants.

Moderating Variables (MV): Technology used in the modern kitchens and Tastes of different customers, different food trends and cuisines.

Table 2 RESPONDENT DEMOGRAPHIC DISCTRIBUTION		
Sl No	Variable	Value
1	Gender	68% males and 32% females
2	Age	85% between 25-35 years
3	Occupation	40% students; 40% fulltime employees; 20% include retired, unemployed, home makers etc.
4	Annual Income	40% not earning; 10% earn Rs. <3 lakh; 20% earn between 3-5 lakhs; 20% earn between 5-8 lakhs and 10% earn above 8 lakhs
5	Education of respondents	7% passed PUC/ ITI; 65% are graduates and 28% are post graduates

Item/ Variable	Mean	Std. Deviation	Analysis N
Price	3.739	0.8643	153
Ambience	4.176	0.7790	153
Quality	4.837	0.3883	153
Variety	4.163	0.8148	153
Facilities	4.150	0.9373	153
Location	3.928	0.9740	153
Type (Veg/ non-veg)	3.876	1.1489	153
Hygeine	4.804	0.4597	153
Cuisine	4.065	0.9008	153
Service quality	4.484	0.6796	153
Culinary expertise	3.876	0.9055	153
Availability of food	4.340	0.6993	153
Timings	3.902	0.9785	153
Purpose (with family/ friends etc)	3.739	1.1284	153
Time of visit	3.699	0.9739	153
Offers	3.961	1.0252	153

Analysis of data in Table 3 prompts thje researchers to conclude that quality of food is the most important factors with highest mean score of 4.837 on a 5-point scale, followed by hygiene with mean score of 4.804 and service quality with 4.484 mean score. The score of and Bartlett's Test shows a score of 0.783 which shows that the sample is adequate. The ouput of and Bartlett's Test is shown below for reference in Table 4.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.783	
Bartlett's Test of Sphericity	Approx. Chi-Square	665.469
	df	152
	Sig.	0.000

METHOD OF ANALYSIS

As there are many independent variables which differ from the required target variable, we will use ANOVA for finding the relation between the variables like Brand name, popularity, performance, loyalty etc. This helps in choosing the decision and come to a conclusion whether to accept or reject null hypothesis in Table 5.

Analysis and interpretation using Multiple Linear Regression method in R:

Item No	Variable	df	P Value
1	Age	152	0.0567**
2	Occupation	152	0.00073**
3	Income	152	0.0122**
4	Education of respondents	152	0.5851
5	Preference for ambience	152	0.0642*

Source: Primary data

If we take the individual effect of the independent variables on the dependent variable only the three marked ones are less than 5% i.e., only three of them are having significant impact on the dependent variable. But if we take the whole set of independent variables the p-value shows having significant impact on the dependent variable although the individual doesn't. This is because of the interaction effect among the independent variables.

RESULTS AND DISCUSSION

It was found that means-end theory which involves the cognitive process. According to means-end theory, attributes of the products which are selected by the consumer provided him the benefits which in turn lead to the satisfaction of the values. So, there is an effective relationship between the behaviour of consumers in choosing a brand and the personal values of consumers which are satisfied by the usage of that branded product. Every consumer has his own meaning of choosing their brands. So, the hidden dimensions of consumer behaviour can be found through applying means-end theory is one way.

Another dimension of consumer behaviour is the influence of reference groups on consumer behaviour. It is argued that the important reference group for consumers is the family which affects their behaviour and attitude towards brands and also the selection of brands. The reference groups include the purchasing behaviour is influenced by the reference groups family, friends, neighbours and colleagues etc.

Inertia is also a factor which influences the consumer behaviour. Some consumers buy the same brand every time in order to save time, it is the inertia of saving time which compels and influence the buyers to prefer the same brand again

Degree of loyalty in case of choosing a restaurant is also influenced by the type of food, cuisine, availability, ambience which reflects the characteristics of the brand.

It is proposed that the food which consumers eat every day and for a long time, they rarely think about changing these types of cuisines. Sometimes consumers stay loyal to a brand and avoid switching brands, because they want to be saved from mistakes and it regulates their buying behaviour.

It is also found that the reference groups influence the consumers to choose such type of products which leads to status consumption and display of wealth and high status which is basically, conspicuous consumption. Now the products are not consumed only for the satisfaction and getting benefits, although the branded products are used as the symbol of high status and richness. The brands have the power to make others realize the status of consumers and also what they think about them. The consumers who prefer the brand as status symbol are more involved in being social and making friends. They like to be known as 'Social'. The consumers who use the branded products as status symbols are more involved in being social and making friends. They like to be known as 'Social'. Brands help the consumers in letting them know that people idealize them because of the preferring of specific brands.

1. Only two individual independent p-values are showing significant impact on the dependent but overall p-value again is showing to have significant impact of independent on the dependent variable.
2. Occupation of respondents shows huge impact on spending at a branded restaurant.
3. Age group 45 & above also having moderate impact on spending at a branded restaurant.

Analysis on Non-Branded restaurants If Dependent is customer preference then,

1. Above the p-value shows a significant impact of all set of independent variables on the dependent variable.
2. Individual independent variables such as male of age-45 & above prefer non-brand over Branded restaurants.
3. Time to visit have a significant impact on Preference of non-branded over branded Restaurants

According to the research results, coefficient values of all the dependent variables are statistically significant and are different. According to the results, gender is not so much important, and it does not affect the consumer behaviour to that extent at which other variables do. So, it is proved that branding is very important now days in effecting consumer behaviour. So, it is concluded that branding has a great impact on consumer buying behaviour. Overall, the research by using survey methods is valid and reliable.

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