An Investigation on the Characteristics and Efficacy of Word-of-Mouth Communication within the Context of the Bangladeshi Restaurant Industry

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Abstract

Due to the proliferation of restaurants nationwide, the influence of both traditional word-of-mouth and electronic word-of-mouth has become increasingly important in shaping customers' decisions when it comes to choosing a restaurant. Therefore, this research offers valuable insights into the role of word-of-mouth communication within the restaurant industry in Bangladesh. The primary objective of this study was to examine the connection between traditional word-of-mouth and electronic word-of-mouth, along with four critical restaurant factors: service quality, food quality, physical ambiance, and pricing, specifically within the context of the restaurant sector in Bangladesh. The research aimed to explore the substantial connection between restaurant selection and word-of-mouth recommendations. It also uncovered a meaningful link between word-of-mouth and restaurant choices. Furthermore, the study elucidated the noteworthy influence of both positive and negative word-of-mouth feedback on how customers in Bangladesh make their restaurant selections.

Key Words: Word of Mouth, E Word of Mouth, Restaurant, Service Quality, Food Quality, Price, Physical Environment

Introduction

According to a study conducted by Basri, Ahmad, Anuar, and Ismail (2016), it has been observed that the restaurant industry plays a significant role in the service sector of several Asian countries. The restaurant business in Bangladesh has seen significant transformations and is currently witnessing a period of robust growth and success. According to a blog post by B Property in 2018, the practice of dining out with friends and family is increasingly becoming a cultural phenomenon among the population of Bangladesh. Therefore, the acquisition of positive Word of Mouth has become a crucial component of restaurant marketing strategies, irrespective of the chosen marketing platform. The term "restaurant business" refers to the commercial establishment where patrons are provided with food (Muzamil, Qadeer, Makhija & Jahanzeb, 2018). The restaurant industry encompasses a variety of establishments, including nightclubs, banquet halls, diners, pubs,

fixed site snack bars, and food cart vendors, among others. According to Tinne (2012), "the category of upscale restaurants encompasses not just establishments with high prices, but also includes casual-dining and moderate-check restaurants, as highlighted by Sriwongrat (2008)" (p. 128). However, the situation in Bangladesh differs significantly. Prior to achieving independence, there was a limited presence of restaurants in this region. However, during the late 1990s, Chinese restaurants and fast-food chains experienced a surge in popularity, particularly in urban regions. In the year 2000, a significant transformation occurred in the realm of food consumption, as individuals' preferences and attitudes towards food underwent a notable refinement. This shift was accompanied by the establishment of worldwide restaurant chains within our nation (Tinne, 2012). Subsequently, the restaurant industry has experienced continuous progress without any setbacks.

Significance

According to a report by The Financial Express, the Hotel and Restaurant sector accounted for 52.18% of the country's Gross Domestic Product (GDP) in 2018, in relation to the entire service sector. The sector in question is widely recognized as one of the most rapidly expanding industries in the country of Bangladesh. In contemporary times, there has been a notable surge in the frequency of urban customers patronizing restaurants for their dining needs. This trend can be attributed to the prevailing circumstances wherein individuals find themselves engrossed in their daily routines, characterized by demanding schedules. Several factors contribute to individuals' eating choices, including food price, convenience, individual characteristics, the pursuit of pleasure, and social appeal (Oluwafemi & Dastane, 2016). Given the growing demand from consumers, there has been a continuous rise in the number of restaurants in Bangladesh. This heightened competition has underscored the significance of word-of-mouth marketing for restaurant establishments, making it more vital than ever. Consequently, word-of-mouth (WOM) has been acknowledged as a significant influencer within the Bangladesh restaurant industry. It is equally crucial for businesses to recognize the value of customer reviews, ratings, and recommendations when devising organizations marketing strategies.

Research Objectives

This work endeavors to address the existing research gap by presenting a general objective together with a set of specific objectives. The primary aim of this research is to investigate the specific characteristics that stimulate word-of-mouth (WOM) and electronic word-of-mouth (eWOM), as well as to assess the efficacy of WOM and eWOM from the perspective of Bangladeshi restaurants.

To achieve the main objectives, certain specific objectives is followed appropriately.

➢ To assess the dining experience, considering factors like food quality, ambiance, customer service, and pricing, which play pivotal roles in generating both favorable and unfavorable word-of-mouth (WOM).

➢ To specifically investigate the influence of positive and negative word-of-mouth (WOM) and electronic word-of-mouth (eWOM), and their respective effects on customers' decisions regarding food purchases and dining experiences.

Literature Review

In Bangladesh, restaurants regard certain factors as highly influential in generating word-of-mouth (WOM), including elements like pricing, food quality, service excellence, ambiance, and flavor. Word-of-mouth marketing is a sort of interpersonal communication that involves the direct and personal transmission of information, accompanied by emotional cues such as facial expressions, emphasis, intonation, and gestures (Bangsawan, Marquette, & Mahrinasari, 2017). The spread and impact of word-of-mouth (WOM) have been significantly amplified in the Internet era through the emergence of electronic word-of-mouth (eWOM) (Litvin, Goldsmith & Pan, 2008). The difference between WOM and eWOM are found in the media used; WOM is typically face-to-face and eWOM is online (Jeong and Jang, 2011). Online reviews (or ratings) are not just common, they are also important as online reviews are considered to be more effective in influencing consumer behavior thantraditional advertising (Yang & Mai, 2010). Basri et al., 2016, p. 326). The provision of service plays a pivotal role in determining the level of success within the restaurant sector. According to the study conducted by Liu and Jang (2009), the attributes dependable and consistent service and friendly and helpful employees are significantly related to customer satisfaction. The DINESERV scale, devised by Stevens, is utilized to assess the perceived service quality as experienced by patrons of restaurants. DINESERV is grounded in a framework consisting of five aspects, namely reliability, assurance, responsiveness, tangibles, consistency, and empathy, as identified by Muzamil et al. (2018). Food quality is important tangible evidence in restaurant businesses. "Unique food and ingredients play an important role for consumers when selecting a restaurant (Josiam and Monteiro, 2008)" (Basri et al., 2016, p. 326). Considerable food attributes that may include cleanliness, availability of healthy options, freshness, and menu variety (Qin and Prybutok, 2008). Also "presentation, taste, and temperature have a significant impact on customersatisfaction (Namkung and Jang, 2007)" (Muzamil et al., 2018, p. 3). A restaurant's carefully curated ambiance, complemented by a distinct concept, forms the core of the restaurant industry. For a significant portion of restaurant patrons, dining out holds more significance than simply having a meal (Ryu & Han, 2011). These customers often aspire to create

lasting memories during their dining experiences away from home, and the restaurant's atmosphere can indeed play a pivotal role in crafting such unforgettable moments (Ryu & Han, 2011). A restaurant can stand out from its surroundings and draw in potential customers by using audio and visual representation to evoke feelings and set itself apart from the competition. Price has long been regarded as a crucial consideration when customers select foodservice establishments (Soriano, 2002; Gupta et al., 2007). According to Muzamil et al. (2018), price is what motivates consumers to spread the word about a restaurant.   Customer loyalty and satisfaction are positively correlated with price fairness (Liu and Jang, 2009). In contrast, when prices are unfair, customers gripe and generate bad reviews. Consumers believe that high prices indicate excellent quality. Additionally, they associate cheapness with lowliness. In the hospitality sector, WOM has a particularly significant impact (Litvin et al., 2008). WOM is important in the restaurant business since services cannot be easily evaluated when they are being provided by restaurants. When restaurant customers articulate WOM or eWOM, inexperienced customers gain an opportunity to enhance their understanding of tangible factors and to reduce their risk in terms of intangibles. According to Martin (2017), the valence of the mouth can exhibit either positive or negative characteristics. The dissemination of positive feedback through word of mouth has the potential to cultivate a good perception, mitigate perceived risks, and enhance customers' inclination to make purchases. poor word of mouth can result in a poor perception and adversely impact consumer choices regarding purchases or selection of restaurant establishments.

Methodology

This study employs an exploratory research approach, which is then complemented by a descriptive research methodology. This study aims to examine the correlation between various qualities of restaurants, word of mouth (WOM), and the degree to which WOM influences customers' decision-making process when choosing a restaurant. The survey serves as a primary method for data collecting in this study. A survey questionnaire was utilized to enhance the accuracy of measuring effectiveness. Academic journals serve as significant secondary sources that provide an overview of a certain research in this study. A survey questionnaire was created for self-administration in order to capture consumers' impressions regarding the qualities and effectiveness of word-of-mouth communication. The questionnaire comprises three sections. The initial section pertains to the personal information of the customer, while the second section focuses on restaurant attributes and the customer's experience. The last section encompasses the customer's perspectives on the impact of word-of-mouth (WOM) and electronic word-of-mouth (eWOM). The effectiveness of Word-of-Mouth (WOM) and electronic Word-of-Mouth (eWOM) is assessed using a 5-point Likert scale. The scale ranges from 1to 5 where

1= strongly disagree, 2= disagree, 3=neutral, 4= agree and 5= strongly agree. This study used a non-probability sampling method known as convenience sampling.

Hypothesis

The following hypothesis were developed for the study:

H1: Restaurant attributes are significantly related to WOM and eWOM

- ➢ H1a: Service quality is significantly related to WOM and eWOM
- ➢ H1b: Food quality is significantly related to WOM and eWOM
- ➢ H1c: Price is significantly related to WOM and eWOM
- ➢ H1d: Physical Environment is significantly related to WOM and eWOM

H2: WOM or eWOM (Positive/Negative) is significantly related to restaurant choice

Findings and Analysis:

Profile of Sample: In the data analysis, 100 survey forms were utilized. The findings of the descriptive statistics revealed that among the sample population, 57% of the respondents identified as male, whilst 43% identified as female. According to the analysis of the respondents' profiles, the study revealed that a significant majority (87%) of the participants belong to the age group of 18-25. Furthermore, it was observed that the majority of the respondents (86%) identified themselves as students.

Multiple Regression analysis (for H1): The researchers employed multiple regression analysis to evaluate the association between the features of the restaurant and word-of-mouth (WOM). The coefficient of determination, denoted as R^2, is a statistical measure employed to quantify the degree of the linear association between the independent factors and the dependent variable. The consideration of the adjusted R Square, as opposed to the R Square, is important in regression analysis when several explanatory factors are taken into account. The adjusted R Square provides a better comparison between multiple comparison models with different numbers of independent variables.

Table 1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.771	.595	.578	.369
a. Predictors: (Constant), Price, Food Quality, Service Quality, Physical Environment				

Table 1 shows that the R square is .595 which means that approximately 59.5% of the variability of WOM can be explained by the restaurant attributes. And for the model adjusted r square value is estimated to be .578 indicating that 57.8% of the deviation from the mean is explained by the regression model.

Table 2. ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.052	4	4.763	34.838	.000
	Residual	12.988	95	.137		
	Total	32.040	99			
a. Dependent Variable: WOM						
b. Predictors: (Constant), Price, Food Quality, Service Quality, Physical Environment						

Table 2 presents the ANOVA table, which demonstrates the overall significance of the model. The statistical relationship between word-of-mouth (WOM) and the four main qualities is demonstrated. The level of significance, which is set at .000, is found to be lower than .05. Therefore, it can be concluded that there exists a substantial statistical relationship between word-of-mouth (WOM) or electronic word-of-mouth (eWOM) and the qualities.

Table 3. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.497	.208		7.188	.000
Service	.160	.092	.234	1.735	.086
Food	.191	.098	.257	1.940	.055
Environment	.163	.119	.216	1.366	.175
Price	.082	.101	.117	.811	.419
a. Dependent Variable: WOM					

Table 3 displays the beta coefficients, which illustrate the statistical association between each attribute and word of mouth or electronic word of mouth. The food quality is deemed the most crucial element for the Bangladeshi restaurant sector among the four qualities. In terms of food quality, the attribute with the highest beta value ($\beta = .257$) is shown to be the most significant among the four attributes. This suggests that individuals in Bangladesh exhibit a greater inclination to rely on and trust word-of-mouth (WOM) or electronic word-of-mouth (eWOM) when evaluating the quality of food at restaurants. Furthermore, the observed significance level (p=.05) pertaining to food quality which indicates a statistically significant association between food quality and word-of-mouth (WOM). Therefore, hypothesis H1a has been validated. The service quality variable exhibits the second highest beta value ($\beta = .234$), indicating that individuals tend to prioritize the service provided by restaurants after considering meal quality. But in terms of significance level, service and environment both respectably (p=.086) and (p=.175) are close to zero. However, Beta coefficient for physical environment is ($\beta=.216$) which is positive so we partially approve the hypothesizes H1b and H1d and lastly for price significance level of significance is (p=.419) which is very high though the beta coefficient for price is positive ($\beta=.117$). But this is the lowest among all the attributes.

Linear regression analysis (for H2): The second hypothesis was tested using linear regression analysis to examine the potential statistical association between WOM/eWOM and restaurant selection. The dependent variable in this regression analysis is the choice of restaurant, whereas the independent variable is word-of-mouth (WOM).

Table 4. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	R square	Sig.
	B	Std. Error	Beta			
1 (Constant)	1.418	.491		2.888		.005
WOM	.643	.126	.459	5.108	.210	.000
a. Dependent Variable: Choice						

Table 4 presents the findings of the regression analysis conducted to examine the relationship between restaurant choice and word-of-mouth (WOM) communication. Here the r square value is .210 indicating 21% of the dependent variable choice is explained by the independent variable WOM. In addition, the beta value of 0.459 demonstrates a positive relationship, suggesting that a one-unit increase in word-of-mouth (WOM) or electronic word-of-mouth (eWOM) will lead to a corresponding increase of 0.459 units in the selection of a restaurant. Additionally, the p-value of 0.000 suggests a positive link that is statistically significant. Therefore, the findings indicate that while the relationship between word-of-mouth (WOM) and restaurant selection is not particularly strong, there is still a discernible connection. Additional Findings: In addition to examining the relationship between qualities, word-of-mouth (WOM), and restaurant selection, the researcher also investigates the specific influence of positive WOM and negative WOM on the decision-making process for choosing a restaurant. Therefore, the researcher proceeds to elaborate on the statistical association between the selection and the presence of positive and negative word-of-mouth (WOM) or electronic word-of-mouth (eWOM) by correlation analysis.

Table 5. Correlations

		Choice	Positive WOM
Choice	Pearson Correlation	1	.510**
	Sig. (2-tailed)		.000
	N	100	100
Positive WOM	Pearson Correlation	.510**	1
	Sig. (2-tailed)	.000	
	N	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

Table 6. Correlations

		Choice	Negative WOM
Choice	Pearson Correlation	1	-.259**
	Sig. (2-tailed)		.009
	N	100	100
Negative WOM	Pearson Correlation	-.259**	1
	Sig. (2-tailed)	.009	
	N	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

Correlation tables 5 and 6 present the Pearson correlation coefficients, together with their corresponding significance levels and the count of cases with non-missing values. The data shown in Table 5 demonstrates a significant positive correlation between Choice and positive word of mouth. This suggests that a rise in positive word of mouth is associated with a corresponding increase in choice. Table 6 illustrates a negative correlation between choice and word of mouth, suggesting that an increase in unfavorable word of mouth is associated with a drop in choice.

Conclusion

In summary, the objective of this study was to enhance comprehension of the factors influencing word-of-mouth (WOM) and electronic word-of-mouth (eWOM) and their efficacy within the context of the Bangladeshi restaurant sector. The study successfully achieved its objective by investigating four primary qualities of word-of-mouth (WOM) in the context of restaurants, namely service quality, food quality, physical environment, and price. Additionally, it analyzed the effects of both positive and negative WOM and electronic word-of-mouth (eWOM) on customers' decision-making process when selecting a restaurant. Through the utilization of several statistical methodologies, including multiple regression analysis and linear regression analysis, the study has determined that food quality holds the utmost significance in its association with word of mouth or electronic word of mouth. The findings additionally demonstrate a substantial statistical association between the selection of restaurants and the phenomenon of word of mouth. The scope of this research is limited to four specific qualities pertaining to word of mouth. Therefore, it is suggested that future studies incorporate more attributes in order to uncover further elements that may be pertinent to word of mouth or electronic word of mouth (eWOM). For instance, potential attributes to consider may include food quantity, special deals, and current food quality checks conducted by government authorities. Furthermore, the scope of the study is limited to examining the efficacy of word-of-mouth marketing inside the Bangladeshi restaurant business only. The aforementioned research has the potential for future application in various areas, such as banking and tourism.

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