

Impact of O2O Platform on Macau's Restaurants

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restaurant

O2O

customer review

1. Introduction

In response to the COVID-19 outbreak, Macau suspended all non-essential economic and human activities by the end of January 2020 ^[1], forcing all restaurants to shut down business and sharply reducing their income. During the pandemic, survival has become the top priority of these restaurants. One strategy adopted by these restaurants to maintain their livelihoods has been to cooperate with O2O service giants, such as Aomi and mFood. Despite adopting these strategies, however, the COVID-19 pandemic has pushed many people to the edge. Will these emergency practices make or break those restaurants that have been struggling during the pandemic? The goal is to build and further expand on the current understanding of the process of change.

The integration of online-to-offline (O2O) platforms introduces third-party factors that restaurants cannot control. For instance, the attitude of a courier can affect the assessment and behavior of customers ^[2]. Moreover, most customers are attracted to O2O platforms due to the low prices they offer and their ability to compare prices ^[2]. These platforms may also cause other problems that can harm the reputation of restaurants ^[3].

The dining experience in restaurants has been extensively investigated in the literature ^{[4][5][6]}, and O2O-related research has focused on the behavioral intent and evaluation of platforms ^{[7][8]}. However, no previous study has investigated dining experiences in Macau in an O2O environment, and the COVID-19 pandemic has changed the thinking and behavior of customers. Therefore, the O2O dining experience in Macau restaurants during the pandemic warrants investigation. In response to this call, researchers combines qualitative and quantitative data, a method that produces sound results that are much more convincing than those obtained by using a single method ^[9]. This approach is also deemed applicable to multiple stakeholders of the restaurant industry, including its customers and professionals. The collected data are then explored from an industry perspective to validate and enrich the survey results. The survey results highlight those vital factors that are critical for online and offline channels and highlight some particular elements of the COVID-19 pandemic.

Therefore, researchers reported here extends and differs from previous studies in three critical aspects. First, researchers explicitly surveys restaurants in Macau and proposes a unique Python approach to uncover customer concerns from online reviews, paying particular attention to which indicators may lead to positive and negative reviews [10]. Researchers also go beyond the items applied in previous research by adding new items that influence customer reviews [11][12]. Second, researchers examine which social norms guide restaurant personnel in dealing with delivery problems. Third, researchers supplemented previous studies (i.e., selected qualitative-only studies) by including both qualitative and quantitative results [10][11][12]. This research provides managers with empirical evidence on the drivers of customer quality and articulates opportunities to improve quality service.

2. O2O Platform

2.1. O2O Takeaway

O2O refers to online purchases from brick-and-mortar businesses that consume products or services in physical stores [7][13]. O2O has become a new electric commerce pattern that connects offline services and goods to online sales, marketing, and evaluation. O2O platforms play essential roles in different life scenarios (e.g., car rental, tickets, and takeout) [14]. The O2O market has boomed in Macau over the past six years, with its market size dramatically growing from 500,000 cumulative users in 2018 to 2.8 million in 2020. Moreover, the number of restaurants in Macau has soared to 1600, occupying 90% of the market share. Due to the convenience they bring to both consumers and traders, O2O platforms have proliferated [7].

However, research on O2O has been sporadic and limited thus far. Three main streams have emerged from the limited research. The first stream primarily examines those factors influencing customer ratings of food delivery applications. The attributes of these applications, such as their design, convenience, credibility, and diversity of food choices, significantly affect their perceived value, thereby reinforcing the intention of users to utilize these applications [7][8]. Another important determinant of the credibility of the information processing path is measured by the source and quality of the information [13]. The customers' performance expectations, alignment with mindfulness, habits, and self-image, and social interaction have also shown positive correlations with their willingness to use these applications [15][16].

The second stream examines those factors that affect restaurant sales on O2O platforms. For top-selling restaurants, both overall ratings and number of reviews are essential to increasing their sales, and delivery service is particularly critical for low-selling restaurants. The adaptive behavior of restaurants has also been studied, which reveals that promptly adjusting food quality according to customer preferences is crucial in increasing sales [17].

The third stream examines the determinants of the choice of a service provider and the O2O food consumption experience. Customer loyalty is greatly affected by food quality (e.g., taste, performance, variety, and availability of healthy choices), attitude of delivery people, and consistency of orders, packaging, and transport costs. Customers also develop positive attitudes toward their O2O experience when they feel hedonism, price/time savings, comfort in their previous online shopping experience, convenience, and the utility that comes with their purchase [3].

However, further research on O2O platforms is warranted, and no study thus far has investigated the case of restaurants in Macau.

2.2. Factors Affecting the Dining Experience

Several factors are significant to the dining experience of customers, including value for money, brand reputation, and quality of service [\[18\]\[19\]](#).

2.2.1. Service Quality

Previous research highlights the significant effects of service quality on dining experience [\[18\]](#). Quality of service is a multidimensional hierarchical structure comprising three scales, namely quality of results, physical environment, and interaction [\[20\]](#). First, quality of exchange refers to the customers' perception toward service delivery or interaction with employees [\[20\]\[21\]](#). Research on restaurant dining experience suggests that quality of interaction is a combination of problem-solving, professional, and interpersonal skills [\[22\]](#). Hwang and Ok (2013) [\[23\]](#) used SERVQUAL [\[24\]](#) to measure employees' empathy, responsiveness, reliability, and tangibles as sub-dimensions. They propose several salient characteristics that all service personnel should possess, such as friendliness, helpfulness, focus on unique needs, knowledge, providing prompts, accurate, professional, and reliable service [\[6\]\[18\]\[19\]\[25\]](#). Bitner (1992) argues that service workers' attitudes, behaviors, and skills define the quality of the service provided and ultimately affect customer evaluations of the satisfied [\[26\]](#).

Second, the physical environment is created by people [\[26\]](#) and significantly impacts the behavioral intentions of customers and contributes to their positive sentiment [\[19\]](#). In general, the quality of the physical environment includes facility aesthetics, seating comfort, ecological conditions, and spatial layout [\[5\]\[19\]\[23\]](#). When these environmental conditions provide a pleasant atmosphere within a service facility, customers are more likely to exhibit positive behaviors, such as a desire to stay longer and spend more [\[24\]](#).

Third, quality of outcome measures how consumers receive the services and what services are provided [\[20\]\[21\]](#). Food quality is considered the most crucial factor in the overall customer dining experience [\[18\]\[22\]\[25\]\[27\]](#). Many characteristics have been used to estimate food quality, including freshness, nutrition, taste, portion size, appearance, menu variety, smell, and temperature [\[18\]\[23\]](#).

2.2.2. Brand Reputation

Brand credibility refers to the willingness (credibility) and ability (expertise) of a brand to consistently deliver on its promises [\[28\]\[29\]](#). Trust can increase the willingness of customers to purchase a brand and can reduce their uncertainty [\[29\]](#). Trustworthy brands are positively associated with lower risks and costs and higher perceived quality, thereby increasing the purchase intentions of customers and leading to favorable evaluations [\[30\]](#). Meanwhile, brand reputation refers to the trust of customers in the credibility, professionalism, and ability of a brand to provide a satisfying dining experience [\[31\]](#).

2.2.3. Value for Money

Price is linked to the credibility of a brand and reflects quality ^[32]. As an indicator of reputation and quality, premium prices increase the attractiveness of services and products ^{[24][33]}. While some restaurants are supposed to be expensive, customers still expect high value or prefer fair prices due to their iconic, hedonistic, or practical nature ^{[4][33]}. Previous studies have shown that positive customer reviews of their purchase experiences can result from high value and fair prices ^{[6][19]}.

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