

Impact of Servicescape of Restaurants on Consumer Perceptions - A Study based in Kolkata

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ABSTRACT

The current study examines the relationship between the servicescape of a restaurant and its influence on customers across different restaurant settings. It seeks to study the servicescape cues that impact consumer perception and behavioural intention i.e. consumer responses. A questionnaire survey was performed for the same, among different age groups in Kolkata to gain insights about consumer perception. Results indicate that there is an inextricable link between a restaurant servicescape and consumer satisfaction. Dimensions of a servicescape that consumers perceive important came to fore and also the sensory and emotional responses.

Keywords: servicescape, restaurants, customer satisfaction, customer loyalty, intention

I. INTRODUCTION

'It pays to be obvious, especially if you have a reputation for subtlety.'

-Isaac Asimov

The restaurant industry today is very lucrative however the competition has increased manifold. Consumer satisfaction has always been the key. With the changing consumption patterns, lifestyle, income, availability of options this equation has to be rebalanced. The restaurateurs have worked on various aspects to win this satisfaction however, the star flagbearer remains the servicescape. The servicescape is the physical environment of a service organization wherein the service is provided. Even with increasing technology and digitalization in the industry, the NRAI report¹ finds that the scale of customer's preferences still tips towards dine-out 75% times while the takeaway and online delivery of food market gets only 25%. The servicescape influences not just the first impression of the customer for the place but also several implicit perceptions about the service quality standards, quality of food and the prices. Servicescape can be seen as having two aspects- the physical aspect, the ambience and its elements, and the intangible aspect with sensory triggers that appeal to the consumer's senses. It is essential to find a perfect synergy between the two aspects for the consumer to value these subtle stimuli, and hence restaurateurs need to make these subtleties obvious so that they do not go unnoticed. This will eventually enable restaurants to position themselves for long term success of business armoured with a loyal customer base.

Servicescape as a concept has evolved over time by various studies. One of the newer concepts in the service industry is the emergence of the **experience economy**² the importance of which for service industry, can hardly be overstated. As coined by Bitner 'servicescape' is to service as packaging is to a product. In other words, it is instrumental in tangibilising the intangible elements enhancing the experience and its cognition.



Figure 1: S-O-R Model

¹ India Food Services Report (IFSR), 2019 by National Restaurant Association of India (NRAI).

² B. Joseph Pine II and James H. Gilmore (1998)

One of the first researches, The **Mehrabian and Russell model** (1974) analyses how the servicescape significantly impacts human behavioural responses. According to this, the perception of various servicescape cues, either conscious or subconscious influences feelings and responses in the consumers.

The **Stimuli-Organism-Response (S-O-R) Model (figure 1)** helps conceptualize the association between the restaurant's ambience, consumers emotions, and hence satisfaction. The stimuli being the servicescape elements induces the consumer (the **(O)rganism**) to respond in a way that can be channelized in the restaurant's favour. These responses are broadly categorized into 'approach and avoidance' responses.³ Approach behaviours include choosing the restaurant, favourably recommending to others, intention to explore, Restaurant loyalty, staying longer. On the contrary, the negative cues induce avoidance behaviours.

Tangible dimensions of the servicescape are the **stimuli (S)** that elicit a response in the receiver of service. The list of these elements can never be exhaustive because with innovation and novelty the list keeps getting longer. Further, there are no solid lines of categorization of these elements, for instance, furniture forms a part of the spatial layout as well as the décor. **Lighting and colour** of the ambience are one of the first noticeable characteristics of any place. Most eateries are preferred well-lit to enable a better view of the food and for a clearer sight. Notwithstanding that, dim lights or candlelit aura too have their own distinct appeal for certain moods conveying a feeling of cosiness. The background **music** is a powerful and cost-effective tool to enhance the experience and influence the customers' mood. Music can be very engaging, and uplifting as well as extremely soothing and comforting. While at clubs and disco places consumers prefer loud music, they prefer slow soothing music in fine dining. **Fragrance or smell** of the servicescape is also a cue stirring emotions that enable place attachment and have a recall value and hence enabling brand loyalty. Smells also induce appetite. The **layout and design** of the place is very significant. It includes furniture, alignment, navigable walkways, space in the aisles, and **seating** offering varying degrees of comfort and levels of scope of privacy or socialising. Ambient conditions like **temperature and air quality** and **neatness & hygiene** give an edge to the ambience. One of the most differentiating and novel elements of a restaurants servicescape is its **décor** and design aspect. The **social element** that is the Density or privacy, are other facets that are impactful atmospheric variables.

Food the most important product offered in a restaurant servicescape is also seen as an element of the ambience. While the taste of the food is not a part of the ambience, the presentation is and so is its aroma. The aesthetic appeal of the food served is the most riveting aspect of the servicescape.

Sensory Stimuli or 'Atmospherics' as defined by Kotler (1973) has four broad sensory classifications: visual, aural, olfactory and tactile factors. The visual sense is the most obvious being the first stimuli and hence most dominant. Auditory relates to sound. Olfactory stimuli relating to smells is considered one of the most emotional and sensitive. And finally, the tactile stimuli elements that convey the feeling of cosiness or space. There are no clear distinctions between each sensory stimulus. For example, while food primarily delivers to the gustatory sense (taste) it alludes to the sense of smell and visual appeal too. Further, all these senses work together to enable an integrated perception and experience. Consumers respond emotionally, subjective, psychologically and cognitively in the presence of a particular servicescape, its cues, and the various stimuli received. They show varied behavioural **responses(R)** that can be studied to get insights. These emotions serve as a guide to a person's level of satisfaction derived from the servicescape. Finally, Restaurants fall into different classifications based on the standard and pricing, type of food or cuisines offered, way of preparation, menu style, origin and culture of a place, the layout of the servicescape etcetera. Restaurants can be of various types like fine dining, casual dining, cafes, bars and clubs, on-the-move shops, ethnic, fast-casual, fast food, buffet and further subclassifications like café, cafeteria or coffee house, bistro and brasserie, creperie, pizzerias and the like. For this paper, however, we will consider 5 categories attempting to cover all these minor variations.

Nature of Problem

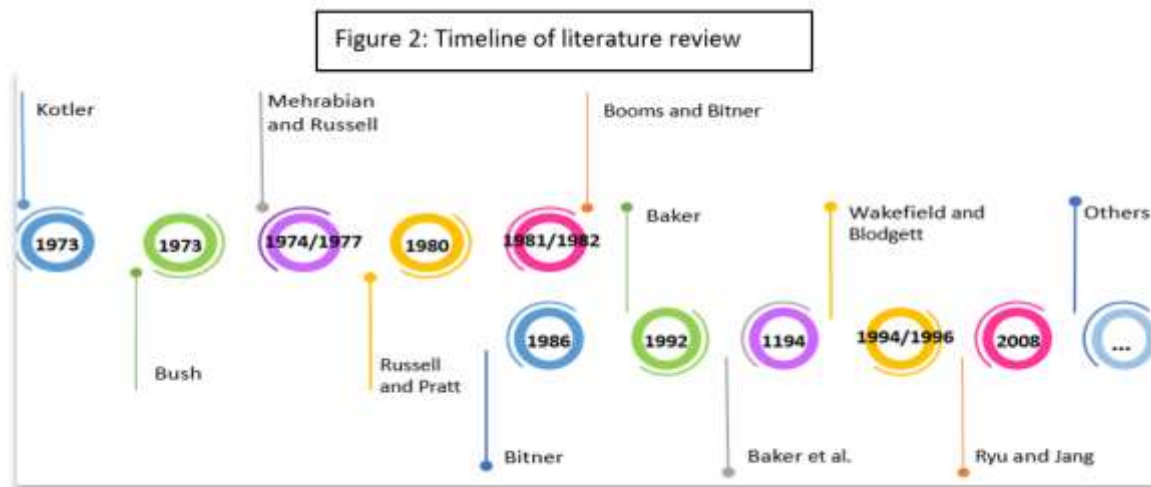
With increasing technology not only do the restaurants have to be more equipped with the changing trends but also compete with cloud-based food aggregators. Hence their forte is physical evidence and its essential to realize that working on it will singly help them stay in the competition.

A lot of work on the importance of servicescape has been done however not as much has been done on restaurant-scapes. Also, the few articles that have done so were primarily focussed on a particular restaurant setting. This dissertation intends to study the same for five different restaurant settings and hence receive varying perception linked to different settings. Also, this paper emphasizes on the sensory stimuli as well as the responses in congruity.

II. LITERATURE REVIEW

There is a vast literature on servicescape and its ever-growing influence on human psyche brand loyalty, customer retention and satisfaction. Starting **from 1973** the time frame (**figure 2**) is substantial and hence considerable models and discerning work has been created.

³ Approach and avoidance behaviour in the S-O-R Model by Mehrabian and Russell (1974))



Philip Kotler (1973) in his article 'Atmospherics as a Marketing Tool' (Journal of Retailing) first acknowledged the servicescape to be important coining it as 'atmospherics'. He also stated the various sensory stimuli that the atmospherics may create, classifying them.

Later Mary Jo Bitner (1992) in 'Servicescapes: The impact of physical surroundings on customers and employees' coined the term 'servicescape' as an integrated whole of ambient conditions and physical setting. The three dimensions of servicescape -ambient conditions, spatial layout and signage were a breakthrough.

Mehrabian & Russell (1974) in 'An approach to environmental psychology' advanced considerable research in this field. The major contribution is that of the bifurcation of emotions into **pleasure, arousal** (and dominance)- This model was based on Bush's (1973) three dimensions of emotion a few other studies.

Among leisure servicescapes studies, restaurants came to fore a little while later. While studies began as back as 2001 (Mattila), Ryu's 'Dinescape' (2005) brought restaurant servicescape to mainstream. Thus, an increasingly significant literature exists and is being developed.

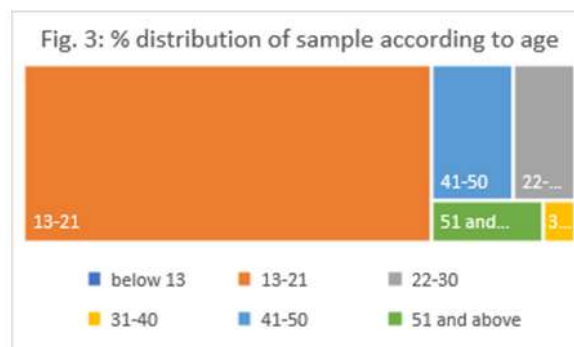
III. OBJECTIVES OF THE STUDY

- 1) To determine if there is a **link** between the servicescape and consumer's selection of restaurants.
- 2) To identify the **characteristics** of a restaurant's ambience that consumers perceive important for overall satisfaction.
- 3) To identify the dimensions of a restaurant's ambience that consumers perceive important concerning different types of restaurant **models**:

Fine dining, Casual dining, Fast-casual, Café/bakery, & Enterprise

IV. ANALYSIS AND FINDINGS

The article is based on a research and hence analyses conducted on the research data reveal notable insights. The sample comprized of **150** consumers based in Kolkata, collected using opportunity and snowball sampling. The trends show that there were twice as many females as there were males, of which students comprize 75% and consequently maximum respondents were of the age group 13-21(**figure 3**).



For making it more intelligible the findings are elucidated according to the objectives of the paper.

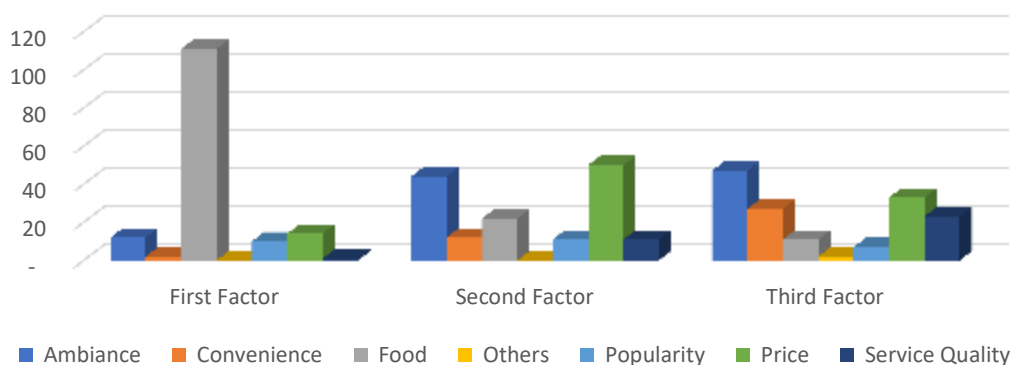
Objective 1.

We observe an undeniable link between servicescape and restaurant selection decisions. Based on the survey it can be said that it's only the third consideration after primary product and price (**figure 4**) which itself speaks volumes of its importance.

Figure 4.1: Frequency Distribution table - On what basis do you decide which restaurant to go to?

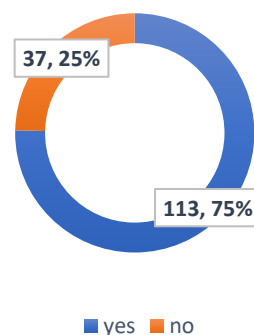
Row Labels	First Factor (%)	Second Factor (%)	Third Factor (%)
Ambiance	8	29	31
Convenience	1	8	18
Food	74	15	7
Others	-	-	1
Popularity	7	7	5
Price	9	33	22
Service Quality	1	7	15

Figure 4.2 Preference of restaurant selection factors.



Further, about 37% of the respondents believe that ambience matters extremely. Also, 75% of the people are willing to pay a higher price for a restaurant with good ambience (**figure 5**), thus indicating the value of servicescape in their perception being considerable. Further 63% are willing to sacrifice the comforts of home-delivered food in exchange for a good ambience, which shows that most people are willing to incur the opportunity cost of home-delivered food.

Figure 5: Are you willing to pay a higher price for a good ambience restaurant?



Lastly, when asked directly if they consider ambience as a basis for selection of restaurants 63% agreed. Therefore, it pays for restaurateurs to use it as their most important tactic to win the competition.

Objective 2.

As seen in a lot of previous literature on servicescapes there are certain dimensions of ambience that are universally accepted as significantly impactful (**figure 6**). We find Aesthetics and décor occupies the top spot with 56% people choosing it as their first or second preference. This is followed by neatness and spatial layout which also adds to the aesthetic appeal of the place. It is also indicative of the fact, that people are increasingly becoming more hygiene conscious with an increase in the standard of living; more so in the aftermath of the pandemic.

Figure 6: Table showing preference of dimensions of restaurant ambience

Factor	Preference 1 (%)	Preference 2 (%)
Aesthetics/decor	41.33	15.33
Aroma	4.67	9.33
Lighting and warmth	12.67	18.67
Music	10.00	18.00
Neat and organised	22.00	18.67
Uniqueness/ novelty	9.33	20.00
Total	100.00	100.00

We observe an inclination of consumers towards the visual stimuli like in certain settings, facets like sound and aroma are mere background elements, the aesthetics more often steals the show. Thereby we can deduce the fact (as the title of the paper hints) it is the obvious elements of the servicescape that are dominating and impactful while the subtler ones might get overlooked. However, it is not to say that the subtle elements are useless since they are always supporting pillars without which the entire balance and feel of servicescape feel can get disturbed.

Objective 3.

We observe that indeed our contention that the relative importance of different dimensions changes with different restaurants settings is true. For example, the aroma is a major aspect in café and bakery whereas the music is an important aspect in fast-casual. (**Figure 7**)

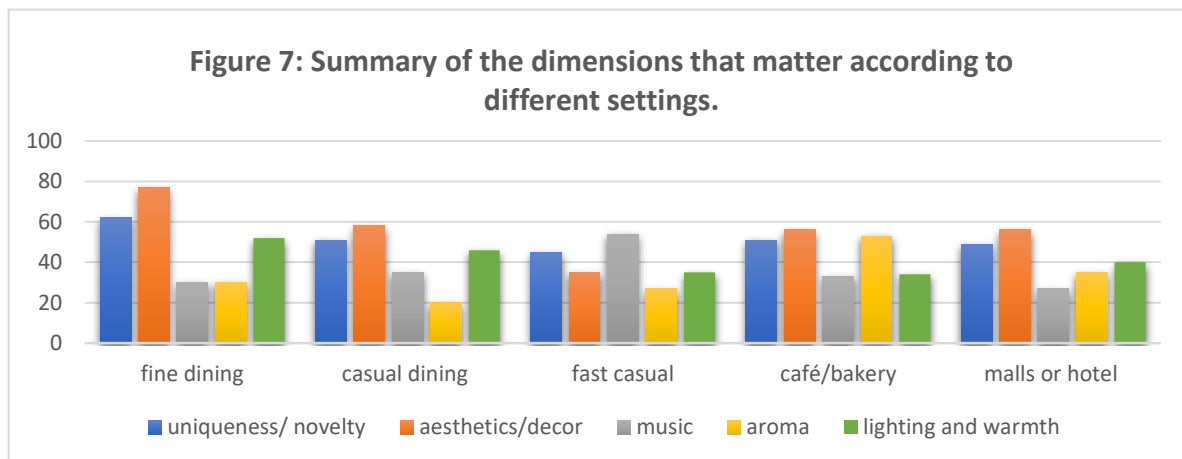
Fine dining restaurants are distinguished because of their superior servicescape elements and sophisticated ambience. Accordingly, in the survey aesthetics and décor are most preferred dimensions. Also, uniqueness and novelty is chosen by quite a few respondents because restaurant-goers look for new experiences and money's worth. Lighting and warmth is another criteria chosen by respondents, indicating that people intend to spend more time in fine dining and hence prefer more soothing cosy environments which are more aesthetically satisfying.

Casual dining restaurants are somewhere between fine dining and the fast-food kiosks with features too placed in the mean of the two settings. Aesthetics and décor is yet again the most preferred dimension followed by novelty. However, music has gained more importance as different people prefer different aspects of casual dining.

Fast-casual restaurants are smaller servicescapes and usually sell fast food. Millennials usually dining in such restaurants prefer fast music that gives a certain energy and vibe to the atmosphere. Hence music has been the first preference. What is notable here is that aesthetics takes a back seat because people do not tend to spend long hours here.

Cafés and bakeries are small servicescapes majorly selling desserts. People hence consider aroma as a significant servicescape element here.

Enterprise settings that are restaurants in malls or hotels are not a distinct type, exist in one of the above forms. Aesthetics and décor occupies the first spot because it's imperative that their servicescape is attractive to engage customers.



Therefore, the above observations find us in congruency with the previous researches. For instance, it resonates with Bitner's contention that the main servicescape cues influencing customers are ambient conditions, spatial layout and signage which subtly hints at the predominance of visual cues while also highlighting the importance of overall sensory impact. This research also verifies the contention that servicescape can influence customer responses.

However, the last objective is a new addition to these studies and hence has not been validated by previous researches. The sample being biased towards young student population is hence a limitation to this research and the analysis is hence biased.

V. RECOMMENDATION

While intended to be a pure research paper, it would be a privilege if insights from this paper could have applications influencing the restaurant industry like:

- Working on the customer experience is a key to winning lasting **allegiance** from customers. Starbucks is known for its 'third place policy'⁴ for customers and not the place to serve the best coffee in the world.
- While the fine dining capitalizes on the ambient conditions, casual dining restaurants are exceedingly working on theme-based unique ambiances. Cosy book cafes are popular too. Free Wi-Fi is another important offering that attracts young student population.
- The hygiene and sanitation considerations are equally cardinal to the operations, more so in the aftermath of pandemics like COVID-19 which has impacted consumer psychology irrevocably. This industry is in particular immensely impacted. Trends too will be altered. However, there will always be a way we overcome this. For example, with work from home being the order of the day, trends like work from café may become popular and provide new opportunities.
- Furthermore, to enhance the experience it is indispensable to adopt new technology that will impart a novelty, prevent it from being obsolete and is a relatively uncharted territory in this industry.

VI. CONCLUSION

Tech-savvy, career-driven millennials, increased working women, higher internet penetration, and increased disposable income present promising prospects for most restauranteuring dreams to emanate from. Despite this seemingly idealistic appearance of the restaurant industry it is fraught with difficulties. Hence, location is no longer the key to success. Every place is saturated with multifarious restaurants. The strategic issue lies in establishing and retaining a loyal customer base. Firstly, because consumers are spoilt for choice. Secondly, customers are becoming more adventure-loving inclined towards experiencing and exploring new places every time they go out.

Therefore, the key is customer experience which is perceived differently and influences each customer's psychology uniquely. Therefore, the prime role of today's restauranteur is to expressly provide customers such rich, engaging servicescape experiences.

⁴ A concept pioneered by Ray Oldenburg (1989), in his article 'The Great Good place'.

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