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# Factors Effecting the Customers Selection of Restaurants in Pakistan

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#### Abstract

Restaurants are the growing industry in service and hospitality sector. People preferences regarding selection of services especially in food market are changing rapidly. The paper aims to explore the most important and influential factors that effect the customers' selection of the restaurants. The paper will help the restaurants' management to make their policies according to the need and preferences of the customers to get the maximum profit, loyalty and attraction of the customers. To find out factors that are not yet been identified interviews are conducted. Three new factors — privacy, preferential treatment and suitable environment for family gathering — are identified and then a descriptive analysis method is used to find the most influential factors. The results show that five out of various factors have the greater affect on this selection—food quality & taste, cleanliness, physical environment, staff cooperation and suitable environment for family gathering. In the light of the results of the paper it is worthwhile to use both — financial and non-financial — strategies to make the restaurant attractive for the customers.

**Key Words:** Restaurant; environment for family gathering; customer satisfaction; service quality.

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#### Introduction

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Services are different from the products. The most important characteristic of services is that the services are not the 'things' but 'processes'. It means that consumption and production are partly simultaneous activities and that customers participate in the service production process. The services are only interactive processes, not the products. In the product case, the decisions are made regarding the marketing communication, pricing and distribution. Whereas, 'service concept' is the critical thing in services i-e; how the quality-generating resources should function and what result they should achieve for the customer.

The service industry growth is playing a pivotal role in the economies (Bateson, 1992; Cronin and Taylor, 1992). Share of the service sector in the gross domestic product (GDP) is around 70 percent in developed countries, whereas in Pakistan it reaches to 53.5 percent (Pakistan Economic Survey 2011-12). Customers' perception about service quality & value is really important for the firms; as such perceptions are critical in the business successes (Lee and Ulgado, 1997). Doyle (2009, p. 191) also suggests the two principles of marketing – first to increase the shareholders' value and second to build the relationship with customers by satisfying their needs more effectively then the competitors. Research also suggested that firms need to know target customer's need and prepare themselves to cope with these preferences (e.g. see Edvardsson et al., 1994; Stuart and Tax, 1996; Wong et al., 1999). The restaurants are growing industry in the Pakistan; from the total employment 1.31 percent is employed in the restaurants (Labor Force Survey 2010-11). In Pakistan a household average expenditures on hotels and restaurants is 1.14 percent from its total food expenditures (Household Integrated Economic Survey 2010-11). The findings of the study will work like two edge sword; first, the implication of the findings will provide the desired things to the customers; second, it will also results in the long-term relationships with customers and ultimately results in the maximization of the wealth of the shareholders. Our findings will help the restaurants to operate according to the customers' needs and preferences. In marketing, service value is a critical construct because it has a significant influence on consumers' buying behavior (Bolton and Drew, 1991; Zeithaml, 1988). It is also evident from the literature that providing a good service is far difficult from offering a good manufactured product to the customer, as service providing is an ongoing process and need full time involvement with no chance of mistake; otherwise the service company will lose its trust and credibility.

Our study focuses on the restaurants in Pakistan, as this industry showing higher market and consumption in Pakistan. According to the economic survey of Pakistan 2011-12 urban population of the Pakistan is 67.55 million showing a large market for the restaurants as the restaurants are mostly be successful in the urban areas, not in rural because of the expenditure patterns of households. It is also evident from the Pakistan Economic Survey 2011-12 that Pakistan is the most urbanized nation in South Asia with city dwellers making up 36% of its population (2008). The median age of the people in the urban areas is between 21 to 27 years in the next 20 years (Population division of the Department of economic and Social Affairs of the United Nations secretariat, World population prospects: The 2008 Revision) which indicates a higher market for the restaurants as the fast food consumption trend is higher in middle ages.

The objective of the paper is to find out the factors that are very crucial in selection of the restaurants i-e; the dimensions which are highly weighted by the customers of that industry. It will be more beneficial to manage and deliver the services in a better way by understanding of customers' choices and priorities.

The paper is divided into two parts. In the first section the survey will conduct to identify and test the factors that affect the customers' selection of restaurants but are not yet identified by any other research. Second, the survey will conduct to identify the factors that are most important for the customers in today's life. At the end the discussion will be made that 'how strategically the restaurants have to perform and devote their resources/efforts at the right place, i-e; according to the customers' needs and wants."

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#### **Literature Review**

Customers cannot easily express the quality and its requirement (Takeuchi and Quelch 1983). Since the last 2 decades, a number of studies are conducted on the different service qualities in hospitality industry. Jones et al., (2002) and Qin and Prybutok (2009) studied the customers' behavior towards fast food. McColl-Kennedy and White (1997) studied the consumer satisfaction in the restaurants and the differences between the expectations and perceptions of service quality. Different researchers have found some dimensions, in this regard, of service quality in the hotel industry. In the hotel industry, there is a higher level of interaction of the employees with the customers, especially the front-line employees, hence having higher chances to earn the customer loyalty or to lose a loyal one (Lewis and McCann, 2004).

Restaurants mostly pay attention to the manner in which the customers are being served and continuously worked upon the outstanding service quality (Lewis, 1989; Headley and Choi, 1992), because inseparability of the production and consumption process of services (Carmen and Langeard, 1980; Gronroos, 1978; Regan, 1963) in restaurants make it quite impossible for the employees to make corrections in case of any failure (i-e, on check-in, check-out or any other point). In the case of failure in the persuasive services the outcomes like dissatisfaction (Kelley, Hoffman, Davis 1994); decline in customer confidence (Boshoff, 1997; Boshoff and Leong, 1998); negative word-of-mouth behavior (Bailey, 1994; Mattila, 2001); customer defection (Keaveney, 1995); loss of revenue and increased costs (Armistead, Clark and Stanley, 1995) and a decrease in employee morale and performance (Bitner and Hubbert, 1994) may occurs. Furthermore, (Sargeant and Mohamad, 1999) hotel industry showing the competitive marketplace with a greater potential; and consumers' expectations of service quality and the tendency of switching to other alternatives is high (Harrington and Akehurst, 2000). These are the main reasons of this study to identify the most dominant factor(s) by maintaining of that/those factor(s) restaurants can make the customers loyal and the tendency of switching of the customers can be reduced.

A number of studies are conducted to identify the customers' preferences in selection of restaurant. Price, menu (Lundberg, 2001), promotional deals, lady waitresses and quick service (Lundberg, 2001). Some other factors like quality of food, persuasive services provided, freshness of food, packaging style, delivery/serving timings, variety of foods, late night offerings, friends gathering, environment of restaurant, brand image, cooperation of staff and location of restaurant also been identified in previous various studies. In these various studies numbers of factors are identified which effects the customer decision about restaurant selection. One of the reasons of this study is to identify the highly effective factor(s) that influence the consumers' selection of restaurant. For this purpose all the factors previously been identified by different researchers are taken into account and to find out other factors as well, which are still uncovered, that also effects the consumers' selection.

Semi-structured interviews were taken in two stages. In first stage interviews were conducted from 17 people of different profession & lifestyle. The people were asked about the factors that affect their selection of restaurants or services they want in the restaurants. The average time of the interview was 16 minutes. Between many other new factors, only three new factors (privacy, preferential treatment, and appropriate environment for family gathering) were mostly repeated by the interviewees.

In the second stage 21 interviews were conducted from the customers at different restaurants, here very specific questions were asked from respondents and average interview time was 7-8 minutes. Table I shows the summary of the interviews whereas the demographic characteristics of the interviewees are showing in the Appendix.

Some other factors are also identified – number of waiters, music, complementary foods, high chair for small kids, lighting, CRM (personal identification of customer by employees), consistency in taste and

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moderate quickness in process (i.e. not very much quick). The frequency of these factors is quite low and not enough to include for the further examination but may get importance after sometime – in next few years. In addition to that the authors also asked an optional open-end question in questionnaire about any other factors that influence their selection of restaurants.

During the interviews some factors were also reported by interviewees that are destroying the image of restaurants or affect the selection of restaurants. These factors are:

- Rude behavior or mood of waiters/employees.
- Longer wait.
- Inappropriate or poor process.
- Too much people in the restaurants.
- Separate family halls.
- Low quality food.
- Differences in services for male and females.
- Improper parking area.
- Too much noise.
- Cooking smell.

Literature provided enough studies carried on and explaining the other variables in detail, so in this paper authors put stress on the newly identified three variables.

Table I: Summary of the Interviews

S.No	Factor/Kind of Service	Frequency (Stage I)	Frequency (Stage II)	Total frequency	Remarks
18	Physical Environment of restaurant	15	14	29	Interior, Furniture, Colors & Crockery
2	Cleanliness	9	18	27	Cleanliness of floor, food & crockery
3	Quick service	9	15	24	Order taking & serving time.
4	Cooperation & Behavior of staff	9	15	24	Persuasive, Polite, Mature & friendly
5	Privacy	10	11	21	Space between tables & chairs, no interference of staff
6	Price	8	12	20	Must be according to the food stuff & service quality
7	Location of restaurants	4	15	19	Peaceful, noise free, wide parking area and not far away from prime locations
8	Food Taste & Quality	7	11	18	Good unique taste and quality ingredients
9	Preferential treatment	4	14	18	Regular customer has to get some preferential treatment over other no regulars

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10	Appropriate environment for family gathering	4	11	15	No informal activities of couples (customers), no bad language used by other people or staff, something special for children and attractive environment for gathering
11	Brand image	4	7	11	How much the restaurant is famous or preferred by other people
12	Menu	3	6	9	Number of foods in the menu and also in various quantities.
13	Lady waitresses	4	-	4	
14	Other people inside restaurants	5	-	5	General nature & behavior of the people, number of people (customers)

# **Privacy**

Generally, privacy can be said to be a mean of obtaining freedom to choose how much of ourselves are expose to observers, with exposure not being strictly limited to being seen by others. Privacy can be violated physically by means of spatial encroachments, visually by an extended unwelcome gaze, or acoustically via loud conversation or other noise stimuli. All three types of privacy invasion create discomfort in part because they presume a level of intimacy that is inappropriate for the circumstance (Argyle & Dean, 1965). In the restaurants people come for refreshment with their spouse, friends or relatives, and are hoping for a favorable peaceful environment to spend some time. The privacy can be disturbed through various things e.g. little gap between the tables, unusual staring by the employee, frequent visits or interruption by the employee or any person taking images or making videos etc. Altman (1975) argues that discomfort of an invasion of privacy creates emotional stress.

## **Preferential Treatment**

Sheth and Parvatiyar (1995) recognized that "implicit in the idea of relationship marketing is consumer focus and consumer selectivity—that is, all consumers do not need to be served in the same way". Generally, this preferential treatment is not been offered to all customers (Bitner, 1995; Gwinner K.P., Gremler D.D., & Bitner, M.J., 1998) but only to the selected customers – depending upon the salesperson. For selection of that customers – to whom the preferential treatment can be given – two broad categories can be made; loyal and non-loyal customers. The differentiation between the customers on loyalty basis allow the businesses to know and fulfill their needs accordingly, in the best possible way (Peterson, 1995; Ping, 1993) which was also suggested by the Doyle (2009). Preferential treatment is when businesses usually provide something extra valuable – financial or non-financial – only to their loyal customers in the hope of retaining them for the longer period. In line with Gwinner K.P., Gremler D.D., & Bitner, M.J., (1998), we defined preferential treatment as "a consumer's perception of the extent to which the businesses treats and serves loyal consumers better than non-loyal consumers". Preferential treatment influences the customers' decisions in evaluation and selection of restaurants.

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# **Appropriate Environment for Family Gathering**

Families are visiting the restaurants, apart from eating and drinking, to spend their time in a good pleasant environment. The general expectation of the people is an environment where they can sit and spend time in a formal and sophisticated environment where no antisocial activities are performed and the environment is best suit to the family gathering. As in Asian countries people are little bit more conscious about this issue. Hence, the environment that is favorable for the family gathering will positively impact the customers' selection of restaurants.

# Methodology

#### Instrument

A survey technique was used to identify the factors that affect the customers' selection of restaurants. A questionnaire (see appendix) is developed under the light of interviews' result – factors having equal or higher frequency of 10 are included in the questionnaire. A five point likert scale was used ranging from 1=strongly disagree to 5=strongly agree. The demographic characteristics of the respondents are showing in the TABLE II.

# **Population and Sample**

The population of this study is the people of Pakistan. Data was collected from the people of culturally diverse backgrounds and different occupations to make the finding more generalizable. Questionnaires were distributed to 170 people from different walks of life. Among which 151 were received, in which 148 were usable showing the response rate of 87%. The summary of the respondents is showing in the table II.

記しから	Table II:		
7 7 7 4	F	Percentage	1213
Age (n=148)	27		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	29	19.59	
Under 20			
21-30	87	58.78	
Above 30	32	21.63	
Sex(n=148)			
	89	60.14	
Male			
Female	59	39.86	
Monthly Income(n=148)			
Below 30000	69	46.62	
30000-60000	57	38.51	
Above 60000	22	14.87	
Education(n=148)			
	66	44.59	
Below Bachelor			
Bachelor	35	23.65	
Master or Above	47	31.76	

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# **Results**

As the aim of the paper is to find out the most affective factor(s) so a simple descriptive statistics technique was used to measure the responses. Figure III shows the summary of the responses.

Table III:

	S. Disagree	Disagree	Neutral	Agree	S. Agree
Physical Environment	3	8	15	90	32
Cleanliness	4	8	6	86	44
Quick Service	10	2	22	99	15
Staff Cooperation	5	4	20	75	44
Privacy	2	2	53	18	73
Price	9	3	27	87	22
Availability	3	8	51	58	28
Food Quality & Taste	1	2	2	76	67
Preferential Treatment	15	8	68	33	24
Suitable environment for family gathering	8	7	14	65	54
Brand Image	1	7	36	70	34

After the summarization of the responses; the aggregate trend in the responses are then reflected in the Table IV; which indicates that people are going against or in favor of any factor. All the factors are also rearranged on the basis of their strong response, which helps to identify the factors in the priority form.

Table IV:

	1 4	DIC I V.			AND
(C) 4.	Disagreement		Agreement		Remarks
	f	%	f	%	7 / HA
Food Quality & Taste	3	2.03	143	96.62	Positive impact
Cleanliness	12	8.11	130	87.84	Positive impact
Physical Environment	11	7.43	122	82.43	Positive impact
Staff Cooperation	9	6.08	119	80.41	Positive impact
Suitable environment for family gathering	15	10.14	119	80.41	Positive impact
Quick Service	12	8.11	114	77.03	Positive impact
Price	12	8.11	109	73.65	Positive impact
Brand Image	9	6.08	104	70.00	Positive impact
Privacy	4	2.70	91	61.49	Positive impact
Availability	11	7.43	86	58.11	Positive impact
Preferential Treatment	23	15.54	57	38.51	Positive impact

Note: The 'neural' responses are excluded from this table as they are neither in favor nor against.

All the factors are showing the positive results i-e; all the factors are having a positive impact on the customers' selection of the restaurants – as founded in the previous studies. The percentages of the responses in the table IV shows that how much percent of the sample are in favor or in against the factors, which will helps the restaurants' policy maker to get clear understanding that how much general population goes in which direction i-e; it will help in making generalize decision and if the restaurant work for and spend on any factor(s) will also ensure that a significant level of population will be targeted.

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#### **Discussion**

Table IV shows the final results that which factor has the greater impact and which affect less. All the factors shows the positive effects but businesses can't pay attention to all of them – and same is the basic aim of the study to provide most optimal factor(s) that has greater impact on customers' selection of restaurants. Like other businesses, restaurants also have limited resources, human skills, expense limits and limited time etc. This study analyzed five (05) most important factors – Food quality & taste, Cleanliness, Physical Environment, Staff Cooperation and Suitable environment for family gathering – that highly influence the customers' selection of restaurants and having more than 80 percent agreement percentage. These factors show very favorable results for the restaurants, as two of these factors (Food Quality & Taste and Physical Environment) need financial expenses to improve while three others (Cleanliness, Staff cooperation and suitable environment for family gathering) are related to the intangible factors and need no or very little financial expenses.

The basic necessity of need to visit the restaurants is to fulfill the hunger and thrust needs, 96.62 percent respondents are agreeing with the positive significant effect of this factor on their selection. Abraham Maslow (1943) also suggested that physiological needs like hunger and thrust are the most important factors that trigger people' actions and decisions. The results are also in accordance with the results of the Laroche et al., (2001), which argued that people are more conscious about the food quality. Proper and high quality ingredients will lead to the quality dishes; whereas the hiring or training of the chefs will lead to the good taste of the food.

Physical environment includes all the tangible things inside the restaurants. To improve the physical environment, restaurants have to spend a heavy amount on the interior designing; cartons, floor and accessories etc, but these expenditures are investment in their nature. The amount spend will increase the assets and also attract customers towards the restaurants.

The remaining three factors – cleanliness, staff cooperation and suitable environment for family gathering – are directly related to the HR policies, employees' motivation & behavior and administration. Moral building training and persuasive techniques should be used to enhance the efficiency and behavior of the front line employees. Whereas, the managers should make sure that no such activities are performed in the restaurants that are against the Pakistani culture and the overall environment should appeal a nice, friendly and proper atmosphere for the customers.

Low result of the preferential treatment is because of the fact, that was observed during the initial interviews, that people go to the restaurants to spend time with their family, spouse or friends so they are not interested in to be treated preferentially.

# Conclusion

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People are more conscious about the food quality and the manner in which it is served. It shows that people's along with the basic needs also want prestige and esteem. It also made easier for the managers to maintain a balance in financial and non-financial factors that affects the customers' selection of restaurants. By the efficient management of the both type of factors managers can attract new prospects and can also turn them to loyal one.

# **Limitations & Future Direction**

Values are different for everyone and also changes occur with the passage of time. So the replication of the study in other countries with different demographics of people will be very much helpful for the other

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countries' restaurants. It will be also worthwhile to conduct interviews from different people to get any other new factor that also affect the restaurants selection. Because customers are more informative today and they also have their benchmarks for any product/service. So, not like the traditional, now managers must have include the customers in designing and customization process. In future, the effect of involvement of customers in the services customization will be significant contribution in the literature.

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# Appendix.

Demographics of the interviewees.

1st Stage		2nd Stage		
(Outside the restaurants)		(Inside the restaurants)		
	f		$\overline{f}$	
$Age\ (n=17)$		$Age\ (n=21)$		
Under 20	3	Under 20	3	
21-40	10	21-40	14	
Above 40	4	Above 40	4	
Sex(n=17)		Sex(n=21)		
Male	13	Male	19	
Female	4	Female	2	
Profession(n=17)		Profession(n=21)		
Professional	7	Professional	17	
Student	10	Student	4	

# **Questionnaire:**

- 1. I select restaurant because of its good physical environment (Furniture & Decoration).
- 2. I select restaurant because of its Cleanliness.
- 3. I select restaurant because of its quick service.
- 4. I select restaurant because of its staff cooperation and nice behavior.
- 5. I select restaurant because they maintain some privacy for customers (proper space b/w tables, no interference by staff, no personal information is asked etc).
- 6. I select restaurant because of its price.
- 7. I select restaurant because it is near to my workplace or home.
- 8. I select restaurant because of its food quality & taste.
- 9. I select restaurant because it gives me some priority over other customers.