A Factor Analytic Investigation of Electronic Word-of-Mouth towards Fast Food Industry in Sri Lanka

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Author's contribution

The sole author designed, analysed, interpreted and prepared the manuscript.

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ABSTRACT

In modern marketing, the Fast Food Industry has experienced lots of changes. These changes have influenced both industries and the nature of the rivalry. Consequently, it is not shocking that these bread winners have been enforced in a puzzling situation to concentrate on their customers instead of positive word of mouth communication. One of the best ways that restaurants can be differentiated from others and accomplish competitive advantage is using positive word of mouth. Consequently, this research is contributed to the vital element that is influencing on Electronic Word-of-Mouth (EWOM) in selective Fast Food Restaurants. The data were collected from a convenience sample of 200 customers in Colombo Divisional Secretariat Division, Sri Lanka. The respondents provided the data utilizing a close-ended questionnaire. Exploratory Factor Analysis has been used to analyze the data and to draw the findings. From the factor analysis, it has been identified that four factors, namely Encouragement, In-depth explanation, Differentiation and Contacts, are the primary influencers. These four factors have combined variance of 55.411% of the decision regarding the adoption of Electronic Word-of-Mouth by Fast Food Restaurants to ensure strategic development.

Keywords: Electronic Word-of-Mouth (EWOM); exploratory factor analysis and fast food industry.

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1. INTRODUCTION

Word-of-mouth communication was bone with human interaction; it has become an active portion of many significant marketing communication operations over the past years, due in part to the power inherent in such a social spectacle. Therefore, word-of-mouth communication is a crucial feature in marketplace phenomenon too, by which customers obtain information relating to the institute and their offerings [1]. It is frequently observed as more vital for services than goods. Dhillon [2] proposes That Most of the service providers acquire their clients through word-of-mouth communication referrals. The stint word-of-mouth communication is used to define verbal communications either positive or negative between groups such as the merchandise provider, independent specialists, family and friends and the genuine or prospective customer (Stokes & Lomax, 2002) [3].

The positive word-of-mouth communication defined as the favourable word-of-mouth which comprises novel involvements; endorsements to others; and even notice able demonstration [4]. On the other hand, (Gremler & Gwinner, 2000) [5] point out that word-of-mouth habitually undesirable because it may be the only foundation them likely to hear about the negative of the product or service. That only formulae an independent basis, and it is the routine of individuals to express others about a negative experience than a positive one.

In Sri Lanka, lifestyles and the taste of foods have changed dramatically through the liberalization and many new entrants in the Sri Lankan economy from 1980 [6]. Asian peoples including Sri Lankans are generally fond of cooking food items in their homes. It is understandable that on the other hand, growing knowledge and adoption of western culture bring a modification in food consumption pattern among Sri Lankan families who lives in a particular city area.

Gremler, Gwinner and Brown [7] endorse that one of the preeminent tools for restaurants to be distinguished from other restaurants and extent to maximization is consuming word-of-mouth. Further, Dhillon [2] specifies that by its nature, this form of communication is outside the formal control of administrations. Nevertheless, its result is such that the capability to affect or inspire

word-of-mouth could be a dominant marketing instrument.

In line with the expansion of technology, people are gradually familiarizing to electronic communication. Thus, restaurant operators ought to be more aware of the relative influence of various attributes which determine customer's satisfaction. Word-of-Mouth can influence consumer sup on making a purchase decision [8]. It is essential in the restaurant industry because service is intangible products which are hard to evaluate before their consumption. When word-of-mouth becomes digital, its scope has expanded to a larger scale because there are various ways to manage digital Word-of-Mouth which is known as Electronic Word-of-Mouth (EWOM).

Thus, this study, mainly in the Sri Lankan circumstance, empirically explores the EWOM. Since restaurants have much faith in EWOM as a means of fascinating new customers and a variety of customer choice of restaurants highlight the importance of personal recommendation, thus need to explore the focal aspect that has a major influence on EWOM in Sri Lanka. Hence, this study focuses explicitly on selected popular restaurants for testing the factors that influence on EWOM in Colombo Divisional Secretariat (CDS) Division.

2. PROBLEM STATEMENT AND OBJECTIVES OF THESTUDY

Introduction of fast food changes Sri Lankan culture and lifestyle towards western civilization.

Also, different health issues and health campaigns have been the reason for people to prefer or not to prefer fast food. Similarly, the primary perceptions of the Sri Lankan people are that the fast-food players serve only for the high-income earners. Besides, fast food is perceived expensive besides being out-of-way meals in Sri Lankan culture. These complicated issues those are related to fast food consumption converted as a threatening factor to the Fast Food Industry [9].

Additionally, it is a lack of literature in Sri Lanka to examine the factors which are influencing on EWOM. Thus, there exists a clear empirical gap concerning the influences of various elements on EWOM within the context of the Fast Food Industry. This observed gap becomes a problem for restaurants to know whether their service is

fruitful or not among customers. Indeed, there is a need to evaluate factors which are influenced by EWOM in the context of Fast Food. Consequently, the prime goal of this investigation is to identify and recognize the factors which determine the EWOM regarding the fast food industry in CDS Division.

3. LITERATURE REVIEW

Word-of-Mouth Communication- The term word-of-mouth communication is used to describe verbal communications either optimistic or undesirable between groups such as the product provider, independent authorities, family, friends and actual or potential consumer [1].

Electronic Word of Mouth (EWOM) - It is a practice of informal communications absorbed at customers through internet-based technology related to the usage or characteristics of specific goods and services, or their vendors. That refers to favourable and unfavourable comments made by social media participants, especially Generation Y towards a brand, product, or organization in the context of online.

This study considers selective Fast Food Restaurants (Burger King (BK), Kentucky Fried Chicken (KFC), McDonald's (MD), Domino's Pizza (DP), Subway (SW) and Pizza Hut (PH)) in CDS Division of Sri Lanka. Hence, the precise research question of this study is:"What are the factors which are determining the EWOM of Selected Fast Food Restaurants in Colombo Divisional Secretariat Division?"

4. METHODOLOGY

Primary data are collected through structured questionnaires with closed statements measured with Likert's scale (1-5 as strongly disagree, disagree, marginal, agree and strongly agree, respectively). Based on six Fast Food Restaurants (namely Burger King (BK), Kentucky Fried Chicken (KFC), McDonald's (MD), Domino's Pizza (DP), Subway (SW) and Pizza Hut (PH)) in the CDS Division in Colombo District in Sri Lanka. In the CDS Division, there are 35 Grama Niladhari Divisions, and the population is 318,048. Among 318,048 peoples in these 35 Niladhari Divisions, about two hundred (200) respondents who consume such popular fast food for their consumption have been identified using convenient sampling technique (see Table 1).

5. ANALYSIS OF RELIABILITY

The overall result of Cronbachs' alpha coefficients was 0.61 for 12 statements since it is more significant than 0.6. Are liability test for each variable of the study was performed, which showed that Cronbachs' alpha coefficients were above 0.60 for all variables. Therefore, all items considered in this study are to be reliable, which suggests that the internal reliability of the instrument was satisfactory.

6. RESULTS AND DISCUSSION

6.1 Restaurant Choice

There are several popular fast-food restaurants available in the context. Within these, Burger King BK), Kentucky Fried Chicken (KFC), McDonald's (MD), Domino's Pizza (DP),Subway (SW) and Pizza Hut (PH) are selected for this research purpose. From 200 respondents 30.5% of customer's choice is Domino's Pizza, 24% of customer's choice is Burger King, 18% of customer's choice is McDonald's, 15.5% of customer's choice is Kentucky Fried Chicken, 7% of customer's choice is Pizza Hut and 5% of user's customer's choice is Subway (see Table 2).

6.2 Correlation Matrix

Correlation matrix provides an idea about the relationship among the variables. It also gives an initial idea about the set off actors that can be generalized. Accordingly, the correlation matrix reveals a moderate level of correlation between variables. But no association comes out as damaging as to cause multicollinearity and thus, the matrix is suitable for factoring.

Table 1. Sampling framework

Study Setting	Customers in Colombo District
Time Horizon	Cross-Sectional Research
Unit of Analysis	Customers in Colombo Divisional Secretariat Division (35 Grama Niladhari Divisions)
Sample Size	Two Hundred (200) Customers
Sample Method	Convenient Sampling Technique

Table 2. Reliability statistics

Cronbach's Alpha	N of Items
0.61	12

Kaiser-Meyer-Olkin Measure of Sampling Adequacy is another critical method to determine the appropriateness of factor analysis. A value greater than 0.5 indicates that correlation between pairs of variables can be explained. Here the result is 0.640, which is positive and is a sign of the appropriateness of factor analysis.

Four variables extracted from the analysis with an Eigen value of greater than 1 (i.e., 'rule of thumb'), which explained 55.41 per cent of the total variance. The first component explains about 17.861 per cent; the second component explains 15.269 per cent, the third component explains 11.574 per cent and the fourth component describe 10.708 per cent. The remaining variance, as the researcher knows, is defined by other components.

The Principal Component Analysis (PCA) is further Orthogonally Rotated using Varimax with Kaiser Normalization algorithm. It is worth mentioning out here that factor loading higher than 0.30 is considered as significant. 0.40 is considered as essential, and 0.50 or greater than 0.50 are regarded as a substantial value. The rotated (Varimax) component loadings for the four components (factors) are presented in the table. For parsimony, only those factors with loadings above 0.50 were considered as substantial value (Ather & Balasundaram, 2009; Burt, 2011) [10 & 4].

Table 3. Distribution of restaurants

	BK	KFC	MD	DP	SW	PH
Frequency	48	31	36	61	10	14
Percentage	24%	15.5%	18%	30.5%	5%	7%

(Source: Survey Data)

Table 4. Correlation matrix

	EWOM 1	EWOM 2	EWOM 3	EWOM 4	EWOM 5	EWOM 6	EWOM 7	EWOM 8	EWOM 9	EWOM 10	EWOM 11	EWOM 12
EWOM1	1.000											
EWOM2	.442	1.000										
EWOM3	.447	.426	1.000									
EWOM4	.054	-.036	.229	1.000								
EWOM5	118	299	.399	.185	1.000							
EWOM6	426	164	296	.195	335	1.000						
EWOM7	382	258	.407	.175	303	384	1.000					
EWOM8	.008	.101	.139	.010	.036	.075	093	1.000				
EWOM9	.018	.040	.089	047	043	165	105	.024	1.000			
EWOM10	179	056	011	010	.041	076	.051	018	118	1.000		
EWOM11	060	030	230	051	089	013	058	.078	260	111	1.000	
EWOM12	.109	.119	.087	.092	.083	.039	.135	218	138	054	026	1.000

Table 5. KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.640
Bartlett's Test of Sphericity	Approx. Chi-Square	389.944
	Df	66
	Sig.	.000

Table 6. Total variance explained

Component	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.850	23.750	23.750	2.143	17.861	17.861
2	1.410	11.751	35.502	1.832	15.269	33.129
3	1.201	10.007	45.508	1.389	11.574	44.703
4	1.188	9.903	55.411	1.285	10.708	55.411

Table 7. Rotated component matrix

	Component			
	1	**2**	**3**	**4**
EWOM1	.820			
EWOM2	.739			
EWOM3	.585			
EWOM4		.661		
EWOM5		.617		
EWOM7		.597		
EWOM6		.527		
EWOM9			.729	
EWOM11			.707	
EWOM10				
EWOM8				.800
EWOM12				.631

Table 8. Ranking of characteristics according to their importance

Dimensions of Word of Mouth	No. of. Variables	Factor Score[1]	Rank
Electronic Word of Mouth – I (Encouragement)	03	0.255	3
Electronic Word of Mouth – II (In-depth explanation)	04	0.204	4
Electronic Word of Mouth – III (Differentiation)	02	0.373	2
Electronic Word of Mouth – IV (Contacts)	02	0.409	1

Electronic Word of Mouth – I: Encouragement - These are represented by three variables with factor loadings ranging from 0.820 to 0.585. They are the ability to work Encouragement; Recommendation, and Involvement.

Electronic Word of Mouth – II: In-depth explanation - Four variables ranging from 0.661 to 0.527 belongs to In-depth explanation; Positive Implication; Frequency and Brand Image.

Electronic Word of Mouth – III: Differentiation - These are represented by two variables with factor loadings ranging from 0.729 to 0.707. They are the ability to work Differentiation and Careful.

Electronic Word of Mouth–IV: Contacts-Four variables ranging from 0.800 to 0.631 belongs to Contacts and Response.

According to this table, Electronic Word of Mouth – I (Encouragement); Electronic Word of Mouth – II (In-depth explanation); Electronic Word of Mouth – III (Differentiation) and Electronic Word of Mouth – IV (Contacts) got the ranks of third, fourth, second and first respectively and constitute the critical dimension of Electronic Word of Mouth.

7. CONCLUSION

This research work was conducted to identify the factors which are influencing on Electronic Word of Mouth. The result of this study shows that through Exploratory Factor Analysis, the researcher was successful in the identification of factors and how Fast Food Restaurants are successfully adopting the Electronic Word of Mouth practices. This study has also demonstrated that acceptance of Electronic Word of Mouth practices can also be explained in terms of various factors like Encouragement, In-depth explanation, Differentiation and Contacts. Thus, this research work has helped the restaurants in giving the relevance of Buzz Marketing strategic acceptance and how it will lead to revenue expansion. Subsequently, Fast Food Restaurants can use these factors and can lead the global market by adopting Buzz Marketing Tactics.

CONSENT

As per international standard or university standard, participant's written consent has been collected and preserved by the author(s).

COMPETING INTERESTS

Author has declared that no competing interests exist.

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