Chapter 9

9. IMPLICATIONS

The purpose of this chapter is to present managers of fast food retailers with several insights from the present research that may prove to be a useful guideline in designing successful strategies to operate in the competitive Indian fast food industry. Additionally, academic implications of the research are also elaborated.

9.1. THEORETICAL IMPLICATIONS

1. In the research, perceived value in services, i.e. service value is related to customer satisfaction, attitudinal loyalty components, behavioral loyalty and word of mouth. What is new is the service value scale deployed is based on Holbrook’s (1994) conceptualization of perceived value. Indeed, there are several popular value scales developed in marketing literature, but Holbrook’s value typology is considered to be the most recent development and the most theoretically sound Sánchez-Fernández et al., (2009).

2. Furthermore, the value scale used in the study is an empirical extension to Holbrook’s value typology in the service industry as examined by Sánchez-Fernández et al., (2009) (vegetarian restaurants to be specific, which is almost similar to the context of the present study, fast food). The interesting facet of Holbrook’s typology is it considers value dimensions like ethics, spirituality, status, and esteem which often do not reflect in common market place exchanges. However given the diversity of services these value dimensions often play a significant role in determining customer choice behavior over and above the popular value dimensions like quality,
efficiency, aesthetics or play, especially when we are looking for value perception in a secular country like India.

3. Next, the research takes help of structural equation modeling techniques to identify the particular effects of each dimension on customer satisfaction, attitudinal, and behavioral loyalty. Academicians and marketing researchers may benefit from the findings of the study in a way that the important value dimensions effecting the entire satisfaction and loyalty cascade are indentified. Few of the observations are also in contrast to the existing marketing literature. This may prove to be a point of concern. It allows a window of opportunity for academicians to rethink on the application of existing theories which are developed in advance countries like US in the context of emerging economies like India.

4. The study also provides empirical evidence to the development of behavioral loyalty and word of mouth involving customer’s satisfaction and attitudinal loyalty. Although not specified explicitly in the hypotheses proposed, the findings of the study revealed that satisfaction effects cognitive loyalty first. Cognitive loyalty impacts affective loyalty and affective loyalty effects conative loyalty and finally conative loyalty impacts behavioral loyalty. The findings confirm the theory of reasoned action (Ajzen and Fishben, 1980) and Oliver’s (1999) study involving the development of brand loyalty in a consumer. The study emphasizes the measurement of both attitudinal and behavioral loyalty to identify true loyal customers. And in addition it identifies the value dimensions that have significant impact on the development of true loyal behavior.

9.2. MANAGERIAL IMPLICATIONS
Competitive advantage of a firm cannot be reduced to a formula or an algorithm. In strategy literature Michael Porter, (1980) talks about generic strategies which in broad terms deals with how a firm can better thrive to position itself to compete in the market it serves. Strikingly similar to this concept Johnson and Tellis (2008) provides a conceptual framework to analyze the drivers for a successful market entry in emerging economies. The authors Johnson and Tellis’ (2008) analysis of the successful entry of a wide range of firms in Indian and Chinese markets reveal that apart from firm strategy and firm resources for a successful market entry the economic and cultural distances between the home and the host country and the host country characteristics also play a major role. The differences in culture and its effect on fast food retailing in India is evident in the marketing strategies followed by several global brands operating in India. However, from the present study a number of managerial implications may be derived.

1. The foremost managerial implication is the importance of service value in determining desirable behavioral outcomes in a customer in terms of repeat purchase and spreading positive word of mouth. The importance of maintaining loyalty among customers has already been discussed in details earlier in this thesis. The present research points out that customer perceived value in services in the form of service value dimensions play a critical role in determining satisfaction, attitude as well as behavior of customers in Indian fast food retail industry. Therefore managers are advised not just to rely on customer satisfaction figures to evaluate their business. Because, satisfaction scores may not always reflect the true behavioral nature of customers. Satisfied customers often defect. However a managerial focus on delivering superior service value may reduce the possibility of such defection.
2. It is not just the behavioral brand loyalty that identifies true loyal customers. The results of the study reveal that in order to elicit true behavioral responses in the customers of fast food retail in India, attitude of the customers towards the fast food brand needs to be identified. Attitudinal loyalty at all three levels, cognitive, affective and conative if not accounted for may lead to spurious loyal behavior. If managers just go by the traditional definition loyalty as repeat purchase, they may be mistaken. Therefore measuring attitudinal loyalty is of equal importance as measuring behavioral loyalty to get a clear idea of the portfolio of loyal customers the brand nurtures.

3. On the impact of the individual value dimensions it is found that as the customers evolve from being satisfied to being attitudinal loyal to behavioral loyal, the impact of efficiency reduces. From the managerial point of view it may mean that the urban customers of fast food are comfortable with the monetary and non monetary expenses they incur in availing fast food at their brand of choice although it matters at every post purchase evaluation evidenced in the impact of efficiency on customer satisfaction. However, according to the test results a shift in focus from just delivering quality and efficiency to ensuring a fun filled enjoyable service experience can lead to betterment in loyal behavior. Frances X Frei (2008) in a Harvard Business Review article “The Four Things a Service Business Should Get Right” mentioned that while designing an effective service offering firms need to excel in the attributes that the target customers appreciate the most and can compromise on the others.
4. Findings from the study indicate that aesthetics does not have any impact whatsoever on customer satisfaction or loyalty. Fast food retail managers therefore can compromise on investing additional resources in beautifying their floor space, although a minimum level of aesthetics needs to be maintained to ensure points of parity. On the contrary the social value, altruistic value and play emerged to be the most important service value dimensions. Managers therefore need to device marketing strategies in such a way that ensures the customers’ service experience is full of fun and excitement together with a visit to the loyal brand of retail portraying status and esteem among the customer’s peer group. The former can be achieved by training the members of the staff in interpersonal skills, and point of sale innovative marketing strategies. The later can be achieved through integrate marketing communications that promote the brand and its philosophies. This is because; the ability to learn and store information plays a role in many psychological processes. Differences in the amount, content and organization of the information stored in the memory are known to affect decision making process (Schoormans, 1999). However, managers need to be careful in implementing advertising strategies to ensure favorable perception of altruistic value among its consumers given the secularism prevalent in India.

5. “Advertising helps us to make sense of things. It validates consumer commodities and a consumer life-style by associating goods with personal and social meanings and those aspirations and needs which are not fulfilled in real life,” explained Dyer (1982). Advertising is a potent form of mass communication which is instrumental in providing products with symbolic meaning and developing symbolic associations for brands within consumer culture (Elliott 1999). Hudson, Hung and Padley, (2002) proposed that cultural attitudes and beliefs determine
how people respond to and are motivated by advertisements. Although fast food retails in India pay due respect to the social and cultural norms which are portrayed in the advertisements in national television and print media managers are cautioned nevertheless on the use of catchy taglines and the use of local languages.

6. Last but not the least, it has been observed that the operational integrities of the fast food retailers in India are market oriented rather than customer oriented. This calls for adopting a strategic approach towards the customers in order to influence their behavior towards fast food consumption. Customer loyalty programs have proved their credential to gain a competitive advantage in the western countries. However; In India fast food retailers both domestic and international ones have not so far applied any of these marketing efforts. Kumar (2010) stated that customer retention is one of the major objectives put forward in corporate strategies of a firm and customer loyalty is indispensable to improve customer retention. Therefore, industry experts believe that amidst the strong growth rate, it would be appropriate for the companies to launch customer loyalty programs. The findings of the study in terms of understanding the critical value dimensions in loyalty formation may assists managers of these retails to craft effective loyalty programs in the years to come.