THE FACTOR INFLUENCING CUSTOMER PREFERENCE TOWARDS INTERNATIONAL FOOD AND BEVERAGE FRANCHISE IN MALAYSIA

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Abstract: *The Malaysia Government developed four main strategies based on National Franchise Development Blueprint (NFDB) for 2012 to 2016. Indeed, approximately 400 local franchise companies almost contributed RM 25.6 billion in 2015. Besides, food and beverage (F&B) conquer one of third market share in Malaysia. Therefore, this study is to identify the relationship of brand influence, product quality, and service quality towards customer preference for local food and beverage franchise in Malaysia. Therefore, this study was carried out in a quantitative way and 384 target respondents been selected. Based on the finding, three independent variables which are a brand influence, product quality, and service quality are positively related to customer preference towards international F&B franchise in Malaysia.*

Keywords: *Brand Influence, International Food and Beverage Franchise, Product Quality, Service Quality*

Introduction

Based on Rosli (2012) stated that aggressive competitive challengers currently happen towards food and beverage industry in Malaysia. Based on review from de Rezende and de Avelar (2012) stated that Malaysian especially younger generation tend to spend more towards food and beverage products. This result there was fast trend changing towards food's taste and preference among Malaysian. In order to sustain the current customers, many individuals tend to adopt franchise F&B business compare to other retail franchises. This is due to the franchise

business model provided are given proof of successful marketing strategies in certain period. Indeed, the aggressive competition occur towards F&B franchise business even it from local or international.

Despite the great competition occur among F&B franchise business in Malaysia, international F&B business still can remain survive in this situation. Therefore, Starbuck Malaysia is great example of F&B franchise that operated in Malaysia since Starbuck recognised as one of the international franchise business that successful running their business in Malaysia. Starbuck Malaysia been operated by Berjaya Starbuck Coffee Company Sdn. Bhd from incense of Starbuck Coffee International and provided variety coffee drinks which not only loved by Malaysian as well as communities in global.

Based on the example above, the researchers want to know how international F&B franchise business able to against the great competition in Malaysia. Therefore, this research is to identify the relationship of brand influence, product quality, and service quality that influence customer preference towards the international F&B franchise.

Literature review

Customer preference towards food and beverage

Based on Sowunmi, Omigie, and Daniel (2014), customers evaluate certain products and services based on their taste and value and this can be defined as customer preference. Indeed, this is important to every companies since each companies mainly to provide product and services to customers in order to fulfil their desire. Therefore, customers making decision to purchase products based on their demands following by purchasing power.

Fife-Schaw et al. (2007) argued that some individuals been force to accept the items that might hated due to the result of limited power purchase. Indeed, this can explained by the definition from Javalgi, Radulovich, Pendleton, and Scherer (2005) stated that preference can be "judgemental for individuals in terms of psychological whether individuals have the feeling of like or dislike for objects".

Based on de Rezende and de Avelar (2012), the young generation as well as individual that have high power purchase in Malaysia tend to have great intention for eating at outside by identifying variety food. Therefore, customer preference can be identify as intention of customers towards products provided from food and beverage franchise business unit. Richardson and Aguiar (2003) argued that cleanliness, taste, convenience, speed and stability are the several factors that capable to effect customer preference for food and beverage franchise. Others factors like healthiness, friendly staff and variety choices can be influential factors as well (Richardson & Aguiar, 2003).

All food and beverage franchise try to developed positive brand image in order to retain customers' taste and increase customers' loyalty level towards business unit. According to Iyer and Kuksov (2012) and Demirgünes (2014) stated that store image can be influential factors to affect customers' quality expectation perception for product quality categories. Since F&B franchise provides food and beverage as products, naturally customer will relate store image with food and beverage products.

Brand Influence

According to Dib and Alhaddad (2014), brand is important assets for each business unit due to brand can be vital roles to increase income as well as image. Malaysian are sensitive towards brand name especially food and beverage products since Malaysian will consume it. As review from Malki (2015) stated that brand name can influenced customers' belief towards certain that carry specific brand name. This can explained that food and beverage companies need manage their brand in since certain customers recognize and differentiate the products based on brand (Zhang, 2015).

This can explained that brand is a powerful tools that able to influence customers' purchase decision as well as the relationship (Wahid & Ahmed, 2011). As review from Chinomona, Mahlangu, and Pooe (2013) appended that certain customers willing to pay for that products based on the brand name. This can be explained brand becomes the major determinants for any companies which involve F&B Company in order to sustain current customers. Therefore, the hypothesis proposed as:

H$_1$: There is a relationship between brand influence and customer preference towards international food and beverage franchise.

Product Quality

Normally customers perceive the products that meet their criteria which recognised as quality (Buntak, Adelsberger, & Naď, 2012). Therefore, the researchers justify that if the food and beverage products capable to satisfy customers based on taste which can be high quality of product. This can be supported by the study from Jahanshahi, Gashti, Mirdamadi, Nawaser, and Khaksar (2011) who stated that "if a product fulfils the customer's expectations, the customer will be will be pleased and consider that the product is of acceptable or even high quality". An further explanation from Suchánek, Richter, and Králová (2014) stated that "quality as the producer's ability to meet expectations" can be supported the justification of researchers. This indicated customers evaluate the product quality based on their values.

According to Suchánek et al. (2014) stated that aesthetics is one of the determinants for product quality and it related to sense of customers towards products. Therefore, the researchers justify that aesthetics is the main determinants factors affect customers to buy the food and beverage products since it involve taste and sight senses. In result, the researchers proposed below:

H$_2$: There is a relationship between product quality and customer preference towards international and food and beverage franchise.

Service Quality

The main objectives for each business unit is to ensure customers achieved high satisfaction through products and services provided (Bhargava & Pareek, 2013). In order to achieve this target, one of the brilliant ways is monitor service quality provided by the company to customers. Therefore, food and beverage industry same as others industry must prioritize the quality management approaches in order to improve their business operation. An and Noh (2009) stated that predominant method is typically method for food and beverage companies to identify customers' perception towards their quality of service provided. An and Noh (2009)

continued that factors such as tangible, reliability, responsiveness, assurance, as well as empathy are the factors to develop and evalaute service quality.

According to Kamaruddin and Jusoff (2009), food and beverage industry consider as one of the vital sectors of the manufacturing industry in Malaysia. This reflects that each industry included food and beverage industry need to involve service quality management for business operation in order to sustain the current market. Therefore, the hypothesis proposed as below:

H_3: There is a relationship between service quality and customer preference towards international food and beverage franchise.
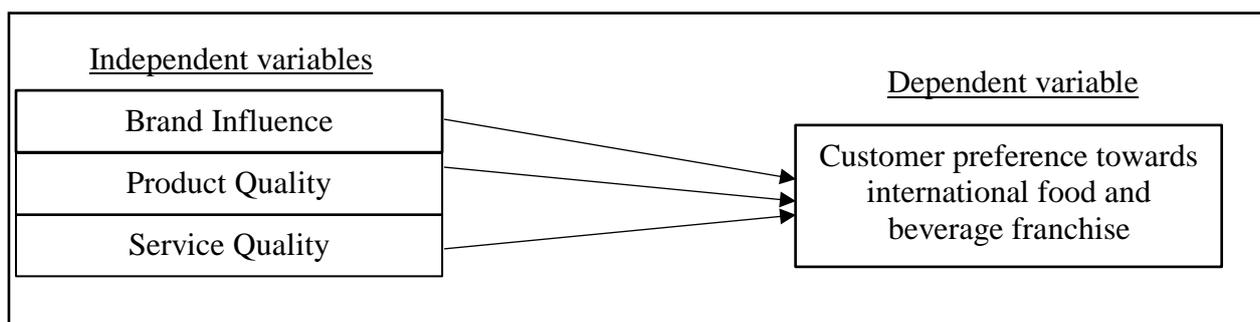
Research Framework

Figure 1 showed the research framework in this study. The independent variables in this study are brand influence, product quality, and service quality. Meanwhile, the dependent variable in this study is customer preference towards local and international food and beverage franchise

Methodology

This study carried out in quantitative method and 380 individuals who visited or shopped international food and beverage franchise in Malaysia been selected as target respondents in this study by non-probability sampling, snowball method. This study carried out in the central, northern, southern, east, and east coast regions at Malaysia.

The questionnaire is the research instrument in this study and all items are designed straightforward in manner. Furthermore, two languages (Malay and English) are provided in the questionnaire to easy target respondents understand the items. This questionnaire consists five parts: Part A is to identify the feedback of target respondents towards customers' preference of international food and beverage franchise; Part B is to identify the feedback of target respondents towards brand influence of international food and beverage franchise; Part C is to identify the feedback of target respondents towards product quality of international food and beverage franchise; Part D is to identify the feedback of target respondents towards service quality of international food and beverage franchise; and Part E is to identify the demographic profile of target respondents. All items in Part A, B, C, and D are designed in five-point Likert scale while Part D designed in nominal scale.

All responses are collected and been analysis by SPSS version 22.0 software. Besides, three data analysis methods been selected by the researchers in this study which are reliability test,

frequency analysis, and Pearson Correlation Coefficient Analysis. Every data analysis methods will be further discussed.

The reliability test was carried out by selected 30 target respondents. The main objectives is to ensure the stability and internal consistency of all items in the questionnaire can be support for this study. This test can be measured by the Cronbach's Alpha values which suggested by Hair, Hult, Ringle, and Sarstedt (2016) stated that the value for all indicators must more than 0.7.

According to Hair et al. (2016), the researchers able to gain useful information by transforming the data through frequency analysis. Indeed, the researchers use frequency analysis to summarize demographic profile for all target respondents in this study and illustrated in a table format.

In order to identify the relationship and strength of all variables in this study, the researchers used Pearson Correlation Coefficient Analysis. Therefore, this method is to identify the relationship between brand influence, product quality, and service quality towards customer preference for the international F&B franchise in Malaysia.

Data Findings

Reliability Test

The Cronbach's Alpha value can be a reflection of the degree of understanding for target respondents towards all items in the questionnaire for this study. Table 1 below showed Cronbach Alpha is 0.813 to 0.930 which indicated all indicators are reliable due to more than 0.7 as recommended value.

Table 1: Reliability Analysis

Factors	Number of items	Cronbach's Alpha
Customer Preference	6	0.813
Brand Influence	7	0.930
Product Quality	5	0.913
Service Quality	6	0.924

Respondents Demographic Characteristics

Table 2 showed the summary of respondents' demographic characteristics for this research that showed below:

Table 2: Respondent's demographic characteristics

Demographic	Frequency	Percentage
Gender		
Male	186	48.4
Female	198	51.6
Age		
18-29	124	32.3
30-39	155	29.9
40-49	98	25.5
50-59	47	12.2
Marital Status		
Single	233	60.7
Married	108	39.3

Race			
Malay	156		40.7
Chinese	91		23.7
Indian	72		18.8
Others	65		16.9
Education			
SPM	66		17.2
Diploma	93		24.2
Degree	143		37.2
Master	58		15.1
PhD	24		6.3
Occupation			
Student	122		31.8
Self-Employed	48		12.5
Government Sector	93		24.4
Private Sector	121		31.5
Income			
Rm 2000 and Below	120		31.3
RM 2001- RM 5000	143		37.2
RM 5001- RM 10000	87		22.7
RM 10001 and Above	34		8.9
Origin			
Northern Region	96		24.7
Central Region	131		34.1
Southern Region	52		13.5
East Coast	59		15.4
Sabah and Sarawak	47		12.2

Based on the table above, the female is dominant in this study with a total number of 198 or 51.6%. Besides, the majority of target respondents in this study are aged between 18 until 29 years old. Moreover, most respondents are Malay with 40.6%, followed by Chinese with 23.7%. Furthermore, the majority are single in terms of marital status and a Degree holder in terms of education level. Besides, students are major to involve in this study and average income for the majority is RM 2001 to RM 5000. Lastly, most respondents are original from the central region which are Selangor, Kuala Lumpur and Negeri Sembilan.

Pearson Correlation Coefficient

Table 3: Correlation between variables for the International F&B franchise

		Brand Influence	Product Quality	Service Quality
Customer Preference	Pearson Correlation	0.782**	0.756**	0.682**
	Sig. (2-tailed)	0.000	0.000	0.000
	N	384	384	384

**. Correlation is significant at the 0.01 level (2-tailed)

The table above showed the result of Pearson Correlation Coefficient Analysis for this study. The r values between brand influence and customer preference are 0.782, product quality and customer preference is 0.756, product quality and customer preference in 0.682. Since the r value for this study is a positive value, this indicated that all independent variables in this study are positively related to customer preference towards the international F&B franchise in Malaysia. Therefore, these findings can support all hypothesis that proposed by the researcher.

Discussion and Managerial Implication

The first objective is to identify the relationship between brand influence and customer preference towards international food and beverage franchise in Malaysia. Based on Pearson Correlation Analysis, there are positive relationship between brand influence and customer preference towards international food and beverage franchise in Malaysia. Therefore, the researchers justify that customers prefer to consume the food and beverage that have a great reputation based on the brand name. This can be supported by the review from Puccinelli et al. (2009) stated that customers tend to be influenced by-products brand name when doing purchasing process.

The second objectives of this study are to identify the relationship between product quality and customer preference towards international F&B franchise in Malaysia. The researchers identified a product quality is positvely related to customer preference based on the result from Pearson Correlation Analysis. Therefore, the researchers justify aesthetics are vital determinants since taste and sight are important for food and beverage products which can influence purchase decision from customers. This can be explained that product quality for food and beverage products are crucial for the international F&B franchise in Malaysia. Therefore, this can be supported by the finding from Jahanshahi et al. (2011) and Suchánek et al. (2014) found out that high product quality capable to increase customer preference towards local and international F&B franchise.

The last objectives of this study are to identify the relationship between service quality and customer preference towards international F&B franchise in Malaysia. Based on the result of Pearson Correlation Analysis, positive relationship occur between service quality and customer preference. Therefore, the researchers justify service quality is vital for the international F&B franchise since service provided by the company can motivation to customers to purchase the products in F&B industry. This can be supported by the review from Sureshchandar, Rajendran, and Anantharaman (2002) stated that service quality is important for every industry due to customers satisfaction can be achieved through the services provided by the company for customers.

There are few limitations in this study were identified by the researchers. First and for all, this study just included international F&B franchise in Malaysia. Therefore, the researchers suggested that the variables in this study can be identified towards the local F&B franchise. Besides, comparison study can be carried out as well. Besides, the future researcher can include moderator and mediator variables in the future study. The researchers suggested moderator variable can be respondents' demographic characteristics since different characteristics might identify the different point of view in a future study. Moreover, others variables such as price, and environmental factors can be identified towards customer preference for the international F&B franchise in Malaysia for future study as well.

In nutshell, brand influence, product quality, and service quality are three important factors to influence customer preference towards international F&B franchise in Malaysia which explained the successfulness of international F&B franchise in Malaysia. This indicated that local F&B franchisee that operated in Malaysia need to aware these three factors in order to compete with international F&B franchise.

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