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Consumers' Cognition and Satisfaction Level Toward Pizza Hut

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Abstract: Many factors contribute to consumers' cognition toward Pizza Hut, as well as purchase intention. Factors include brand, quality, price, satisfaction level, advertisement, promotion and personal experience. Personal experience and satisfaction level are critical to repurchase. A positive correlation is found between cognitive value and purchase intention. The higher of cognitive value on a product, the probability of purchasing gets higher. In a leading market of competition, additional values can be created from distinctive resource, technology and creative service.

Key words: Consumer cognition, satisfaction, purchase intention

INTRODUCTION

Study Motivation and Background: Foreign delicacies had set foot on Taiwan's catering market for some time. Specifically, "pizza" is widely accepted by the people of Taiwan as a choice of chain-food service. This study examines the success of "Pizza Hut" in Taiwan where the franchise first placed its entry in (1986). To build long-term customer relationship, the most important task is to increase customers' satisfaction level and understand customers' basic needs. The slogan, "Pizza Hut, hot to your home", advertises its delivery service to attain customers' trust.

Pizza Hut started its "buy one, get one free" promotion and dine-in restaurants (aka "Happy Bar") operation in 1993 as ways to expand its sales pitch. In (1994) its Tainan Bau-Mei store broke the sales record of Pizza Hut worldwide. Due to its creative operation and marketing strategy, Pizza Hut received the "1994 Management Award of the Year" from Jardine Matheson Holdings Ltd. In addition, Pizza Hut also received Award from Pepsi for "Best Delivery Service". The delivery sales pitch started the promotion of "buy large pizza, get small pizza or roast chicken for free". After its rapid expansion phase, Pizza Hut not only renovated its original branch stores with refined restaurants it also made strides in its internal management. As a result, steady organizational growth is achieved, as well creating sustainable management for the cooperation. Since, 2001, for satisfying customers' expectation of self-serve buffet, "Happy Bar" was made more spacious and brighter

environmentally as ways to attract customers by its novelty, exemplified by its catch-phrase of "freshness, delicious and unlimited fun".

Pizza Hut prides itself as an organization of learning. All of its employees act as members of an extended family and learn from each other. If and only if everyone engages whole-heartedly, a shared future can be created. Its management ideology includes: (1) Value communication and mutual support, (2) Enjoy the working environment, (2) Create innovative spirit, (2) Prioritize customers' satisfaction level, (2) Approve employees' development, (2) Seek winning by aspects of customers, shareholders and employees and bear corporate social responsibility.

Purpose of study: This paper studies how "positive image" is maintained among consumers by name-brand fast-food chains. The study further seeks to understand how customers' satisfaction level is improved. In the past, only thick ("Hand-Tossed") and thin ("Thin 'N Crispy") crusts were offered by pizzerias. Nowadays, there is al dente ("Q, soft and crisp") among its choices of crusts in addition to a variety of toppings combination. This paper analyzes Pizza Hut by: (1) Its name-brand satisfaction level, (2) Customers' willingness to purchase and (3) Ways of marketing success.

LITERATURE REVIEW

Satisfaction level of fast-food brand

SWOT Analysis of Pizza Hut: By SWOT analysis, the Strengths are: (1) Location, (2) Name-brand and (3)

customer loyalty. The Weaknesses are: (1) Higher price (than other pizzerias) and (2) Similar market share (with Domino's Pizza). The Opportunities include: (1) Ways of advertising (by television ads or billboards/posters) and (2) Dine-in expansion (such as Happy Bars). The Threats are: (1) Price competition (Domino's Pizza uses low price to gain market share among students), (2) NT\$50 personal pizza and (3) Recession effects (that reduce the public's willingness to spend on high price pizzas).

Importance of customer's satisfaction level: The Taiwan Chain Stores and Franchise Association (TCFA) surveyed 7 types of fast-food firms in (1999) on customer satisfaction. Three findings were concluded regarding the importance of customer's satisfaction level. (1) Customer's satisfaction level is the lifeblood of retail businesses. (2) Among retailers, high quality of service may reduce the impact of price competition. (3) To provide high service quality, businesses should periodically evaluate its service quality.

Influential factors: There are 4 factors influenced by customers' satisfaction level. (1) Quality: Satisfaction level depends on a product's reliability, durability and convenience. (2) Price: Price and quality are relative. There is no such thing as high price or low price, only a factor of purchase power behind every purchase. (3) Time: Whether customers are willing to cooperate with the arrival time of delivery determines the satisfaction level. (4) Attitude: When customers are receiving services, whether customers feel comfort and satisfactory by the attitude of service personnel.

Deciding factors: The deciding factors of satisfaction level are: (1) Quality cognition, (2) Price cognition, (3) Customer expectation and (4) Customer loyalty.

Characteristics of food service industry: Food service industry exhibits characteristics as follows. (1) Simultaneous production and consumption: No preemptive measures can be taken during the timeframe between customer's order and completion of product. (2) Unpredictability: Unlike products such as blower and TV where a clear measure can be taken beforehand it is difficult for customers to know or detect information in advance of receiving the service. Hence, food service providers must exhibit good corporate image and word-of-mouth so that customers have a preconceived notion that a quality service will be provided, yielding equal expectation and substance. (3) Heterogeneity: High density of contact with customers is the nature of food

service businesses. Services provided to customers at different time and occasion from the same waiter may not always be the same, so are presented service attitude and quality. The expected demand of each customer somewhat varies due to individual characteristics. Thus, businesses need to overcome this heterogeneity to make restaurant services standardized with consistency.

In addition to the aforementioned 3 characteristics associated with food service industry, factors affecting customers' satisfaction level include unsteady demand, lack of product storability, unusual working hour, labor intensive, difficulties of standardizing incorporeal products and various similar others.

Definition of chain store food service: The definition of chain store food service includes the following. (1) It can supply products in a speedy fashion. (2) It is capable of producing in large quantities while maintaining steady quality. (3) The process of in-situ production is simple and standardized. (4) It supplies simple and formatted menu of choices.

DISCUSSION OF PURCHASE INTENTION BY CONSUMERS' COGNITION

Primary reasons consumers choose pizza hut: The primary reasons that consumers choose Pizza Hut include the following. (1) College students: College students like to celebrate special occasions by gathering with meals and try new tastes. Pizza Hut's various flavors meet their demand. (2) Nearby work groups: Pizza Hut offers a fast and convenient lunch choice for nearby office workers. (3) Families: Most families need to devote their time to their school-age children. By "buy one, get one free" deals, enough food is offered to the entire family while sharing and spending time together.

Concept of consumers' cognition: Different cognition is resulted from consumers when deciding on the purchase of different products. The difference of cognition is originated from different stimulus produced with different products. The product itself can be attributed as the sole influential factor of evaluation. Delivered messages from a product can be divided as internal and external (Bilkey and Nes, 198). Internal messages include product design and function. External messages are prices, brands and warranties. Consumers often use this information for evaluation. However, assessment differences may be resulted due to consumers' time, cost and cognition. From what is valued as the attribute of key interest, consumers have different levels of participation on products. From

the viewpoint of quality cognition on the relationship among integrated brand, price and quality, Zeithaml (Zeithaml, 1988) found that quality is directly correlated with value and brand.

Relationship between consumers' cognition and purchase intention: There are many factors associated with consumers' cognition on Pizza Hut and purchase intention. Factors that may affect the relationship between consumers' cognition and purchase intention include brand, quality, price, satisfaction level, advertisement, promotion and past experience. Past experience and satisfaction level especially affect repurchase decision. When a product works as the expected value of consumers' cognition, consumers would have a positive view on the product, thereby reinforcing repurchase intention. Conversely, when a product doesn't meet the expectation, a negative viewpoint negates repurchase intention.

From questionnaires, the survey found that consumers value highly of Pizza Hut. The level of spending on Pizza Hut is directly proportional to consumers' cognition. Researchers have proposed that there is a positive relationship between cognition value and purchase intention (Dodds and Monroe, 1985; Dodds *et al.*, 1991). The higher of consumers' cognition value results in higher of their purchase intention. Consumers' purchase intention is affected by objective value, perceived quality, perceived price and products' attribute (Zeithaml, 1988). Thus, there is a positive correlation between cognition value and purchase intention.

Advertising spokesperson: In marketing, promotion by well-known figures in creative commercials may produce purchase desire. Freiden (Freiden, 1984) proposed the types of endorsers as follows. (1) Celebrity: A well-known figure by the public who uses fame and charm to make consumers empathize with what he or she likes and recommends. (2) High-level manager: The fame or scale of the firm itself may attract consumers' attention. (3) Expert: A person who uses his or her professional knowledge and authority to make people believe in the product out of professional judgment. (4) Typical consumer: The reason for its persuasiveness is that the spokesperson and viewers are in the same position, allowing people to feel nature and undisguised.

Pizza Hut's advertising spokespersons tend to be typical consumers. Advertisements involving regular people who are warm, fun and creative may leave profound impressions with customers. Feeling of intimacy enhances consumers' cognition for Pizza Hut, yielding higher purchase intention.

Ways that advertising endorsers influence consumers:

There are three ways that advertising endorsers influence consumers, by submission, by identification and by internalization (Kamins *et al.*, 1989; Kelman, 1961). They are defined as follows. (1) Submission: When someone is under the control of others, he or she would be submissive, humble, or compliant in order to gain support of others. (2) Identification: It is a largely unconscious process whereby an individual models thoughts, feelings and actions after those attributed to an object that has been incorporated as a mental image. (3) Internalization: When someone accepts a certain behavior or attitude within self as conscious guiding principles through learning or socialization.

Other than the aforementioned characteristics, there are two more factors, credibility and attractiveness. The former involves technology and reliability in its characteristic. The latter involves the attractiveness of the endorser by intimacy, affection, comparability and physiology (Baker and Jr. Churchill, 1977). Researchers analyzed the sources of advertising endorsers' credibility to come from 3 factors, attractiveness, trustworthiness and perceived expertise. All 3 of these credibility factors influence consumers' purchase intention (Ohanian, 1990).

Coupon and sales promotion: Pizza Hut uses coupon marketing to attract new customers and make consumers switch brands, as well maintaining their repurchase behavior (Blattberg and Neslin, 1990). Coupon promotion may also produce negative effect, including the reduction of brand loyalty, the increase of price sensitivity, the reduction of brand image, shortsighted benefits and purchase in advance. In reality, these negative effects do not increase sales. Coupons are not limited by traditional advertising DM but stretching to the internet where customers receive information and benefits, as well as printing by themselves. Other ways of coupon promotion include Facebook check-in, cell phone download and web order. Consumers are no longer passive participants but actively in touch with the product. In the end, Pizza Hut gains more added benefits and profit from consumers through increased cognition and purchase intention.

PIZZA HUT'S SECRET OF SUCCESS

Continuous creativity in new tastes: In recent years, Pizza Hut has continuously offered new tastes, such as the al dente ("Q, soft and crisp") choice of crust in which every bite contains a flavor of wheat. The French Style Seafood, the Smoked House and the Japanese Chicken are examples of new tastes. Strict standard is applied on its quality control. Four aspects are maintained during processing, pizza's freshness, top quality of cheese, top

sauce on its pizza and freshness in its toppings. Crusts are made daily consistently. Flour came from winter/spring A-level wheat. The demand of food service is complex with tremendous variation. Consumers' tastes and psychology also vary with environment.

Marketing of actual experience: There is uniqueness in Pizza Hut's restaurants. All of its stores have added abstractive western-style murals, fireplace-shaped pizza counters and small kitchen toys everywhere. Custom-made games have been added for white-collar youth. "Salad Bars" have also been added as appetizers prior to the main course, pizza. All of the aforementioned are marketing strategies to attract customers by affection, senses, thoughts, actions and connections. There are many perceptions attached when customers are spending. Hence, their feelings are often affected by their surroundings. Some customers may not even care much about the taste but pay attention to the mood of their surroundings. Those customers need their dining environment to be "scenic" and "emotional" so that they get fulfillment out of their sensible needs.

Exceptional sales strategy: Pizza Hut regularly adjusts its pricing by the following strategies. (1) Going-rate pricing: There are many similar products on the market. Pizza Hut uses slightly lower going-rate pricing than its nearest competitor, the Domino's. For example, a large "Hawaiian" pizza is NT\$620 in Pizza Hut as opposed to NT\$640 for Domino's large "Hawaiian". The difference of NT\$20 may be the difference of attracting customers. (2) Promotional pricing: Pizza Hut uses time-limited promotion to attract customers. For example, if customers fill out standard personal information on its website and order by the internet during a time-limited period, consumers would get additional 1.25L Pepsi in addition to the "buy one, get one free" deal. Other promotions such as the purchase of NT\$398 or NT\$558 combo deals by the choosing of customers, customers would get free brownies and similar other promotions.

Winning from carryout and delivery deals: When Pizza Hut first started its business in Taiwan, the primary focus is its dine-in restaurants. The first store of carryout and delivery service opened in (1991). Of all Pizza Hut franchises worldwide, only in Taiwan and Japan, there are more carryout/delivery stores than dine-in stores. Of more than 150 Pizza Hut stores, there are only 12 dine-in restaurants. Thus, a strong delivery team is essential to the success of Pizza Hut.

Localization as a strategy: A marketing channel is the medium between stores and customers. The operation of

the channel is to deliver products to the proper location at the most appropriate moment and exhibit appropriately to customers, so that customers are satisfied. Pizza Hut has done all that through (1) Local ingredient, (2) Localized taste and (3) Local talent.

In the past, 70% of Pizza Hut's ingredients were imported. Now, more than 95% of Pizza Hut's ingredients come from the local. (2) Pizza Hut has been offering Chinese-style taste in combination to American-style taste on its toppings which have been receiving good praises from its customers. (3) Only locals know about the locals. From the first moment Pizza Hut opened its Taiwan stores, top-level officials of its Taiwan Branch have been run by Taiwanese.

RESEARCH METHOD

The research step is illustrated by Fig. 1.

The study is conducted by the following methods. (1) Investigation Study: The research is studied by questionnaire survey and interview. (2) Content Analysis: It is a methodology in social sciences for studying the content of communication or the study of recorded human communications, such as books, websites, paintings and laws. (3) Experimental Study: It is a methodical procedure carried out with the goal of verifying, falsifying, or establishing the validity of a hypothesis. It provides insight into cause-and-effect from dependent and independent variables by demonstrating what outcome occurs when a particular factor is manipulated. (4) Observation Study: It draws inferences about the possible effect of a treatment on subjects, where the assignment of subjects into a treated group versus a control group is outside the control of the investigator. (5) Action Study: It is a study that focuses on finding out whether actions people take can cause or prevent effect. (6) Literature Review: It is a text written by someone to consider the

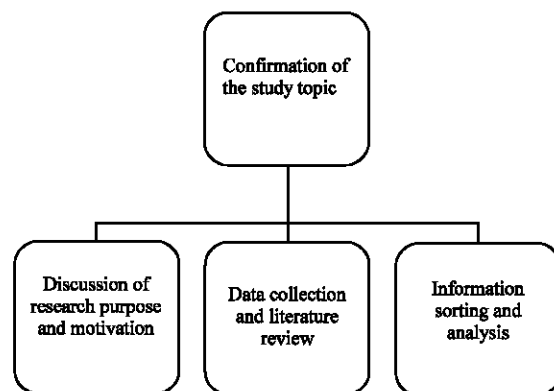


Fig. 1: Research steps

critical points of current knowledge including substantive findings as well as theoretical and methodological contributions to a particular topic. Literature reviews are secondary sources and as such, do not report any new or original experimental work.

CONCLUSIONS AND RECOMMENDATIONS

By the most part, Pizza Hut's products meet consumers' demands. Customers are satisfied with the variety, size and taste. Majority of consumers accept higher prices of Pizza Hut's products. There are 60% of consumers who agree with the price of each product. Thus, a number of consumers believe quality is more important than the price of a product. Consumers are satisfied with the convenience of Pizza Hut's locations. Consumers are also satisfied with Pizza Hut's interior lighting, facilities and cleanness of the dining environment. Most consumers are satisfied with Pizza Hut's promotions. From time to time, Pizza Hut forms alliances with other enterprises that enhance its brand awareness which attracts more consumers.

Most of the products offered by Pizza Hut are high in calories and saturated with fat. Obesity and cardiovascular problems often arises when consuming of these foods are frequent. This study suggests the development of different products according to market segmentation. For example, development of products low in fat and calories suites females. Development of products balanced in nutrition and healthy suites students. Spending power is different by groups. Of the survey, a-third are students. The price of products offered by Pizza Hut is considered high for students. The study suggests the development of lower priced products for students. Approach: Pizza Hut's dine-in restaurants are mostly located on the second floor of commercial buildings on major streets. For most customers, "parking" is a troublesome issue. It would be much more convenient if Pizza Hut can solve the parking problem for consumers. Due to widespread use of the internet, Pizza Hut has been using internet for its promotion and advertisement. However, most of Pizza Hut's customers receive information from televisions. The study suggests the use of Stars/idols as spokesperson to increase exposure and brand awareness.

Cleanness of the interior environment is the most important aspect to restaurants. Restaurants also need to be well-known in a positive way, have good service, sales promotion and freshness in its products. Customer loyalty and interaction relation would be created as a result. In a leading market of competition, additional value can be created from distinctive resource, technology and creative service. Overall, the quality of service by Pizza Hut has been praised by customers which is a plus from the taste of food itself.

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