The Effects of Service Brand, Service Category and Level of Criticality on Customer’s Service Quality Perceptions: A Comparison of Franchised versus Independent Businesses

Hyo Jin (Jean) Jeon  
Ph.D. Candidate  
Michael F. Price College of Business  
The University of Oklahoma  
307 West Brooks  
Norman, OK 73019-4001, USA  
Tel: (405) 325-2656  
Email: jeanjeon@ou.edu

Rajiv P. Dant  
Price Chair in Marketing Strategy  
Michael F. Price College of Business  
The University of Oklahoma  
307 West Brooks  
Norman, OK 73019-4001, USA  
Tel: (405) 325-4675  
Email: rdant@ou.edu

Aaron M. Gleiberman  
Michael F. Price College of Business  
The University of Oklahoma  
307 West Brooks  
Norman, OK 73019-4001, USA  
Tel: (405) 325-5904  
Email: gleiberman@ou.edu

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Abstract

Using a mixed factorial design, this study experimentally investigates the main and interactive effects of two levels each of (1) service brands (i.e., nationally known franchised brands versus locally grown non-franchised brands), (2) service category (i.e., experience versus credence based services), and (3) criticality of the service (low versus high) on consumer preferences. The dependent construct of consumer preferences is operationalized in terms of consumer perceptions of four SERVQUAL dimensions (i.e., reliability, security, tangibility, and responsiveness), convenience, and perceived risk associated with the focal services. A convenience sample of 349 consumers is used to carry out the empirical assessment of a total of eighteen hypotheses related to the above variables. Besides shedding theoretical light on the key drivers of service quality dimensions in the above contextual setting, we discuss a series of recommendations for actionable managerial guidance to franchisors, franchisees as well as independent service providers. To the best of our knowledge, this study represents one of the first explorations of a franchising issue from the consumers’ perspective, much of the extant franchising literature having adopted the vantage point of the franchisors and more recently the franchisees but with virtual exclusion of franchise customers’ viewpoint (Dant, Grunhagen and Windsperger 2011; Dant 2008).