



Original Article

Effect of Value Equity on Repurchase Intention – A Study at the Manwah Restaurant Chain

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Received 05 November 2021

Revised 10 November 2021; Accepted 25 December 2021

Abstract: This study was conducted to test the relationship between value equity and repurchase intention of diners at the Manwah restaurant chain. In this study, the authors propose five factors that constitute value equity in the restaurant sector. These are: food quality, service quality, environment, price, and convenience. Data were collected from 400 diners who had used the service at the Manwah restaurant system in Hanoi, and were analyzed by SEM. The results show that value equity positively affects the intention to repurchase. In details, all P-values have values less than 0.05, showing that the factors of food quality, service quality, price, convenience and service environment all have an impact on the value equity factor. Except for the negative price factor's regression coefficient, all the regression coefficients have positive values, showing that these factors have a positive impact on value equity. The negative regression coefficient of the price factor on value equity shows that the reasonableness of the price (customers rate it as low cost compared to the quality and quantity of what they receive) has a negative effect on value equity.

Keywords: Value equity, repurchase intention, restaurant, restaurant chain.

1. Introduction

In the restaurant chain business, maintaining a loyal customer base plays a key role in maximizing value for the business, because doing business in the restaurant industry requires a relatively large investment and depends a lot on the characteristics of the area.

On the other hand, in the context of increasingly fierce competition, customers have many choices and the tendency to switch restaurants is increasing. Even if customers are satisfied with the products and services of the business, it is unlikely that they will make a repurchase decision. Meanwhile, many studies show that the higher the repurchase rate, the greater the profitability of the business [12].

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<https://doi.org/10.25073/2588-1108/vnueab.4711>

According to research by Quick and Burton [3], the cost to retain and keep customers will be lower than the cost of finding and acquiring new customers (the ratio is 1:5). Therefore, in order to maximize value, businesses in the restaurant industry need to focus on activities that encourage customers to buy again and stick with the business.

For first-time purchase behavior, customers are often influenced by external factors such as brand image, price, store name and communication activities [4]. However, in order to make a repurchase decision, customers will rely on their evaluation/perception of the value received from previous purchases, especially the value from products/services that businesses give them. Therefore, one of the key factors to help businesses survive and develop in the current business context is to improve the value, especially the value from the products/services the business brings to existing customers, making really effective decisions to attract customers to make repurchases in addition to attracting totally new customers [5].

There have been many studies on customers' perception of the value received from products/services affecting repurchase intention. However, the approach to research to measure the value of products/services from customer evaluations for marketing activities is still quite new. This approach allows an overall assessment of the value that customers receive from the business. This study applied that approach to study the effect of value equity on repurchase intention in the restaurant sector.

2. Theoretical basis

2.1. Value equity

By 2000, with the goal of promoting and maximizing customer assets, or maximizing value for businesses, Rust et al. introduced the concept of Value equity - as one of the three factors that promote customer wealth [6]. Value equity is a customer's objective assessment of the usefulness and benefits of the

product/service provided by the business - based on the customer's perception of what he needs to spend compared to the value received in return. To improve value equity, businesses need to focus on improving quality, price and convenience [6]. This means that the higher the customer evaluates the benefits received, the more the value equity of that business.

Thus, through the above analysis, it is shown that although each study has its own approaches, in general, it is aimed at the benefits customers receive compared to the costs customers incur. However, the approaches when developing the concept of "customer value" or "perceived value" refer to the total benefits customers receive from products/services, brands, and society in both physical and mental aspects with the goal of measuring customer satisfaction and predicting customer willingness to buy. Meanwhile, the concept of value equity only focuses on the benefits customers receive from business products/services. The term "value equity" is used to imply that the customer's perception of the benefits that customers get from the products and services of the business is an equity of that business. Value equity is equity that businesses have from customers' perceptions and evaluations of the value they receive from products and services of the business. Researching customers' perception of these benefits will essentially measure customers' evaluations of marketing activities that help create value on products and services provided by businesses. From there, managers can give specific marketing instructions towards customer retention, thereby maximizing value equity. Along with that, Rust et al. also proposed specific factors to help evaluate the value equity of a business, which includes quality, price, and convenience [6]. While there are many studies on the effect of perceived value/customer value on repurchase intention, research on the effect of value equity on repurchase intention is still quite limited. Therefore, with the goal of proposing specific marketing activities to help businesses adjust and improve the value customers receive

from products/services, it is appropriate to use the concept of value equity in this study.

As mentioned above, there are three factors that affect value equity: quality, price, and convenience [6]. Quality is understood to include the physical and immaterial aspects of the products and services the business provides to customers. In the field of restaurant service, customers' tastes and eating trends are always changing [7] making it difficult to identify and measure the influence of factors affecting the maintenance and building of relationships. Long-term relationships with customers in the restaurant industry are extremely important and challenging [8]. Therefore, many studies have focused on studying the factors reflecting the quality of restaurant services such as food quality [9, 10], service quality or service attitude of employees [11]. Besides, the surrounding environment such as the cleanliness or decoration style of the restaurant are also factors that contribute to the perception of customers towards the overall service of the restaurant [12, 13]. Thus, in the restaurant industry, the quality factor is assessed by customers through three factors: food quality, service quality and environmental quality.

Convenience is understood as activities that help reduce the cost of time, cost of searching and the effort that customers need to expend to obtain and consume products/services [6]. In the restaurant sector, to create convenience for customers, location is considered a key factor [13, 14]. In addition, the ease of contacting the restaurant when needed [15], parking space [16], or the suitability of the restaurant's service time with customers [17] are also considered by customers when making a decision to consume at a restaurant.

Price: According to Rust et al., the price here is not only the monetary cost but the total cost that customers need to pay to receive the benefits from the product/service provided [6]. However, measuring the level of convenience has partly reflected the cost in terms of time and effort. Therefore, here Price refers specifically to the monetary cost. In fact, customers will perceive

the price in relation to the quality of the product/service they receive, so customers do not always expect low prices. Therefore, the reasonableness of price compared to quality [13, 14]; or the price in accordance with the amount of food [18] are the factors that have been focused on when measuring customers' perceptions of price.

2.2. Repurchase intention

The concept of repurchase intention and factors affecting repurchase behavior has been studied by many researchers [20, 21], in which such studies on repurchase intention have several levels of approach: (1) intention to repurchase of a particular product/service [23, 24]; (2) intention to re-purchase products/services of a brand/business - within a brand/business that can deal in many different items [25]; (3) repurchase intention is considered as a step in the customer's buying decision process [26].

In fact, the nature of purchase intention describes the trend of behavior and is an important indicator of actual behavior. There are many definitions of repurchase intention by different authors, but in general, they all imply the likelihood that customers will return to use a business's service/product in the future [22, 27, 29]; or the customer is a payer but not a consumer [25]; or the customer is both a consumer and a payer [23].

With the goal of making specific recommendations on marketing activities that affect each customer group, thereby increasing the effectiveness of the marketing investment of the business, and at the same time, promoting/improving customer assets, the most important thing is to optimize costs and maximize revenue for businesses, so both groups of customers who consume but do not pay and pay but do not consume are meaningful to businesses. Firstly, even if customers consume but do not pay, but they are the ones who have actual experience with the products/services of the business, they will have specific perceptions and evaluations about the products/services of

the company. Exploiting this information from them will help businesses have specific instructions to adjust their marketing activities and increase the effectiveness of their marketing activities. Secondly, with the object of buying but not consuming, they also play an important role in contributing financial value to the business, on the other hand, in a certain respect they are the object of having certain business products/services.

In particular, in the field of restaurant service business with different purposes of going to the restaurant and going with different customers, customers may have different restaurant choices and customers can completely pay or not. Therefore, the concept of repurchase intention of diners according to the approach of Berry [22], DeSouza [27], Fornell [28] is appropriate: "Repurchase intention is understood as behavioral tendency; customers continue to come back to buy and consume/use products/services of the business." Thus, with this concept, the customer can be the payer and the user/consumer of the product or service, or he/she can be the consumer but not the buyer.

2.3 Effects of value equity on repurchase intention

For first-time purchase behavior, customers are often influenced by external factors such as brand image, price, store name and communication activities [4]. However, for repeated buying situations, customers have had a

consumption experience, so their purchasing decisions are often less influenced by external factors, but are mainly based on evaluations/perceptions for the value received from previous purchases, especially the value from the business's product/service to them. Therefore, one of the key factors to help businesses survive and develop in the current business context is to improve value, especially the value from the products/services the business brings to the existing customer group, making really effective decisions to attract repeat customers in addition to attracting brand new customers [5].

On the other hand, the perception of customers about the benefits received from the product/service of the business is extremely important to determine the level of customer satisfaction and influence to motivate them to continue using products/services of that business because the intention to repurchase depends on the value customers receive from previous purchases/transactions [29]. In other words, customer evaluation of the value received is an important predictor of repurchase intention [30]. Meanwhile, studies on the effect of customer perception of perceived value on repurchase intention are very limited. In addition, repurchase intention is also used as a measure to influence actual purchase behavior and/or actual repurchases [4, 31]. From there, the study put forward research hypothesis H1:

H1: Value equity has a positive effect on repurchase intention.

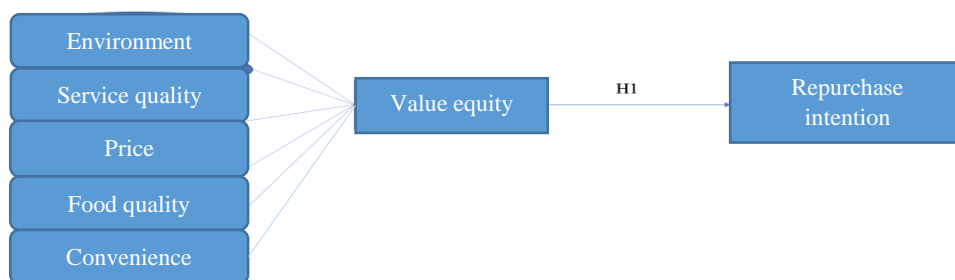


Figure 1: Research model

Source: Authors.

3. Research methodology

The study was conducted at the Manwah restaurant chain under the Golden Gate Company Limited. Although the number of Manwah restaurant chains compared to other restaurant chains such as Gogi or Kichi Kich is less, the scale of each Manwah restaurant is very large. Furthermore, the Manwah Taiwanese Hot Pot restaurant chain is a high-class restaurant and has a wide range of marketing activities focusing on clear activities of quality building, branding and loyalty programs. In addition, the customers of the Taiwanese Hot Pot restaurant system are also those who have good awareness of the restaurant's marketing activities.

The research process consists of two main phases: in the first phase, the authors conducted qualitative research with the objective of: (1) testing, adjusting and screening variables in the original theoretical model as well as determining the relationship among the variables in the research model; (2) adjusting and supplementing the scale for research concepts to ensure environmental suitability in Vietnam; (3) recalibrating the research model to suit the restaurant industry. In order to collect useful information for the research problem, the authors conducted a number of interviews with three in-depth interviewees as customers, and marketing experts, and experts in the restaurant business. The marketing experts interviewed are longtime sales and marketing managers in the restaurant industry. These are the people who have a deep understanding of customer behavior, satisfaction, and what drives repurchases. In addition, the authors also conducted focus group interviews with three groups of customers, each group consisting of 4 to 6 people in Hanoi who have used the service of the Manwah restaurant chain and have a frequency of using restaurant services relatively often (from 4-5 times/month). In-depth interview content included: (1) factors affecting interviewees' repurchase intention for restaurant services; (2) behaviors of choosing and consuming at a restaurant when there is a need to eat out; (3) factors of value

equity affecting the intention to repurchase in restaurant chains.

The second phase - quantitative research - was carried out during the period from April 2020 to December 2020 with the information collection method being a questionnaire survey. Respondents are diners who have used the service at the Manwah restaurant system, regardless of whether that customer is a payer - or invited, whether they actively choose to go to the restaurant or to the restaurant due to the influence of reference groups. The respondents are 400 customers living in Hanoi, selected by random sampling from the customer list (stored in Manwah's customer management system). Methods of collecting information are face-to-face and online.

After conducting the research investigation, collected data were cleaned, coded and processed using SPSS and Amos software version 22. Statistical tools used include re-testing reliability by Cronbach's Alpha coefficient, exploratory factor analysis (EFA), confirmatory factor analysis (CFA) and a structural equation model (SEM).

4. Research results

4.1 Results of testing the reliability of the scale

In order to test the reliability of the scale, the authors analyzed the Cronbach's alpha coefficient of the group of observed variables under the factors constituting value equity in the model.

In addition, the observed variables used to measure the same research concept should be closely correlated with each other. Therefore, in this step, the authors also tested each observed variable through item-total correlation. The data processing results show that the Cronbach's Alpha coefficient of all factors: food quality, service quality, convenience, price, environment, repurchase intention is in the range from 0.7 to 0.9. The correlation coefficient of the sum of all the scales is greater than 0.3. Thus, according to Hair et al. [32], the scale of all the

factors constituting value equity is reliable and eligible for further analysis.

4.2 Exploratory factor analysis (EFA)

The results of factor analysis exploring the value equity scale are as follow: The KMO coefficient reached 0.811; extracted variance reached 63.913% (over 50%); Barlett’s test results have Sig ~ 0. Results of factor analysis of value equity scales and repurchase intention were extracted into 05 factors of value equity and 01 factor of repurchase intention (completely consistent with the theoretical model) and all of factor loading from 0.409 to 0.959. So, according to Hair et al. [32], the results are statistically significant.

4.3. Analysis results of structural equaling model

According to Hair [33] the structural equaling model ensures the conformity of the following indicators to the test criteria: For P value of the test, when Chi-Square squared (less than 0.05), Chi-Square is adjusted for degrees of freedom (CMIN/df) (less than 3 is good, less than 5 is acceptable), GFI (Goodness of Fit Index) (greater than 0.9 is good, greater than 0.95 is very good); TLI (Tucker & Lewis Index) (greater than 0.9); CFI (Comparative Fit Index) (greater than 0.95 is very good, greater than 0.9 is good, greater than 0.8 is acceptable); RMSEA (Root Mean Square Error Approximation) (less than 0.03 is great, less than 0.08 is good). The data processing results show that the P value of the test when squared value is approximately 0 (< 0.05); CMIN/df = 1.801 (< 3); GFI = 0.939 (> 0.9); TLI = 0.926 (> 0.9); CFI = 0.848 (> 0.8); RMSEA = 0.075 (< 0.8). Thus, the structural equaling model meets the testing criteria.

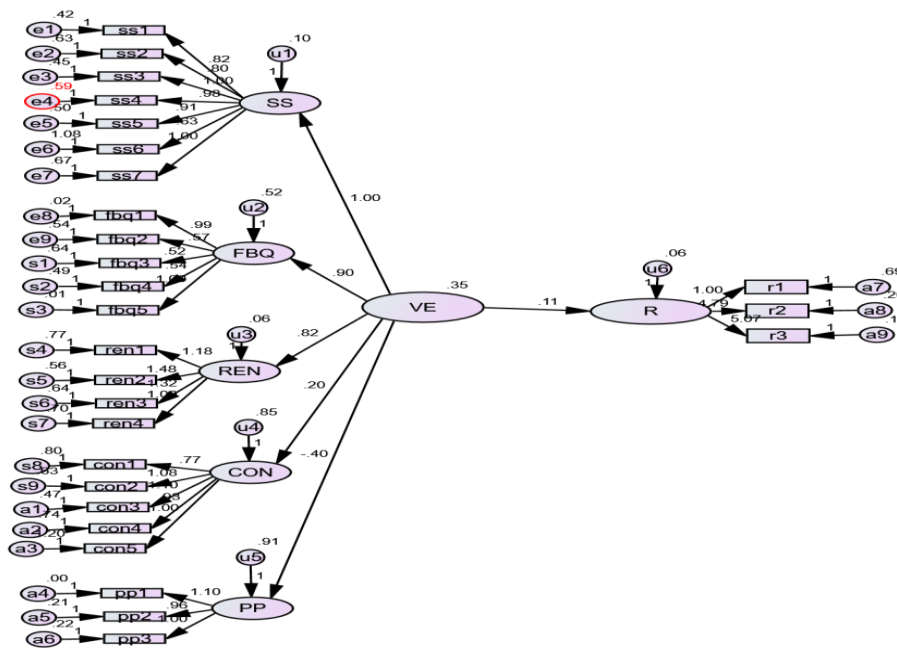


Figure 2: Structural equaling model
Source: Authors.

The weight VE-->R equals 0.11 with a P value of approximately 0 showing that there is enough statistical basis to conclude that value equity has a positive effect on the intention to

repeat consumption at the restaurant (research hypothesis confirmed). Value equity in the restaurant sector is made up of factors such as food quality, service quality, price, convenience

and service environment. The results of factor analysis confirm the relationship between value

equity and its constituent elements as the Table 4.

Table 4: Table of regression coefficients

			Estimate	S.E.	C.R.	P
SS	<-	VE	1.000			
FBQ	<-	VE	.903	.107	8.474	***
REN	<-	VE	.818	.112	7.324	***
CON	<-	VE	.204	.098	2.093	.036
PP	<-	VE	-.398	.098	-4.064	***
R	<-	VE	.113	.032	3.528	***

Source: Author's data processing results in November 2020.

All P-values have values less than 0.05, showing that the factors of food quality, service quality, price, convenience and service environment all have an impact on the value equity factor. Except for the negative price factor's regression coefficient, all the regression coefficients have positive values, showing that these factors have a positive impact on value equity. The negative regression coefficient of the price factor on value equity shows that the reasonableness of the price (customers rate it as low cost compared to the quality and quantity of what they receive) has a negative effect on value equity. This seems absurd, but the reality proves otherwise. Manwah is a high-class restaurant, so for customers dining at this restaurant it is not a matter of cost. The notion that an expensive price corresponds to high quality is valued more by diners than reasonable price compared to other restaurants and the quality and quantity of what they get.

5. Discussion and recommendations

Value equity in the restaurant industry is assessed by customers through factors such as food quality, service quality, environmental comfort, price and convenience. Value equity has a positive effect on the intention to repeat consumption in restaurants. This means that an increase in the customer's evaluation of the elements constituting Value equity increases the

customer's intention to repeat consumption. In other words, the more value the restaurant creates for customers, the higher the repurchase intention of customers at the restaurant. This result once again confirms that creating satisfaction will be one of the factors that bring success in the restaurant business. Therefore, marketers need to carefully study the views and desires of the value and benefits that customers evaluate about restaurant services, thereby offering marketing solutions to meet customers' wishes about restaurant services' value of the restaurant.

The research has also shown a scale to measure the elements constituting value equity in the restaurant sector. Marketers in the restaurant industry need to measure the customers' evaluation of these factors, thereby offering marketing solutions and operational management solutions to improve and enhance the customers' evaluation about those factors.

6. Conclusion

In term of theory, the results of the study have built scales of value equity in the restaurant sector and applied these scales in surveying the effects of value equity on repurchase intention in restaurant chain. Besides, the developed research model, the scales of value equity can be used for theoretical and practical researches in restaurant sector.

Moreover, through a survey of diners at the Manwah restaurant chain, the research results have proven that value equity has a positive effect on the intention to repurchase at the restaurant chain. This result once again confirms that in order to maintain diners, restaurant chains need to improve customers' appreciation for the value that restaurant chains bring to them. To do this, marketing activities and operation management need to focus their efforts on enhancing value for customers.

However, this study was only conducted at a high-end full service restaurant chain. Meanwhile, customers' perceptions and requirements will be different for different types of restaurant. From which the degree of influence of the value equity on repurchase intention may be different. Therefore, future research should continue to implement on other restaurant types and other relevant sectors to test the effect of value equity on repurchase intention.

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