



Received: 21-11-2023
Accepted: 01-01-2024

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

Investigating the Role of Brand Image and Customer Experience in the F&B Industry in Danang

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Abstract

Customer satisfaction has become an important tool and high-level marketing construct in academic and practical research. Its great role is demonstrated through its results in helping to improve the competitive position of businesses and its interactive relationship with cause and effect factors. At the same time, with the rapid and drastic changes in the fierce business environment, businesses in the F&B industry, enhancing customer experience and enhancing

brand image are considered an urgent strategy for businesses to maintain their competitive position. It also shows that service quality is also a premise for customer satisfaction to purchase or choose a particular service. This study adds to the understanding of the customer satisfaction literature in the F&B industry. These results have important practical implications that will help businesses and marketers create and perfect effective marketing strategies and campaigns.

Keywords: Brand Image, Customer Experience, Customer Satisfaction, Customer Value

1. Introduction

According to the report presented by VIRAC in 2022, F&B industry revenue increased by 39% compared to 2021 and reached nearly 610,000 billion VND. Of which, the main proportion of revenue comes from single food services (95%) and only 5% comes from food service chains. This is said to stem from customers' preference for independent restaurants and eateries, and the cost of food service at chain restaurants is quite high compared to people's income. This revenue comes from 338,600 restaurants and cafes. That is the result of a period of many incidents due to the COVID epidemic. However, it is expected that the market value of this industry will increase by 18% compared to 2022, and will continue to grow at a steady pace. However, the industry still faces some difficulties in the process of recovery and development. According to VIRAC's report, the difficulties are said to stem from finding personnel, working skills, and salaries. In addition, a rather sensitive issue mentioned by VIRAC is the loss of raw materials.

Besides the problems stemming from internal factors reported by VIRAC, external factors affecting this industry are also an important issue, that is from the customer's perspective. Academic studies prove that, to bring success to businesses in the F&B industry, customer satisfaction plays an extremely important role. Its great role is demonstrated through its results in helping to improve the competitive position of businesses and its interactive relationship with cause-and-effect factors. At the same time, with the rapid and drastic changes in the fierce business environment, businesses in the F&B industry, enhancing customer experience and enhancing brand image are considered an urgent strategy for businesses to maintain their competitive position. Furthermore, satisfied customers will be more likely to engage with the business, repeat their purchasing behavior, and spread messages to potential customers, helping businesses save on advertising costs, and increase revenue and profits. This was proven by early research that a business's profits will increase by 25-75% when the business satisfies through maintaining old customers (Reich-held and Sasser 1990) ^[34]. In addition, it also helps businesses save costs to attract new customers (Wills 2009) ^[41]. However, the results from academic studies are mixed showing the diversity of factors affecting customer satisfaction as well as the diversity of research contexts.

Studies in different countries also show the importance of customer satisfaction in attracting loyal customers to the brand. For example, Tu *et al.* (2012) conducted a study in Taiwan and also demonstrated that brand image influences customer satisfaction leading to customer loyalty. Not only that, other studies conducted in other countries such as India also showed that all brand image, price, service quality impact on customer satisfaction. Huang *et al.* (2017) also demonstrated that, in the

B2B technology service industry, service quality impacts on customer satisfaction, not only that, when customers perceive the business's service quality to exceed their expectations, they will be satisfied with the service businesses, from there, they will probably buy again and recommend it to others, research conducted in the five Asian countries (Gong and Yi, 2018) [8]. Khan & Fasih (2014) [17] said that most of the research on the relationship between service quality and customer satisfaction is mainly conducted in developed countries, however, socio-cultural differences will make the quality of customer service is completely different from that of developing countries.

Besides studies proving the strong relationship between brand image, customer experience, and service quality and customer satisfaction, other studies also demonstrate that customer satisfaction is also strongly influenced by other factors. Specifically, in the study of Fan and Zainol (2022) [5], the author demonstrated that in the context of car buying in China, perceived value has a positive relationship with customer satisfaction. Similar results were also shown in the study of Lai and Chen (2011) [19] in a public transit system context in Taiwan. Besides, examining the relationship with customer satisfaction in some studies shows that customer trust will lead to customer satisfaction for the independent surveyor services industry in Indonesia (Hannan *et al.*, 2017) [10]. This author proposes that it is necessary for businesses to build customer understanding and trust before customers come to the service. However, the amount of research on this relationship has not really shown that in different contexts it persists. Therefore, in the context of this research, the author proposed that brand image, customer experience, customer value and service quality influence customer satisfaction in the F&B industry in Da Nang.

2. Literature review

Customer satisfaction

Customer satisfaction is an important concept in the business field because of its great contribution in measuring a business's ability to meet customer needs (Martinaityte *et al.*, 2019) [24]. Meanwhile, Maxham (2001) [25] believes that customer satisfaction is subjective for each individual and comes from the experience of using the service. Olive (1997) is one of the authors who first mentioned this concept. He said that satisfaction with products and services will come from the business satisfying customer needs, and it is the assessment of customers. The price is beneficial to businesses regarding their usage experiences. Meanwhile, research by Chang *et al.* (2017) [3] also proposed that satisfaction is the satisfaction of customer expectations.

Previous studies have demonstrated that customer satisfaction plays an important role in reducing costs to attract new customers and retain old customers (Reichheld and Sasser 1990) [34] while also helping businesses retain position in the market thus reducing competitive pressure with competitors. In addition, customer satisfaction can help businesses reduce pressure on product and service prices while increasing positive word of mouth (Tu *et al.*, 2013). Therefore, the result is that customer satisfaction will help increase customer loyalty (Chao-Chan, 2011) [4] and businesses increase profits (Hoyer & MacInnis, 2001) [12].

Relationships between customer satisfaction and related factors

Makhitha, Cant, and Theron (2016) [22] stated that gardeners

not only provide customers with products that meet their needs but also provide superior value, so farmers need to invest time and effort to determine the difference between the value spent and received to bring them satisfaction.

Customer value comes from the perception of superiority of product quality compared to value for money to meet increasingly diverse customer needs (Flint *et al.*, 2011 [6]; Mbango, 2017).

Mahajan (2020) [21] customer value is considered the customer's perception of the value of the product compared to alternatives, meaning the customer is now comparing the benefits received and the costs. He believes that costs include money, interest and other costs such as time, energy... Therefore, he proposed that creating value for customer increases satisfaction and loyalty, success and increase business efficiency. Therefore, in this study, the hypothesis is proposed as follows:

H₁: *Customer value influences customer satisfaction in the F&B industry.*

Many academic studies have proven that brand image is considered a powerful weapon for marketers as well as its influence on customers' behavioral intentions. Many authors have defined this concept in different fields. Brand image is the customer's association and understanding when thinking about that brand, or in other words, it is the way customers feel about a specific service/product or brand (Aaker 1996) [1]. It can be understood as the perception and feeling of customers when they purchase goods or use services. Brand image is defined that "an image is the finding of mental exercise based on few selected impressions among the flood of the total impression and it is developed through creative process of the organization" (Reynolds, 1965) [35], this shows that it is one of the important concepts that has been noticed by businesses very early. Later, this concept was confirmed more clearly in the research of Park, Jaworski, & MacInnis (1986) [32], these authors proved that When a business provides a product/service, it needs to build and maintain a positive image in the eyes of customers, this will help the business achieve a competitive and profitable position, specifically, it will help brings customer satisfaction (Nyadzayo and Khajehzadeh, 2016) [30], as well as helping businesses gain loyal customers (Co, 2003), purchasing behavior (Hsieh *et al.*, 2004) [13]. In different contexts differently, brand image still proves its great role in customer satisfaction. In the context of e-commerce, Merrilees & Fry (2002) [27] has provided a clear research result on this relationship. Wijaya (2018) [40] also affirms that the most important component of products and services that affects customer satisfaction using maxx coffee in Surabaya is brand image. For customers, the brand of beverage companies or restaurants is very important because it directly affects their health. Therefore, brand image positively impacts customer satisfaction and behavior. Based on this logic, this study proposes that:

H₂: *Brand image has a positive customer satisfaction in the F & B industry.*

Reality shows that customer experience is becoming increasingly important to businesses, which is known to be due to the diversity of service types and the development of social networks. The diversity of businesses in providing

products/services has led to increasingly fierce competition. Meanwhile, the popularity of social networks has led to infinite understanding of customers about quality, price, and communication policies of businesses. Both of these lead to many challenges for businesses in the business process, so to meet customers' diverse needs and high requirements for service excellence, the best way for a business to providing customer satisfaction is providing enjoyable experiences for customers. This has been proven in the research of Wong and Tsai (2010) [39], they also believe that customer behavior is becoming increasingly complex and unpredictable, so it is necessary to improve the customer experience. In addition, the interaction process in the service process is also a way to enhance customer experience, thereby improving customer satisfaction, attitude and repeat purchasing behavior.

According to Holbrook & Hirschman (1982) [11], experience is considered one of the components that constitute customer behavior related to their perceptions and emotions. Previous research suggested that "The customer experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer's involvement at different levels" (Gentile, Spiller, and Noci, 2007, p. 397) [7]. Sebald and Jacob (2020) [36] argue that customer experience has different psychological, theoretical, and emotional stages. Either due to direct contact with the product (packaging), service (employee friendliness) (Hult *et al.*, 2019) [14], or "Customer Experience is the internal and subjective response customers have to any direct or indirect contact with a company" (Meyer & Schwager, 2007) [28].

Customer experience is a marketing construct that is important in measuring how service interactions affect customer satisfaction (Klaus and Maklan 2013) [18]. The results show that there is a positive relationship between customer interaction experience and customer satisfaction (Zaid and Patwayati 2021) [42]. A study at PT Indonesia Comnets Plus SPBU Semarang shows that customer satisfaction comes from their experiences of using the service, specifically, when the company provides the best customer experience in communication and work, and interrupted processing, the higher the level of satisfaction. Therefore, this study also proposes research on customer experience affecting customer satisfaction in the context of the F&B industry.

H₃: *Customer experience influence customer satisfaction in the F&B industry*

Service quality is one of the oldest and most important factors in academic research. Grönroos (1982) [9] believes that service quality is the difference between customers' expectations and perceptions of a service. Parasuraman *et al.* (1985) [31] demonstrated that it is a multifaceted construct (tangibility; responsiveness, reliability, assurance, and empathy) and defined "the provision of exceptional or superior service exceeding customer expectations". Businesses that provide good services can successfully achieve a competitive advantage, reflected in the skill proficiency of their employees (Sureshchandar, Rajendran & Anantharaman, 2002) [38]. Lewis (1991) [20] service quality is a measure of the degree of conformity between customer expectations and actual value received.

The quality of service positively influences customer

satisfaction (Kaura *et al.* (2012) [16]. Huang *et al.* (2017) also demonstrated that, in the B2B technology service industry, service quality impacts customer satisfaction, not only, when customers If the perception that the service quality of the business exceeds their expectations, they will be satisfied with the business, and from there, they will probably buy again and recommend it to others, research conducted at the five Asian countries (Gong and Yi, 2018) [8]. In addition, many other studies on the relationship between service quality and customer satisfaction have been proven in different contexts in different countries, specifically Khan & Fasih (2014) [17] and Kaura, *et al.* (2012) [16] tested the dependence of satisfaction on service quality in the context of banking activities, the education industry (Naidoo, 2014) [29], and the hotel industry (Marković, & Raspor Janković, 2013) [23]. Based on the above analysis, the hypothesis is proposed:

H₄: *Service quality impacts on customer satisfaction in the F&B industry.*

Hence, on the logic of the above discussion, the conceptual framework was formed and shown in Fig 1.

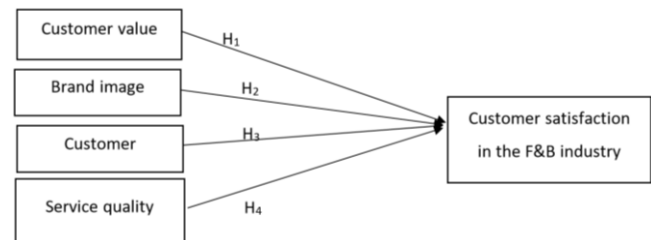


Fig 1: Conceptual framework

3. Conclusion

In today's competitive landscape customer satisfaction plays an important role for businesses and has garnered much attention from academics, as it has some major positive effects on the growth success, and existence of businesses. This is known because customer satisfaction leads to loyalty, word of mouth, and repeat visits. In other words, when customers are satisfied with a business, they will often continue to shop and recommend the business to others. Besides, customers who are satisfied with a business's services are often willing to spend more money and more often on the business's services. Along with that benefit, businesses will receive free advertising from customers through word of mouth, especially electronic word of mouth. Nowadays, e-commerce is growing strongly, after the COVID-19 pandemic, customer behavior has changed greatly, they shop more through e-commerce platforms, so electronic word of mouth has become more important. So it's extremely important for businesses. Therefore, a very important task of businesses is to increase customer satisfaction so they can post positive e-WOM to others. This can help increase sales and save marketing costs for businesses. More importantly, it can help businesses compete effectively in this complex market. This helps businesses build stability and sustainable development. In addition, a new aspect is that satisfied customers will have sincere suggestions for businesses, from which businesses can improve services to better meet customers' needs.

One of the important factors leading to customer satisfaction that businesses need to pay attention to is service quality. Service quality will help businesses create a strong impression in the eyes of customers when they come to a specific store. That's due to the combination of professionalism and friendliness of the staff. One of the aspects of service quality is meeting customer needs and desires. In the context of the F&B industry, businesses in the industry need to provide quality drinks and food, ensuring customers' health requirements such as standards for sugar, fat, or grease.

Besides, customer experience is an extremely important factor in a context where products and services are easily imitated. Therefore, creating a positive and different experience is the deciding factor in the position and price of a business's products and services in the market.

In short, service quality, customer experience, and brand image are extremely important factors for customer satisfaction in the F&B industry and affect business success.

However, besides the contributions that research brings in reviewing the relationships between customer satisfaction and brand image, service quality, customer value, and experience, reviewing the role of related factors towards companies, proposes a research framework that matches specific settings. However, this research does not investigate clearly through detailed service. Future research could use this model to evaluate specific contexts. Besides, integrating and analyzing related studies in more detail to provide more perfect research gaps.

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