

## Traits of Urban Middle Class Consumers in India — Satisfaction and Loyalty Observed from Eat-out Experiences

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**Abstract:** India is an attractive market. Middle class people living in cities are growing rapidly in number, and their life styles are becoming westernized. In this regard, many foreign corporations are conducting research on business environment, such as regulations, tax systems, infrastructures, and potential competitors. However, from the perspective of marketing, understanding target consumers should also be important. Keeping these backgrounds in mind, this study addresses consumer behavior of urban middle class consumers in India who seek opportunities to eat out. Based on questionnaire surveys regarding their experiences at restaurants and coffee shops, in this paper, we examined their loyalty and satisfaction, relationship between these two, and determinants of satisfaction. Major findings include, (1) customer satisfaction directly leads to improved loyalty, and (2) overall satisfaction is influenced by more than 13 factors. These findings are in sharp contrast to the ambiguous and elusive behaviors of Japanese consumers. This study, therefore, suggests an opportunity for foreign food industries in terms of entering Indian middle class market. This result indicates the necessity to expand the focus on consumers to be targeted rather focusing solely on business environment. Furthermore, this “Satisfaction-loyalty approach” works as part of “Feasibility studies” to explore business possibilities in foreign markets.

**Key words:** India; consumer behavior; food service business; customer satisfaction; loyalty

**JEL code:** M3

### 1. Introduction

Today Indian middle class people are shifting their life style toward modern westernized way, as well as they are growing rapidly in number. This trend gives more and more opportunities for foreign enterprises for the coming years. Among the chances are in the food service industry, such as casual restaurant and coffee shops. Foreign and indigenous chain type shops are popping up in Tier 2 cities as well as Tier 1 mega cities in India. On one hand, it is natural for foreign businesses to be cautious about and sensitive to the business environment in India, which include regulations, tax systems, merchandising custom, infrastructure, relations with local government, potential competitors, and so on. On the other hand, it is also crucial to deeply understand the characteristics of consumers they are going to target. For instance, Nagashima (2013) notes that Indian middle class people tend to attach much importance to speed and responsiveness throughout their shopping processes,

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indicating potential factors for differentiation by modern retailers.

Given this background, this study attempts to identify traits of Indian urban middle class consumers in terms of their eating-out activities, and discuss implications for foreign food service industries that are planning to develop businesses in India. In addition, we will consider the methodological usefulness adopted here, particularly when grasping consumers in emerging markets.

Consumers vary depending on the cultural and social background, as well as economic circumstances. Grasping the consumers' traits may sound somewhat abstract and general. However, from the perspective of business practices, two aspects are considered to be useful and important.

First, how do consumers choose goods and/or services? Consumers may depend much on their own experiences or rather on other information such as word of mouth. Also, consumers may be different in terms of culturally developed preferences. For instance, Indian consumers like colorful home electric appliances while many Japanese consumers take it for granted that appliances are white. Lucky Gold, a Korean manufacturer of conglomerate, captured this preference, and together with other devices different from their own country, won a large share in the Indian market of home electric appliances. In short, it is about the elements upon which a choice is based.

Second, how and through what experiences consumers continue to purchase goods or services? This is important especially for day-to-day or frequently purchased items. This perspective is dependent much on behavioral science rather than sociology, culture studies, or anthropology. This study focuses on this second perspective. We attempt to understand the traits of urban middle class consumers in India through their eat-out experiences at casual restaurants or coffee shops. So if we define the objective of this study narrowly, it is to grasp the consumers' traits to be targeted in order to develop food service businesses in the urban area of India.

In addition to this practical goal, as mentioned above, we would like to consider the methodological usefulness which we call "Satisfaction-Loyalty structure". This consists of three parts, i.e., (1) clarifying the situation of loyalty and satisfaction, (2) examining the relationship between loyalty and satisfaction, and (3) exploring the determinants of overall satisfaction.

## **2. Related Preceding Studies**

The approach mentioned in the previous section is based on the idea that clarifying the traits of consumers in terms of a specific area of consumption should be best attained by examining their loyalty and satisfaction structures. Hence, this section deals with preceding studies with respect to loyalty and customer satisfaction.

### **2.1 Loyalty**

First, we look into several studies on loyalty. Recent studies tend to consider that it is necessary to conceptualize and deal with loyalty both from behavioral and attitudinal aspects. Dick and Basu (1994), for example, proposes the dimensions of relative attitude (psychological tendency or attachment) and repeat purchase (patronage), and consequently established four categories: true loyalty, spurious loyalty, latent loyalty, and no loyalty as presented in Table 1.

The behavioral aspect of loyalty can simply be measured by repeated purchase. On the other hand, the attitudinal aspect is not simple and there are several ways to operationalize the construct. Representative measures that are operationalized include (1) Intention to purchase again, (2) Feeling attached ("Attachment"), (3) Intention to recommend it to someone. Among them, Baron, Conway, and Warnaby (2010) regards "Attachment" as most

important as attitudinal aspect of loyalty, since this psychological tendency does, in due course, lead to future usage and positive word of mouth (WOM). Today the attitudinal loyalty is often called “Commitment” meaning “Intention to Repurchase,” “Attachment,” or “Intention to Recommend”.

		Relative Attitude	
		High	Low
Repeated Purchase	High	True loyalty	Spurious loyalty
	Low	Latent loyalty	No loyalty

Figure 1 Loyalty from Behavioral and Attitudinal Aspects

Source: Dick and Basu (1994)

Also with respect to loyalty, Christopher, Payne, and Ballantyne (2002) proposes “Loyalty ladder”, asserting that a customer goes up to “Client”, “Supporter”, “Advocate”, and finally to “Partner”. By their explanation, “Client” is a repeat purchaser, “Supporter” feels attachment, and “Advocate” spreads out positive WOM. Therefore, according to Christopher et al. (2002), behavioral loyalty is still an undeveloped stage that should be developed into “Supporter” with attachment and then into “Advocate” with intention to recommend. In this regard, Reicheld (2003) proposes a simple measure of loyalty, called Net Promoter Score (NPS) based on the intention of recommendation. In a survey where choice of orders out of 10 is set to identify the intention to recommend, NPS is defined as the ratio of “Promoter (9-10)” subtracted by that of “Detractor (1-6)”.

Considering these preceding studies on loyalty, this study follows the expression of loyalty in that we grasp it from behavioral and attitudinal aspects, and that as attitudinal aspects, we consider (1) “Intention to Revisit”, (2) “Attachment”, and (3) “Intention to Recommend”.

**2.2 Satisfaction**

Second, we review several studies on the structure of customer satisfaction (CS, hereafter). How CS is built is equally important as the formation of loyalty to grasp consumers’ traits. There are numerous viewpoints for CS. This part discusses three typical viewpoints that this study is based on; (1) Relationship between loyalty and CS, (2) Relationship between CS as overall evaluation and partial evaluation (evaluation on each possible attribute), (3) Roles of expectation(s).

With regard to the relationship between loyalty and CS, representative studies take into account “Threshold effect”. That is to say, certain ranges of satisfaction and dissatisfaction exist that do not cause a change in loyalty. In addition to the threshold effect, Oliva, Oliver, and MacMillan (1992) examine and confirm asymmetry in line with “Negativity effect”.

As for the relationship between overall evaluation and partial evaluations, Mittal, Ross, and Baldasare (1998) and Nagashima, Nag, and Nagashima (2015) exemplify the studies that explore quantitatively and find asymmetric and non-linear nature of the relationship concerned. On the other hand, Stauss and Weinlich (1997) and Nagashima (2009) made qualitative analyses to identify the different trait of each phase as the service process proceeds.

Finally, expectations in the context of service evaluation are extensively studied. Among them are Grönroos (1984) and Parasuraman, Zeithaml, and Berry (1988). The former emphasizes the importance of the process and result of service, and the latter proposes the representative framework of service evaluation, “SERVQUAL”. Both

studies consider that each attribute (item, hereafter) is evaluated in comparison with its expectation to influence or aggregate overall evaluation. This concept is widely known as “Expectancy-disconfirmation model of satisfaction”.

Considering these preceding studies, this study basically hypothesizes the positive relationship between CS and loyalty, but allows for the possibility of asymmetric and/or non-linear relationships. With regard to the relationship between overall and item-level evaluations, we consider that some items are more influential than others. Then we empirically test each item to identify whether it is a “Minimum-requirement factor” or a “Value-enhancing factor” introduced in Stauss and Weinlich (1997). For the rolls of expectations, we also empirically test their effects on overall evaluation.

With respect to the notion of CS and overall service evaluation, there are arguments on the conceptual differences between them. Yet, there are studies that support the use of single dimensional overall evaluation as the surrogate for CS (Bitner & Hubbert, 1994; Spreng, MacKenzie, & Olshavsky, 1996; Mittal et al., 1998, etc.). Following this, we regard overall evaluation as CS.

### **3. Basic Ideas and Methods**

The basic concern of this study is to clarify the traits of Indian consumers in terms of eat-out, and the approach we take is by examining “Satisfaction-Loyalty Structure”. We believe that this method is useful and can be adopted in other fields of consumption. As we mentioned in the introduction of this paper, this approach consists of three elements; i.e., (1) clarifying the situation of loyalty and satisfaction, (2) examining the relationship between loyalty and satisfaction, and (3) exploring the determinants of overall satisfaction.

The purpose of the above (1) is to identify the distribution with descriptive statistics. Regarding CS, we present the distribution of overall evaluation. As for loyalty, we present it by the form developed by Dick and Basu (1994) shown in Figure 1, which shows loyalty distribution from the behavioral and attitudinal aspects at the same time. Here, following this preceding study, attachment is adopted as attitudinal loyalty.

Above (2) is presented in two ways. The first presentation of the results follows Dick and Basu (1994). In other words, average CS levels (0-10 point scale) are compared by four categories of Dick and Basu. The second presentation is from the reverse side, from satisfaction to loyalty. Here, three types of loyalty, intention to revisit, attachment, and intention to recommend are presented by the difference of satisfaction level.

Above (3) is analyzed mainly by correlation coefficient. The first representation is about the correlation between overall satisfaction and partial evaluations. The second one is the same, but by dichotomizing the partial evaluations into good and bad evaluations. The purpose here is to identify, into which category to classify each item, “Minimum-requirement factor” or “Value-enhancing factor?” The third representation is about the roles of expectations. We present correlation between the number of items expected and frequency of visit, and then, correlation between overall evaluation and the number of items that exceeded expectation. This is to examine the adaptability of expectation-disconfirmation model.

In order to attain the representation of “Satisfaction-Loyalty structure”, we conducted a questionnaire survey. Also, to make the results more clear and interpretable, we will compare the results with those of Japanese consumers. The questionnaire surveys we conducted are summarized in Table 1.

Table 1 Questionnaire Surveys Conducted in India and Japan

	India	Japan
About respondents		
:age	18years old and above	18years old and above (18-24 as a result)
:area	Residents of Delhi, Mumbai and Chennai	Students of Toyo University, Tokyo Japan
:income bracket, social economic class	Household annual income of 200,00INR or above and also classified as A or B in term of SEC (Social Economic Class)	
:experience	Have eat-out experiences at a casual restaurant or a coffee shop within the last 3 months, which he/she remembers well and are willing to be asked about	
:number of effective samples	n = 788	n = 336
Period	From February to March, 2015	From June to July, 2014
Method	On-line Survey answered by monitors managed by infobridge marketing & Promotions Co., Ltd.	Distributing questionnaire sheets and collecting them afterwards
Questions	*Demographic information which includes gender, age, residential area, and household income *Name of restaurant/coffee shop, the time and purpose of visit *Loyalty toward the shop (frequency of visit, intention to revisit, attachment, intention to recommend) *Satisfaction level (overall, and on each item, such as waiting time, atmosphere, courtesy, cleanliness, etc) *Expectations beforehand and compares with the experiences on the site	

#### 4. Results and Findings

This section presents the findings obtained by the surveys. First, basic characteristics of the sample are disclosed. Then the results of three elements that consist of “Satisfaction-Loyalty structure” follow. They are (1) distributions of loyalty and satisfaction, (2) relationship between loyalty and satisfaction, and (3) determinants of CS. All these elements of consumers in India are presented in comparison with consumers in Japan.

##### 4.1 Basic Sample Distribution

Table 2 shows the distribution of effective samples in terms of basic attributes, such as age, gender, cities of residence, and annual household income. They are presented by the type of shops which the respondents are answering about. From the income distribution, we find that coffee shop visitors fall into a little higher income bracket than casual restaurant visitors.

##### 4.2 Distributions of Loyalty and Overall Evaluation

Figure 2 shows the distributions of loyalty in the form of Dick and Basu (1994). For both types of shops, we find that (1) More people tend to frequent the same shop in India, and (2) Much more people tend to feel strong attachment to the shops in India. It is inferred that both behavioral and attitudinal loyalty are easy to win in India than in Japan. Particularly, in terms of attachment, there is a striking contrast between two countries. This would be partly because choices are still limited in India, while in Japan, food service market has been saturated and is very competitive with the decreasing population.

Figure 3 shows distributions of overall evaluation for both types of shops. The scale is from zero (Poor) to ten (Excellent), while five represents neutral (Neither good nor bad). We can acknowledge at a glance that consumers in India tend to evaluate shops more favorably than those in Japan.

**Traits of Urban Middle Class Consumers in India — Satisfaction and Loyalty Observed from Eat-out Experiences**

**Table 2 Basic Traits of Effective Samples**

(unit: %)

Basic categories	Classifications	Casual restaurant n = 454	Coffee shop n = 334	Total n = 788
City of resident	Delhi	31.1	34.1	32.4
	Mumbai	34.1	32.9	33.6
	Chennai	34.8	32.9	34.0
	Total	100.0	100.0	100.0
Gender	Male	70.5	59.0	65.6
	Female	29.5	41.0	34.4
	Total	100.0	100.0	100.0
Age	18-19	9.5	7.2	8.5
	20-24	19.2	16.8	18.1
	25-29	22.5	19.2	21.1
	30-34	21.4	21.0	21.2
	36-39	13.0	9.6	11.5
	40-	14.6	26.4	19.5
	Total	100.0	100.0	100.0
Annual household income	200,000-349,999INR	48.7	17.7	35.5
	350,000-499,999INR	37.4	41.3	39.1
	500,000-749,999INR	8.6	29.3	17.4
	750,000-999,999INR	1.5	6.3	3.6
	1,000,000- INR	3.7	5.4	4.4
Total	100.0	100.0	100.0	

Note: For some items, percentages do not sum up to 100% due to rounding errors.

(A) Casual Restaurant

		Attitudinal Loyalty (Attachment)		
		Yes	No	Total
Behavioral Loyalty	Yes	India 44.5% Japan 4.6%	India 13.4% Japan 21.4%	57.9% 26.1%
	No	India 23.3% Japan 4.6%	India 18.7% Japan 69.3%	42.1% 73.9%
Total		India 67.8% Japan 9.2%	India 32.2% Japan 90.8%	100% 100%

(B) Coffee Shop

		Attitudinal Loyalty (Attachment)		
		Yes	No	Total
Behavioral Loyalty	Yes	India 43.7% Japan 13.7%	India 16.5% Japan 26.3%	60.2% 40.0%
	No	India 19.5% Japan 8.4%	India 20.4% Japan 51.6%	39.8% 60.0%
Total		India 63.2% Japan 22.1%	India 36.8% Japan 77.9%	100% 100%

**Figure 2 Distribution of Loyalty in the Form of Dick and Basu (1994)**

Note:

Behavioral Loyalty: Yes = Visited the same shop six times or more in the last 12 months.

No = Visited it at most five times

Attitudinal Loyalty: Yes = Feel attachment definitely (Five out of five point scale).

No = One-Four out of five point scale (“Somewhat yes” is included “No”).

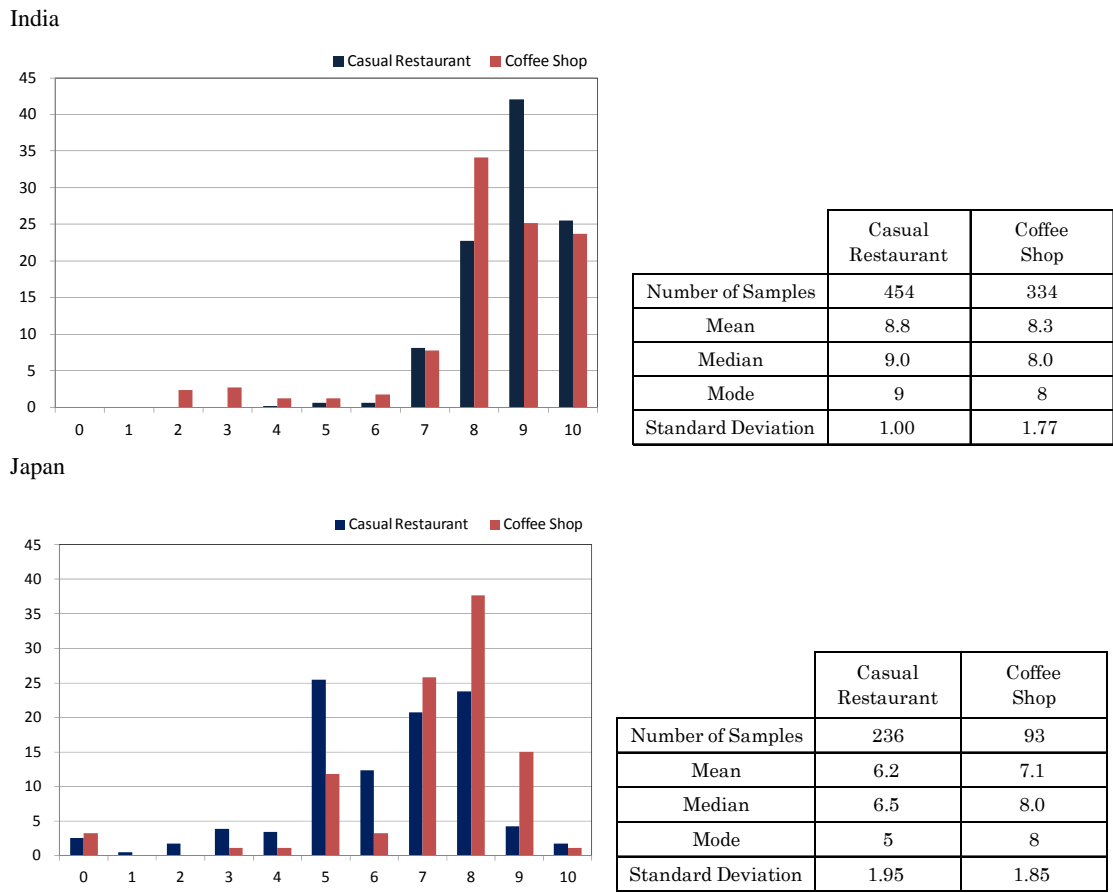


Figure 3 Distribution of Overall Evaluation (CS)

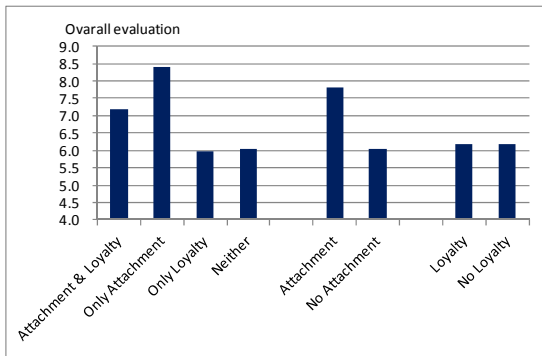
### 4.3 Relationship between Loyalty and Satisfaction

Private organizations usually regard loyalty as an important asset obtained to a certain extent by satisfying customers. If we consider attitudinal loyalty, satisfaction might be a necessary condition for loyalty, although it is not satisfactory. Considering the relationship between these two factors, identifying how closely they are related with each other would be important to understand characteristics of consumers targeted. It also would provide us with a basis to predict the causality of loyalty from satisfaction.

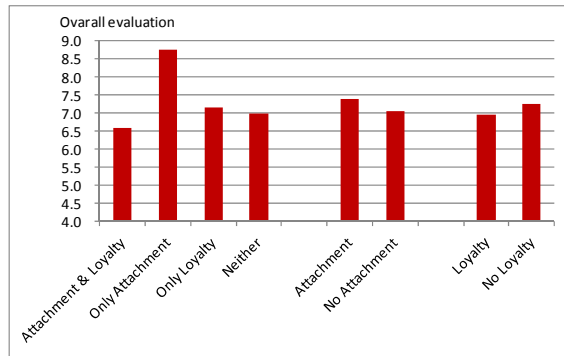
Figure 4 shows the averages of overall satisfaction by each category corresponding to Figure 1 (Dick & Basu, 1994). This indicates the resemblance between Indian and Japanese consumers in terms of overall tendency. It is not behavioral loyalty but attitudinal loyalty, i.e., attachment, that makes difference, with an exception of Japanese coffee shop visitors.

While Figure 4 tells us interesting resemblance between India and Japan, it shows only one aspect of attitudinal loyalty, attachment. As was explained earlier, loyalty can be operationalized in several ways even though limited to attitudinal ones. Also, causality from satisfaction to loyalty will be better implied by the form of Figure 5. Here, the levels of satisfaction are divided into four ranks; Low, Low-middle, High-middle, and High, allocated so that each category has a similar sample size. By this rank, the ratios of obtained loyalty are shown.

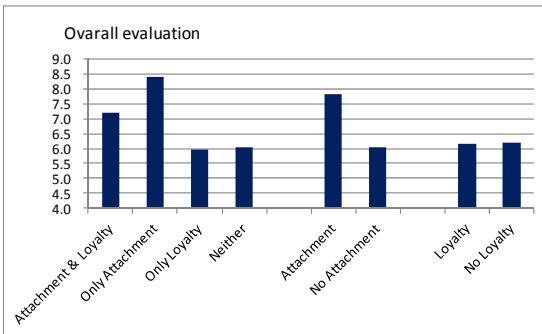
India: Casual Restaurant



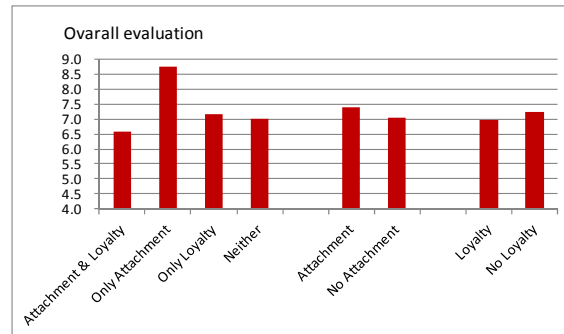
Coffee Shop



Japan: Casual Restaurant



Coffee Shop



	Casual Restaurant		Coffee Shop	
	Difference between Attachment and No Attachment	Difference between Loyalty and No Loyalty	Difference between Attachment and No Attachment	Difference between Loyalty and No Loyalty
A) India	0.000	0.897	0.000	0.146
B) Japan	0.000	0.993	0.441	0.483

Figure 4 Differences in Satisfaction Level based on the Form of Dick and Basu (1994)

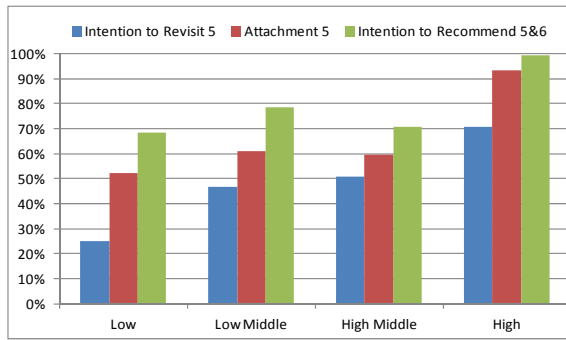
Note: Differences between (1) “Attachment” and “No Attachment”, and (2) “Loyalty” and “No Loyalty” were tested, where the null hypothesis is “the average satisfaction scores are the same for the two groups.” Obtained p-values by the t-tests are as follows.

Loyalty is expressed here as being three-fold; (1) Intention to revisit the shop, (2) Attachment felt, and (3) Intention to recommend it to someone. We asked (1) and (2), using five point Likert scale, and consider the superlative choice, “Definitely” (five out of five) as being loyal to the shop. As for (3), in addition to the same Likert scale, “Already recommended” is added to the choice. Here, we regard this choice and “Definitely” as being loyal. We are basically following the idea proposed by Reicheld (2003).

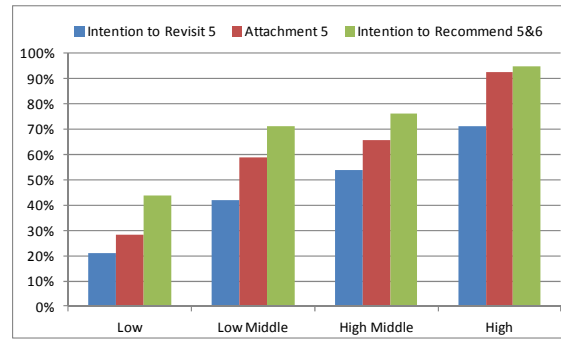
Figure 5 clearly illustrates the differences and similarities of Indian and Japanese consumers. With regard to the difference, loyalty is easier to obtain in India, especially attachment and intention to recommend. Regarding similarity, loyalty of both consumer groups tends to level up as satisfaction level improves, especially intention to revisit. A small difference observed is that in India, each type of loyalty is reflected and probably directly influenced by satisfaction level, while in Japan only intention to revisit conforms to this principle. Attachment and intention to recommend indicate some ambiguity. The statistical tests indicate no clear relationship between CS and attachment for Japanese coffee shop visitors, while other 11 relationships are statistically significant.



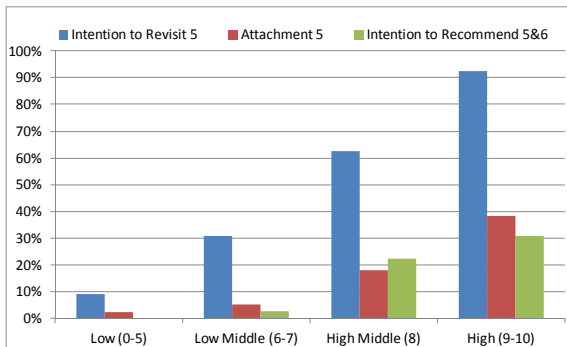
India: Casual Restaurant



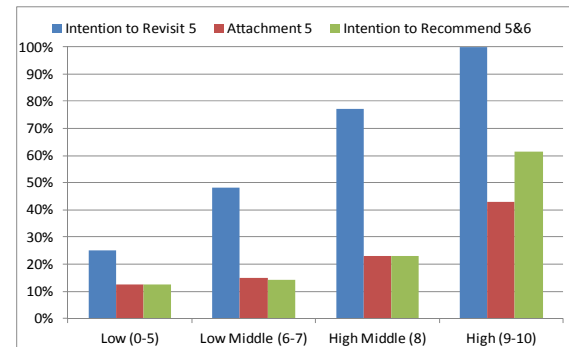
Coffee Shop



Japan: Casual Restaurant



Coffee Shop



	Casual Restaurant			Coffee Shop		
	Intention to Revisit	Attachment	Intention to Recommend	Intention to Revisit	Attachment	Intention to Recommend
A) India	0.000	0.000	0.000	0.000	0.000	0.000
B) Japan	0.000	0.000	0.000	0.000	0.157	0.006

Figure 5 Differences in Loyalty Expressed according to the Differences in CS Levels

Note: 1. Ranks of CS for India are, Low: 0-7, Low-middle: 8, High-middle: 9, High: 10.

Ranks of CS for Japan are, Low: 0-5, Low-middle: 6-7, High-middle: 8, High: 9-10.

2. Difference in loyalty for each case is tested, where the null hypothesis is “the loyalty level is the same among four ranks corresponding to CS levels.” Obtained p-values by the F-tests are as follows.

#### 4.4 Determinants of CS (1): Correlation with Partial Evaluations

Figure 6 shows correlations between overall evaluation and evaluations on each item (Partial evaluation, hereafter). To make it easy to compare consumers of the two countries, both countries appear in the same chart by the type of shops. Items showing a correlation with CS are lined in the descending order of strength for Indian consumers. In general, correlation does not necessarily mean causality. But here, we speculate and regard these correlations as causality from each partial evaluation to CS.

From both charts, we observe conspicuous traits shown by Indian consumers. First, they show smaller differences among items than the Japanese counterparts. Second, stronger correlations with CS are indicated for most items. On the other hand, Japanese consumers take up specific items to make much of. For instance, customer service by shop staff and cleanliness are most important in evaluating casual restaurants. Similar tendency is observed for coffee shops, but not so conspicuous and each correlation is not strong enough to determine CS.

In sum, Indian consumers look toward all directions, while Japanese consumers concentrate narrowly. It

might imply that it is difficult to satisfy Indian consumers in the sense that they make much of many factors. Yet, it is also implying that an effort to improve any factor is rewarding in that every factor is strongly related to overall evaluation.

As proposed by Stauss and Weinlich (1977), items might be divided into “Minimum-requirement” and “Value-enhancing” factors. The former causes to deteriorate CS if it falls short of the neutral point, and the latter causes to improve CS if it exceeds neutral. This characteristic of each item can be implied by measuring its correlation with CS individually when the partial evaluation is lower than neutral and when higher than neutral. If the item indicates stronger correlation with CS when it is lower than neutral, it is implied to be a “Minimum-requirement factor”. If it does when it is higher than neutral, it is a “Value-enhancing factor”.

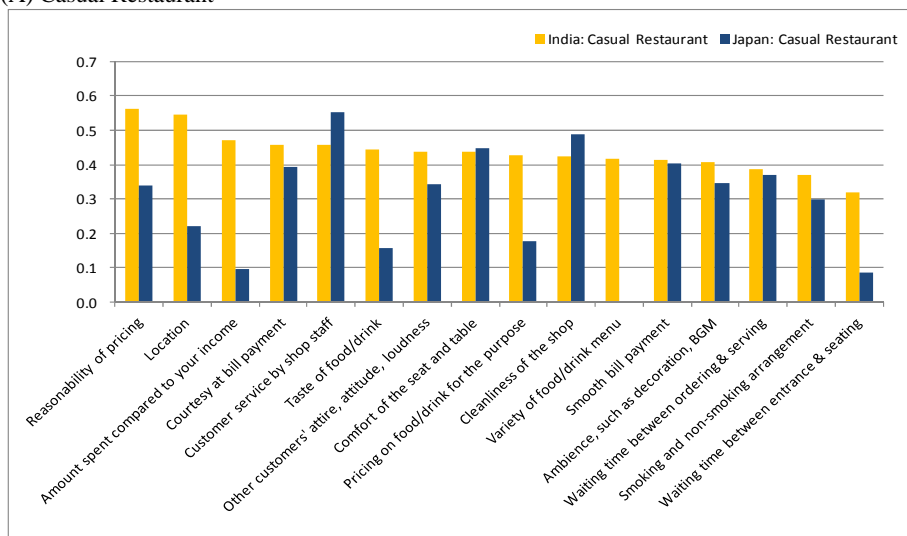
This division works well for Japanese consumers, but does not work sufficiently for Indian consumers as shown in Table 3. This is probably due to skewness in the distributions of partial evaluation, as well as overall, by Indian consumers. Most of them evaluate items more favorably than neutral. Also, all items indicate correlations with CS that are statistically significant at 1% significance level. This should cause all items to be classified into “Value-enhancing factors”, making it difficult to find “Minimum-requirement factors”.

For Japanese consumers, “Minimum-requirement factors” are customer service by shop staff, waiting time between ordering and serving, taste of food/drink, and reasonability of pricing. On the other hand, “Value-enhancing factors” are cleanliness of the shop, ambience such as decoration, BGM. Comfort of the seat and table, smoking and non-smoking arrangement, smooth bill payment, and courtesy at bill payment are also included in “Value-enhancing factors”. Also, customer service by shop staff, cleanliness of the shop, and reasonability of pricing are important in both ways. For Indian consumers, all items but smooth bill payment are “Value-enhancing factors” probably because of the reason explained above.

**4.5 Determinants of CS (2): Influence of Beforehand Expectation**

This section addresses the role of expectation. In the survey, we asked the respondents, whether they felt better than expected on each item, or about the same, less than expected, had no expectation beforehand. Here, we compare consumers of two countries from two perspectives; (1) whether expectation becomes more salient as frequency of visits increases, and (2) whether CS depends on exceeding expectations as indicated by “Expectancy-disconfirmation model” (Grönroos, 1984; Parasuraman, Zeithaml, & Berry, 1988).

(A) Casual Restaurant



(B) Coffee Shop

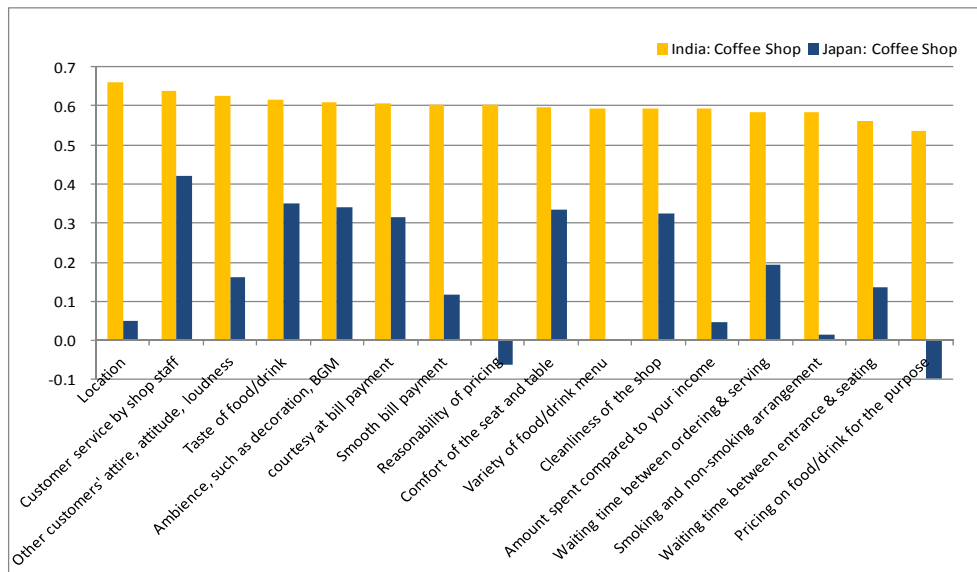


Figure 6 Correlation between Overall Evaluation (CS) and Partial Evaluation

Note: Since evaluation on “Variety of food/drink menu” was not asked, the item does not appear for Japanese consumers.

Table 3 Items Classified into “Minimum-requirement” and “Value-enhancing” Factors Implied from Correlation with CS

Partial evaluation score of following items ⇒ ⇒ ⇒	India		Japan	
	Low (5 or below)	Hign (6 or above)	Low (5 or below)	Hign (6 or above)
1 Location	*	0.449	*	*
2 Waiting time between entrance & seating	*	0.441	*	*
3 Customer service by shop staff	*	0.439	0.332	0.311
4 Waiting time between ordering & serving	*	0.403	0.284	*
5 Taste of food/drink	*	0.500	0.210	*
6 Variety of food/drink menu	*	0.465	N/A	N/A
7 Cleanliness of the shop	*	0.473	0.198	0.242
8 Ambience such as decoration, BGM, etc.	*	0.464	*	0.255
9 Comfort of the seat and table	*	0.448	*	0.275
10 Others customers' attire, attitude, loudness	*	0.472	*	*
11 Smoking and non-smoking arrangement	*	0.444	*	0.164
12 Smooth bill payment	0.592	0.480	*	0.149
13 Courtesy at bill payment	*	0.519	*	0.304
14 Reasonability of pricing	*	0.501	0.251	0.149
15 Pricing on food/drink for the purpose	*	0.470	*	0.316
16 Amount spent compared to his/her income	*	0.502	*	*

Note: 1. “\*” denotes that the correlation coefficient is not statistically significant at the 5% significance level.

2. N/A means that the item is not requested to answer in the questionnaire.

As Table 4 shows, Indian consumers are following commonsense, i.e., as frequency of visit rises, the number of items that are correctly expected increases. On the other hand, the number not expected beforehand decreases. In the case of Japanese consumers, they do not show any meaningful difference which relates to frequency of visit. This contrast reminds us of complex and whimsical minds and/or behaviors observed in slow-growing mature economies.

However, with respect to the conformity to “Expectancy-disconfirmation model”, Indian consumers seem to be more complex as shown in Table 5. While this model applies to Japanese consumers when the frequency of visit is low, it does not apply at all to Indian consumers in any of the cases. In many places, even signs of correlation coefficients are opposite to those theoretically assumed. In this sense, expectation is not playing an important role in determining CS in India.

**Table 4** Number of Items Expected Correctly and Not Expected

India				
	Frequency of visit in 12 months ⇨	5 times or less	5 times or more	p_value
Casual restaurant	# of factors same as expected	1.7	3.2	0.000
	# of factors not expected	4.7	2.7	0.000
Coffee shop	# of factors same as expected	2.3	6.2	0.000
	# of factors not expected	5.9	3.0	0.000
Total	# of factors same as expected	1.9	4.5	0.000
	# of factors not expected	4.6	2.8	0.000
Japan				
	Frequency of visit in 12 months ⇨	5 times or less	5 times or more	p_value
Casual restaurant	# of factors same as expected	5.9	6.1	0.725
	# of factors not expected	2.9	2.4	0.388
Coffee shop	# of factors same as expected	6.2	6.3	0.837
	# of factors not expected	2.5	1.6	0.107
Total	# of factors same as expected	6.0	6.2	0.619
	# of factors not expected	2.8	2.1	0.080

Note: Frequency of visit is based on the specific shop that the respondent is answering about. For India indicated numbers are out of 14 items, and for Japan they are out of 13 items.

**Table 5** Empirical Results about “Expectancy-Disconfirmation Model” — Correlation Coefficient with CS

	Country in which consumer reside ⇨	India		Japan	
	Frequency of visit in 12 months ⇨	5 times or less	5 times or more	5 times or less	5 times or more
Casual restaurant	(1) # of factors above expectation	-0.121	0.006	0.140	0.040
	(2) # of factors below expectation	0.338**	0.182**	-0.330**	-0.121
	(3) # of factors: (1)-(2)	-0.248**	-0.073	0.288**	0.091
Coffee shop	1) # of factors above expectation	-0.127	0.130	0.242	0.066
	(2) # of factors below expectation	0.175*	-0.037	-0.185	0.124
	(3) # of factors: (1)-(2)	-0.178*	0.132	0.271*	0.095
Total	(1) # of factors above expectation	-0.099	0.122**	0.195**	0.088
	(2) # of factors below expectation	0.204**	0.114*	-0.303**	-0.086
	(3) # of factors: (1)-(2)	-0.167**	0.062	0.308**	0.117

Note: “#” in the table means “the number”.

“\*\*” denotes that the correlation is statistically significant at the 5% significance level (both-sided).

“\*\*\*” same as above at the 1% level.

## 5. Conclusions and Discussions

From the findings laid out thus far, this final section summarizes the results, and considers implications for future research.

### 5.1 Summary of the Results

First, we summarize the traits of urban middle class consumers in India as follows. They are presented in

comparison with the Japanese counterparts.

(1) Consumers in India are likely to evaluate shops more highly and are more loyal to specific shops than the Japanese counterparts.

(2) While it is common for both consumers that a high overall evaluation (CS) causes to improve loyalty, Indian consumers are much more susceptible to CS in that it leads to a rise in attachment and intention to recommend conspicuously. In Japan, on the other hand, it is really difficult to win the feeling of attachment and improve the intention to recommend.

(3) In India, overall evaluation is directly correlated with many factors, while in Japan it is correlated with several limited factors. Also, in India, most factors are interpreted as those that can potentially improve CS, although the skewed distribution of evaluation should be taken into account. In contrast, in Japan, factors tend to be divided either into those that potentially improve or deteriorate CS.

(4) As far as expectation-formation is concerned, Indian consumers' behavior makes sense in that they tend to forecast more items and more accurately as the frequency of visit increases. This logically assumed tendency does not hold for Japanese consumers. However, when it comes to evaluating experiences, Indian consumers appear to ignore the difference between the actual performance and expectation, while the Japanese counterparts evaluate their experience based on the excess of performance level over expectation when frequency of visit is low.

## **5.2 Discussions**

The traits of Indian middle class consumers suggest a huge potential in conducting business in India. While it is natural to be cautious about business practices and environment, such as regulations, tax systems, merchandising custom, infrastructure, and potential competitors, the results revealed by this study depict quite simple and straightforward consumers who are to be targeted. It is important to improve each part of service step by step, and it will lead to better overall evaluation. High evaluation or CS raises intention to revisit, attachment, and intention to recommend to others. This path is much clearer and stronger than the Japanese counterparts. Also, it is not necessary to control expectations as in Japan. Rather a high expectation often leads directly to high evaluation.

We also observe the common characteristics for both consumers; overall evaluation indicates no meaningful difference associated with the behavioral loyalty, but conspicuous difference is linked to the attitudinal loyalty. This observation may imply that a high CS level leads to repeated visit to a certain degree, and high frequency tends to cause satiation. Some further research will be needed to clarify this point.

Including the issue mentioned above, the future work should involve analyses that capture satisfaction-loyalty relationship in more detail, using appropriate models. Models will also be needed for examining the relationship between overall and partial evaluations and exploring "Minimum-requirement" and "Value-enhancing" factors. Furthermore, qualitative as well as quantitative traits will play an important role in consumer behavior. In this regard, dividing the process of experience into several phases, and specifying the focal point to be evaluated will be a useful approach, the methodology that was proposed by Nagashima (2009) in terms of shopping experiences.

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