

Dimensions of Nepalese Bakery Products and its Impact on Customers' Satisfaction

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Abstract

This research tries to identify the dimensions of Nepalese bakery products and measure the impact of Nepalese bakery products on customers' satisfaction. This research is based on primary data. To achieve the objective, quantitative and qualitative research designs have been used. Data were collected through personal interview, questionnaire and observation with 396 customers from Kathmandu Valley. Judgmental and purposive sampling technique was used in this procedure. Demographic analysis, percentages, arithmetic means, standard deviation and multiple regression equations were used to analyze and interpret the data. It is revealed that the price of bakery products have highest mean values where as location is least important than other dimensions. Among different dimensions of bakery products, price, quality and location have significant impact upon the customers' satisfaction under one percent level of significant. Similarly, taste of bakery items and ambience of bakery shop are significant.

Article Type: Research Based

Key Words: Bakery products, Customer Satisfaction, Purchase Intention, Nepal

Background of the Study

Maslow declares physiological needs as the basic foundation of the hierarchy of pyramid needs. Physiological Needs is deficiency needs of human beings where they require food, water and shelter. Food provides energy for body to work or to survive. The relationship between food and health is generally defined as a dietetic and medical study current days which concrete on food consumption. This plays a major role in individual and mental health, avoidance of future disease and over and underweight (Schneider, 2018).

High nutrient food items are value for high consumption where a bakery product holds high nutrients food which can be taken as breakfast, lunch and dinner. Eating habit of people has gained high nutrients food which bakery segment has launched and triggered in growth sector of population (Majid, et. al., 2014). In a food processing industry bakery, a traditional process which holds important place in that market. Consumer wants new option in bakery

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industry which is concern about low calories diet. Furthermore, bakery product meets the hunger of health-conscious problem people (Majid, et. al., 2014).

In the context of Nepal, bakery products is first introduce by Krishna Bakery and Confectionery since 1984 A.D. later on in 1981A.D Nanglo Bakeries Private Limited and Makoo bakery in 1988 A.D. And many more bakeries were introduced in Nepalese market where they produce bakery products (Nepalb2b.com, 2015). Likewise, figure of bakery product has increased along with the number of population consuming bakery products. Bakery products are bread, croissant, Danish, muffin, cookies, puff, cake, pastry, cream caramel and many more.

Consumers' perception refers to opinion of consumer about specific products or goods. It is also known as how consumers feel about your product or how they have experience about that thing. Consumer's perception requires what it is, why it is important for them and it's all about their experience while using that product or seeing that product .Perception differs person to person. Similarly, buying perception depends upon their perception about the product where perception develops how effectively product has been marketed and what quality of product and services has been delivery to the consumers (Kazmi, 2012). Independent variables of consumer perception are price, quality, quantity, hygienic, services, variety, location and delivery of service. While dependent variables are consumer satisfaction, post-purchase behavior and purchasing intention and these two variables effect on consumers perception about that products.

Problem statement

Most of the consumers want low calories foods due to concerning about their health. Getting low calories foods they will be satisfied. But, will the price be reasonable for them or not? Will high quality products be available in the reasonable price? As we know, the consumers purchase behavior differs from person to person whether bakery product can meet their taste or not. Dependent variables will effect by independent variables. For example; if the product is high quality but cannot meets the customer taste then that customer cannot be satisfied. It means the product or services that's delivery to customers weather it really meet the customers' expectation.

Nepalese bakery sector is consistently developing day by day and it is important for us to know consumer perception about those products. This research will help to know about the price, quality and services of bakery products provided in the Nepalese market. There are very few bakeries that produce bakery items considering the health of customers such as bakery item that can be consumed by diabetic patients are rarely found in Nepalese market.

Research questions

- What are the major dimensions for consumers choosing the selected bakeries?
- How customers can be retained by trying to find out feeling, attitudes, and emotion concerning the selected bakeries?
- What is the impact of major factors up on the customers' satisfaction during the choice of bakery items?

Objectives

- To understand the opinion of the customers regarding bakery products in Nepalese market.
- To identify the influential factors for consumers choosing the selected bakeries.
- To measure the impact of influential factors up on the choices of bakery products.

Literature Review

Studies have found that product-based factors have an equal contribution in the perception of customers towards bakery products. It is established by Moslehpour, Aulia, and Masarie (2015) that one of the major factors that affects the tendency to buy any product is the characteristic of the product. In the aforementioned study, Akpoyomare, et. al. (2013) further elaborate that:

“The characteristics or attributes of a product can distinguish it from other similar products. These attributes include visual appeal, functionality, and the components and features that affect the product's attractiveness or acceptance in the market. They also provide the consumers with symbolic value, as well as communicating functional features, emphasizing ease of use, and influencing the basis of product categorization” (p.67).

Studies like these establish the essentiality of product-based factors in the creation of perception regarding a certain product, which, in this case, is bakery. As one of the commonly consumed food group in the common context, there are further other factors that comprise the product-based factors that are enlisted as price, quality, and taste.

Whenever it comes to any product that might or might not be related to bakery, price is a crucial element that comes to play while generating the perceptions regarding them before the actual purchase.

Likewise, the quality of the product is another major determinant of consumer perception regarding bakery products, which has been established by studies like that of . However, there have been studies that associate price with the quality of products in both ways—directly proportional and indirectly proportional. Nasir et al. (2014) have concluded that some consumers combine price with quality and value perceptions to decide their purchase and make perceptions regarding the product. On the other hand, there is an entirely different demographic that considers quality to be the topmost priority in the perception regarding

products and thus don't let the domain of price manipulate their choices (Dodds, et. al., 1991).

Taste is one of the internal cues of the bakery products that has a major influence on people's purchasing intention of the product, as explained by Moslehpour, et. al. (2015).

Service-based factors are those elements that define and are defined by the type of service that the bakery is providing the consumers. Nindiani et al. (2018) define it as the difference that lies between the expectations of the consumers and the perceived service provision and the satisfaction that it induces. It adds to the product-based factors in shaping up public perception and concern about the product, and acts as a pathway for the producers to improve their service provision styles.

It is one possible explanation of the relationship that service provision has on the overall outcome related to customer satisfaction. The various elements of service quality include a range of factors. As per the study of Li and Wang (2014), in the context of a coffee shop, the service quality includes elements like music, newspapers and magazines for pastime, drive-through services, etc. Similar conditions can be replicated in the case of bakery items as well, whereby the quality service can be concisely assessed through the contemplation of location and ambiance provided by the bakery.

The location that a bakery producer is placed in plays a pivotal role in establishing perception among consumers of potential consumers. Nasir et al.(2014) have claimed in their study that choosing an appropriate location is one of the most crucial decisions for the companies as such since the preferability of the location highly defines the preferability of the product.

Another crucial element that falls under the service-based factors is the overall environment or ambiance provided by the place. If the bakery shop comes with the provision of a cafeteria as well, there are certain factors that come into consideration. Nasir et al.(2014) emphasize on the need of aesthetic interior and decoration as the key elements of a great ambiance.

According to Ajzen (2008), the attitude of consumers towards certain brands or products primarily determines the buying decisions of the individuals. In addition to the attitude towards the products itself, there are studies that even shed light on the effect that the attitude towards advertisements have on the customer's purchase decision (Shimp, 1981).

Ilieska (2013) stated that consumer satisfaction adapts satisfaction of the consumer needs where satisfaction comes in the term of price, quality and hygienic products. In a business measuring customer satisfaction is most important and satisfaction is most reliable characteristic getting feedback of the consumers (ARINICHEV et al., 2019).

Kumar (2019) stated that customers always calculate the product before using or consuming them. They will be either satisfied or dissatisfied after the calculation. If the consumer is satisfied after the purchase of the product, they will repeat the purchase. They will have a positive mind set about the product.

Kumar (2019) stated that the purchase of product of a specific brand depends upon the evaluation standards of the consumer and how they rank the product in comparison to the products of other brands. Customers usually do not want to take risk as they are not sure about the result of the product that's why marketing team of the product should help in reducing the risk and uncertainty of the consumers by providing them enough information about the product or the service that will make a positive impact on purchase intention of consumers. A study on the Taiwanese bakery product consumers has indicated that the purchase intention of an individual customer can be helpful in the assessment of a consumer's possibility about the buying of a product; with a higher purchase intention, the willingness to pay for a product increases as well. According to Schiffman and Kanuk [2007], purchase intention can assess the possibility of a consumer buying a product, and the higher the purchase intention is, the higher is the consumers' willingness to buy a product (Moslehpour, Aulia, and Masarie, 2015).

Conceptual Framework

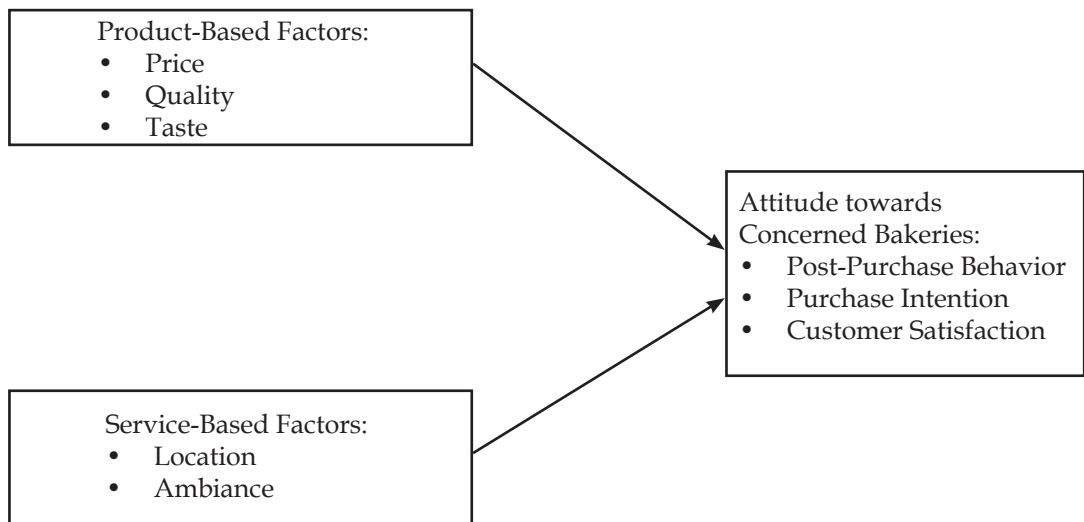


Figure 1: Conceptual Framework

The conceptual framework has been developed based on the data collected from the intensive literature review, which establishes the fact that this proposed framework has a theoretical basis and is going to be consolidated through an empirical study. This conceptual framework has the independent variables for the study on its left and the dependent variable on its right.

The independent variables are broadly divided into two classes: Product-based factors and Service-based factors. For the first category, the individual variables include the price, quality, and taste of the product. The second category, on the other hand, incorporates the location and ambiance of the producer. Likewise, the attitude-related variables of the study include post-purchase behavior, purchase intention, and customer satisfaction, which are considered as dependent variables.

Research Methodology

This research aims at identifying the factors that are responsible for the perception of Nepalese bakery products, so descriptive as well as explorative research designs have been chosen for the study.

Since the findings of the study were measured, calculated, and evaluated through numbers and perceptions of customers, this research follows the quantitative as well as qualitative study method. The data collected through this study were quantifiable and thus provided empirical answers to the research questions.

In this research, the data was collected through primary sampling where the researcher had provided questionnaire to specific population to collect the data for analysis. From a total sample size of 458 respondents, 396 were surveyed due to no response shown by the 62 of the respondents. They were surveyed to analyze consumers' perception towards the bakery products in Nepalese market. The respondents were the customers that often visit the bakery café and the bakery café for this were chosen randomly that are easily accessible for the researcher. Thus, the sampling technique was convenient sampling.

Result and Discussion

Data analysis was done using various statistical data analyzing software such as SPSS, MS Excel and Google Form statistical tool. These statistics were based upon the findings of the data collection. The data was initially entered in MS-Excel and exported to SPSS version 22. Data was then modified in SPSS, and the analysis process was carried on for meeting the initial objective. After explaining the demographic profiles of respondents, various descriptive as well as inferential statistical measurements such as frequency table, mean, standard deviation, and regression model were used to establish a relationship between the independent and the dependent variables.

Table: 1 Demographics and Personal Information

Characteristics	Number (n)	Percent (%)
Age of Participants		
Below 15 years	64	16.2
15 -49 years	200	50.5
50 years and above	132	33.3
Gender		
Male	170	42.9
Female	226	57.02
Occupation		
Student	110	27.7
Housewife	26	6.5
Government clerk	56	14.1
Private employee	44	11.1
Businessperson	82	20.7
Unemployed	40	10.1
Retired employee	38	9.5
Monthly Income		
Below Rs.15,000	32	8.08
Rs.15,000-Rs.30,000	70	17.6
Rs.30,000-Rs.50,000	156	39.8
Rs.50,000 and above	138	34.8
Frequency of bakery purchase		
Once a week	160	40.4
More than once a week	134	33.8
Once in two weeks	52	13.1
Once in a month	24	6.06
Less than once a month	26	6.56
Preferred bakery product		
Bread	194	48.9
Cake/Pastries	46	11.6
Doughnut/ Danish	32	8.08
Cookies/ Biscuits	54	13.6
Others	70	17.6
Expenditure on single purchase		
Less than Rs.500	68	17.1
Rs.500-Rs.1,000	156	39.9
Rs.1,000-Rs.2,000	106	26.7
Rs.2,500 and above	66	16.7

Source: Primary Survey Responses, 2019

Table 1 consists of the demographic characters as well as personal information about the respondents of the study. It can be seen that most of the participants of this study belong to the age group of 15 to 49 years (50.5%), indicating that the majority of the sample belongs to the independent population group. Likewise, those above 50 years follow with 33.3%, then by those below 15 years. Further, it is observed that there is a majority of females (57.02%) in the sample group. It can also be seen that most of the respondents of the study are students (27.7%), followed by businesspersons (20.7%) and then government clerks (14.1%). Further, the respondents mostly belonged to the group with a monthly income of Rs.30, 000 to Rs.50, 000 (39.8%) followed by those with the income of more than Rs.50, 000 (34.8%).

Likewise, when inquired about the frequency of their bakery product purchase, a majority of respondents claimed to make purchase at least once a week (40.4%), and then claimed to buy bakery products more than once a week (33.8%). Along with this frequency, the personal information about the respondents also included the most preferred bakery product, which was bread (48.9%) followed by other miscellaneous products including puffs, muffins, etc. (17.6%). The least preferred bakery purchase was Doughnut/Danish with a total of merely 8.08%. Likewise, most of the respondents generally spent between Rs.500 to Rs.1, 000 (39.9%) on one single purchase while the least number of respondents claimed to be spending Rs.2, 500 and above (16.7%).

Descriptive Analysis

Table 2 Mean and Standard Deviations of Independent and Dependent Variables

Variables	Mean values	Standard Deviation
Price	4.32	0.29
Quality	3.89	0.87
Taste	3.67	0.33
Location	2.53	0.94
Ambiance	3.12	1.23
Post Purchase Behavior	3.23	0.78
Purchase Intention	3.28	0.46
Customer Satisfaction	3.89	0.92

Source: Primary Field Survey, 2019

Table 2 illustrates the overall mean and standard deviation of the independent and dependent variables. Price, quality, taste, location and ambiance are the independent variables. Within dependent variables, post purchase behavior, purchase intention and customer satisfaction are included. The table shows that the all independent and dependent variables, price, quality, taste, ambiance, post purchase behavior, purchase intention and customer satisfaction have mean values above 3 except location because location does not play significant role on the perception of customers.. The highest mean value is 4.32 indicates that customers put high importance in price whereas least in location factor. Within dependent variables, the mean values are greater than 3, which indicate that on an average, all customers are satisfied.

From above table, it is noted that the highest standard deviation is 1.23 which indicates that there is high variation in ambiance whereas the least standard deviation is 0.29 suggests that there is more consistent in the price of bakery products.

Inferential Analysis

To measure the impact of independent variables on dependent variables, regression model is used. For obtaining single value of dependent variables, the aggregate mean value of all variables is calculated. The description of given regression model is given below.

Regression Analysis

Regression analysis is used to analyze the relationship between several independent variables and single dependent variable. This analysis technique allows researcher to indicate how much of the variance in the dependent variable is explained by set of independent variables.

Table: 3 Predictor of Customer Perception- Model Summary

Unstandardized Coefficients		Standardized Coefficients		T	Sig.
B		Std. Error		Beta	
(Constant)	0.350	0.29		0.945	0.345
Price (X1)	0.124	0.034	0.002	3.65	0.000
Quality (X2)	0.208	0.066	0.164	3.156	0.002
Taste (X3)	0.278	0.138	0.109	2.01	0.045
Location (X4)	0.894	0.126	0.338	7.095	0.000
Ambiance (X5)	0.122	0.057	0.102	2.128	0.034
R ² =0.76	F(5,390)=37.45		DW=1.94		
a Dependent Variable: Overall satisfaction (Y)					

The regression model is:

$$Y_i = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \dots + \text{te}_i$$

$$Y_i = 0.350 + 0.124X_1 + 0.208X_2 + 0.278X_3 + 0.894X_4 + 0.122X_5$$

It is observed that the explanatory power of the R² is 0.76 indicating that 76 percent variation in the overall satisfaction of customers towards bakery products is explained by variation of the independent variables included in the model. The F statistic of this model is also statistically significant at 1 percent. It is hypothesized that the signs of all independents variables are positive and significant. The predictors such as price, quality, taste, location and ambiance are found with positive sign as per expectation. It is revealed that other variables keeping constant, one percent point increase in location facility leads to 0.894 percent on the overall

satisfaction of customers. Similarly, it is noted that one percent point increase in quality of product increases by 0.208 percent on the level of satisfaction of customers if other variables keeping constant. Likewise, one percent point increase in ambiance variable increases by 0.112 percent on the level of customers' perception if other variables keeping constant. Here price, quality and location are significant at 1% level of significance whereas taste and ambiance of bakery shops are significant at 5% level but price is insignificant.

Conclusion

The perception of customers towards bakery products depends on different variables. Among them, price, qualities, taste, location and ambiance of bakery shops are more important. Any lacking related to these dimensions can build negative attitude towards the bakery products. So, the entrepreneurs and other stakeholders of bakery business should try to monitor these aspects and take corrective measures whenever something goes wrong. The research findings presented in this paper can provide in-depth understanding about the variables that affect the customer's attitude towards bakery products at Kathmandu valley. In addition, a direction for future research is to conduct the similar studies on other cities of Kathmandu and compare the customers' attitude towards bakery products among the different cities of Nepal.

The main objective of this research is to identify the influential factors of bakery products on the perception of customers. Among five factors, the price is regarded as most influential factor whereas the location plays less important. Similarly, the most consistent variables are price and taste of bakery products. Another objective of this research study is to measure the impact of various dimensions of bakery products on customers' perceptions. From the regression analysis, it is noted that price, quality and location are significant at 1% level of significance where as taste and ambiance of bakery shop are significant at 5% level of significance. Another objective of this study is to examine overall level of satisfaction among the customer of bakery products. From the analysis, it can be concluded that majority of customer who purchase bakery products are satisfied.

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