

A Study of various factors, which influence in decision making of customer & impact of word of mouth Marketing with respect to restaurants

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ABSTRACT: The changing trend and lifestyle today such as more women entering the workforce, extended Working hour, increasing household income and busier daily schedule had led the consumer to Eating out. This was fulfilling their need to have meal outside by choosing convenience alternative. The emergence of plenty restaurants in the country has leads the entrepreneurs to compete each other to ensure sustainability in their business margin. Therefore, this study was conducted to identify and understand the factors that influence consumer in choosing restaurant in Bangalore. The study also investigates consumer preference and attitude toward halal status that influence consumer need in choosing restaurant. The present study examines the decision making process in respect of restaurant services in Bangalore. The study aims to augment the understanding about preferences of selected cross-sections of consumers regarding restaurants and differences within the selected cross-section. The study utilized a self-administered questionnaire to a convenience sample of 100 respondents. The findings of the study suggest how consumers from selected cross-sections evaluate intrinsic and extrinsic because while evaluating a restaurant. It finally presents the implications for researchers and managers of Bangalore restaurants.

Keywords: Consumer, Lifestyle, Preferences, Restaurant, Services

I. INTRODUCTION

Restaurant is a French word which means “to restore”- a place where we are restored to strength and vigorrefueling, as it were, with food.“A successful restaurant makes everything in it, including the patrons, seem a little better than they are.”(Cooley, M. 2001). Restaurant is a place where the people is buying their basic need food and comes for theentertainment, reputation, good atmosphere and the best quality of food. The basic need of human is hunger. The human body needs food for energy and sustenance. So that peopleis buying food from a fancy restaurant or a normal stall based on their budget. Convenience is also a factorthat forces people to eat out. Many people, who don’t have time to prepare food at home, find restaurantconvenient. There are restaurants that cater to all segments of society.

1.1Market Size:

The services sector in India comprises a wide range of activities such as transportation, logistics, financial, business process outsourcing services, healthcare, trading, and consultancies, among many others. According to the data provided by International Data Corporation (IDC), the total mobile services market revenue in India is expected to touch US\$ 37 billion in 2017 growing at a compound annual growth rate (CAGR) of 5.2 percent.

The growth in the ITeS sector has resulted in increasing competition between the different brands in the ecommerce sector. As a result, it is expected that the e-commerce sector will generate close to 150,000 jobs within the next 2-3 years. The logistics sector in India which was valued at US\$ 101 billion in 2013 is expected to grow by 10 per cent per annum to reach US\$ 136 billion by 2016, according to Mr. R Dinesh, Chairman, CII Institute of Logistics Advisory Council and Joint Managing Director, TVS Sons Ltd.

1.2Restaurant Industry Analysis:

There has been a significant rise in the trend in out-of-home consumption of food in recent years, spurring growth in the food service industry. According to the National Restaurant Association of India (NRAI), the overall Food and beverage (F&B) service industry is growing at a rate of 5% -6% per annum and is currently estimated at Rs. 5.6 Lakh Crore (Rs. 560 Tn) and is likely to grow to 8.6 Lakh Crore (Rs. 860 Tn) by 2017 There are several demand side factors contributing to this growth, such as increasing time poverty, longer travel times, increased number of households where both spouses are working, along with factors such as increasing income levels and changing lifestyles The F&B services industry can be classified into organized and

unorganized segments. The organized segment is dominated by restaurants, both full and quick service. The unorganized segment consists of individuals or families selling foods through roadside vending, dhabas, food carts and street stalls, etc.

1.3 Different types of restaurants:

Fast Casual:

One of the hottest trends at the moment is fast casual, which is a slightly more upscale (and therefore more expensive) than fast food. Fast casual restaurants offer disposable dishes and flatware, but their food tends to be presented as more upscale, such as gourmet breads and organic ingredients. Open kitchens are popular with fast casual chains, where customers can see their food being prepared. Panera Bread is a good example of fast casual.

Family Style:

Family style dining, also known as casual style dining, offers moderately priced entrees from menus featuring a mix of classic cuisines, individualized with signature sauces, dips or other toppings cuisine. Casual style dining can be any number of themes, from barbeque (Long Horns) to Americana (Ruby Tuesday's) to Mexican (On the Border). Casual style restaurants offer table side service, non-disposable dishes, while still keeping the menu moderately priced. Inexpensive, low key setting.

Fine Dining:

The term Fine Dining brings to mind all kinds of images, from crisp white table cloths to waiters in tuxedos. Fine dining, just as the name suggests, offers patrons the finest in food, service and atmosphere. It is also the highest priced type of restaurant you can operate. Fine dining restaurants are usually are unique, even if they are owned by the same person or company.

Café or Bistro:

A café is a restaurant that does not offer table service. Customers order their food from a counter and serve themselves. A café menu traditionally offers things such as coffee, espresso, pastries and sandwiches. Cafes originated in Europe and are strongly associated with France. They are known for their intimate, relaxed atmosphere. Outdoor seating is another trademark of a café. A bistro is similar to a café, in that the food is simple, basic fare served in a casual setting. However, where a café may only serve coffee, breads, and pastries, a bistro may offer entire meals.

Fast Food:

Fast food is the most familiar restaurant to most people. Chains like McDonalds and Burger King became popular in the 1950s, and helped spawn countless other concepts like Taco Bell, KFC and In-n-Out Burger. Fast food service attracted customers for its speed, convenience, and cheap prices. Fast food restaurants are typically chains. If you are thinking of opening a fast food franchise, keep in mind that the initial costs of franchising are more expensive than opening an independent restaurant.

Restaurant Buffet:

Around since the Middle Ages, the buffet dining concept has stood the test of time and continues to be a popular choice for many restaurant customers. By definition, a buffet is a meal where guests serve themselves from a variety of dishes set out on a table or sideboard. Restaurant buffets are one type of restaurant concept that includes self-service and catering services. If you are opening a new restaurant, you can offer a buffet for special occasions or as a restaurant promotion.

Pop Up Restaurant:

Like food trucks, another growing trend in the hospitality industry are pop up restaurants. According to the National Restaurant Association's What's Hot survey, one of the biggest trends for 2015 is pop up restaurants. While popular now, pop-up restaurants are not a new concept. They originated as super clubs in the 1960s and 1970s. Today's pop up restaurants has many different looks and functions. They can appear in an unlikely place, such as an old warehouse or building rooftop. The allure of the pop up restaurant is the minimal investment of both time and money.

II. LITERATURE REVIEW

Kivela, Reece, and Inbakaran (1999) studied the difference in the ratings of restaurant attributes based on the demographic characteristics of respondents. In this exhaustive study on restaurants they divided the restaurants into four categories based on their differentiation in price, location, theme/ambiance, service level, cuisine and style. They argued that determinants in restaurant selection vary across age groups, income levels, and restaurant types. They found ambiance factor as an important determining choice variable for 25-34 year olds.

Andersson and Mossberg (2004) showed dining experience is an engrossing concept that includes much more than good food. They used the model described as concentric rings (including the 'must' and the

satisfiers’) to illustrate what aspects influence a customer’s multidimensional meal experience. The ‘must’ is food in the center, and in the adjacent ring there are five groups of satisfiers: (1) service; (2) fine cuisine; (3) restaurant interior; (4) good company and (5) other customers.

Auty (1992) identified the choice factors in the restaurant decision process based on four occasions: a celebration, social occasion, convenience/quick meal, and business Meal. Food type, food quality and value for money were found as the most important Choice variables for consumers when choosing a restaurant. The order of these choices Criteria varied according to dining occasions. The author further suggested that if the consumers perceived that restaurants provide comparable food type, food quality and price, they would take image and atmosphere of the restaurants into account when making a final decision, Family/popular and convenience/ fast-food restaurants.

III. RESEARCH METHODOLOGY

3.1 Statement of Problem:

In this age of urbanization restaurant industry is growing in leaps & bounds and the consumer behavior has changed drastically. This research will help us to study the latest trends of restaurants in India and find the impact of word of mouth (WOM) on choosing restaurants.

3.2 Research Objectives:

- To study the latest trends of restaurants in India.
- To know the impact of word of mouth (WOM) on choosing restaurants.
- Products and services offered by restaurants vary to a large extent and different consumers look for different mix of products and services. This report attempts to summarize those variables into smaller number of factors by analyzing the data of consumer’s responses through factor analysis. Main objective of this research is to find out the factors influencing in decision of choice with respect to restaurants in Bangalore city.

3.3 Hypothesis:

H0: There is no significant difference between perceptions of respondents based on demographic factors across different service factors.

H1: There is significant difference between perceptions of respondents based on demographic factors across different service factors.

H0: There is no significant relationship (correlation) between word of mouth on control variables.

H1: There is significant relationship (correlation) between word of mouth on control variables.

3.4 Primary Data:

Primary data has been collected using a structured and focused questionnaire; which covered various dimensions of the research questions. Convenient sampling technique was used to collect data for the research. The sample size consisted of 100 respondents.

3.5 Secondary Data:

Secondary data has been collected from books, internet, literature and other relevant documents. Magazines, Journals, Fact sheets and Web resources, online libraries and websites are other sources.

3.6 Statistical Techniques used:

Anova:

The application of ANOVA test in this study was to determine whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories. The test was also used to find out whether there exist significant difference between

Perceptions of respondents based on demographic factors across different service factors.

IV. DATA ANALYSIS

4.1 Testing of hypothesis:

Table 1: Showing the perceptions of respondents based on occupation for various service factors.

| Dimension | Factors | Level Of Significance | F- Value | P- Value |
|------------|-------------|-----------------------|----------|----------|
| Occupation | Food | 5% | 0.177 | 0.838 |
| | Service | 5% | 0.523 | 0.594 |
| | Ambiance | 5% | 0.294 | 0.746 |
| | feel-good | 5% | 1.489 | 0.23 |
| | convenience | 5% | 2.587 | 0.08 |
| | Price | 5% | 0.672 | 0.523 |
| | WOM | 5% | 1.716 | 0.185 |

Inference

The One Way ANOVA result from Table that there is no overall significance across different service factors. Since the p-value is greater than 5 % level of significance, the null hypothesis is accepted and alternative is rejected. In other words, we can conclude that the perception of respondents on occupation remain same across seven service factors.

Table 2: Showing the perceptions of respondents based on income for various service factors.

| Dimension | Factors | Level Significance | Of | F- Value | P- Value |
|-----------|-------------|--------------------|----|----------|----------|
| Income | Food | 5% | | 1.226 | 0.308 |
| | Service | 5% | | 1.335 | 0.271 |
| | Ambiance | 5% | | 2.389 | 0.077 |
| | feel-good | 5% | | 0.849 | 0.472 |
| | convenience | 5% | | 0.471 | 0.703 |
| | Price | 5% | | 0.064 | 0.978 |
| | WOM | 5% | | 0.766 | 0.517 |

Inference

The One Way ANOVA result from Table that there is no overall significance across different service factors. Since the p-value is greater than 5 % level of significance, the null hypothesis is accepted and alternative is rejected. In other words, we can conclude that the perception of respondents on income remain same across seven service factors.

Table 3: Showing the perceptions of respondents based on age for various service factors

| Dimension | Factors | Level Significance | Of | F- Value | P- Value |
|-----------|-------------|--------------------|----|----------|----------|
| Age | Food | 5% | | 1.464 | 0.229 |
| | Service | 5% | | 2.941 | 0.037 |
| | Ambiance | 5% | | 1.034 | 0.381 |
| | feel-good | 5% | | 1.369 | 0.257 |
| | convenience | 5% | | 0.124 | 0.946 |
| | Price | 5% | | 0.448 | 0.719 |
| | WOM | 5% | | 0.661 | 0.578 |

Inference

The One Way ANOVA result from Table that there is no overall significance across different service factors. Since the p-value is greater than 5 % level of significance, the null hypothesis is accepted and alternative is rejected. Except service factor, has the level of significance is greater than p-value (0.037 < 0.05%), the null hypothesis is rejected and alternative is accepted. In other words, we can conclude that the perception of respondents on age remain same across six service factors except service factor.

Table 4: Showing the perceptions of respondents based on gender for various service factors

| Dimension | Factors | Level Significance | Of | F- Value | P- Value |
|-----------|-------------|--------------------|----|----------|----------|
| Gender | Food | 5% | | 0.793 | 0.375 |
| | Service | 5% | | 1.068 | 0.304 |
| | Ambiance | 5% | | 0.512 | 0.476 |
| | feel-good | 5% | | 0.230 | 0.636 |
| | convenience | 5% | | 4.349 | 0.040 |
| | Price | 5% | | 0.068 | 0.749 |
| | WOM | 5% | | 0.702 | 0.404 |

Inference

The One Way ANOVA result from Table that there is no overall significance across different service factors. Since the p-value is greater than 5 % level of significance, the null hypothesis is accepted and alternative is rejected. Except convenience factor, has the level of significance is greater than p-value (0.040 < 0.05%), the null hypothesis is rejected and alternative is accepted. In other words, we can conclude that the perception of respondents on gender remain same across six service factors except convenience factor.

Table 5: Showing the correlation between word of mouth based on control variables.

| Control Variables | Influence from family/friends/peer group in choosing restaurants.(direct WOM marketing) | Influence from internet/blogs/social network in choosing restaurants.(indirect WOM marketing) | Influence of WOM on my decision to visit Restaurants. | I prefer to visit new restaurant If WOM influence Me. |
|-------------------|---|---|---|---|
| Food | 0.483 | 0.452 | 0.642 | 0.554 |
| service | 0.467 | 0.449 | 0.632 | 0.540 |
| Ambiance | 0.479 | 0.455 | 0.645 | 0.494 |
| feel-good | 0.501 | 0.422 | 0.551 | 0.452 |
| convenience | 0.408 | 0.417 | 0.584 | 0.404 |
| Price | 0.470 | 0.434 | 0.631 | 0.476 |

Inference

As per the above table, the correlations of various service factors with all the word of mouth analyzed dimensions (i.e. +WOM, -WOM, influence of WOM etc.) were found to be positive and significant (at 1% level). It indicates that more and more of word of mouth helps in, increase of probability of getting influence on different factors. However, observing the correlation values, it shows that the relationship between control variables and word of mouth dimensions is positive with all respondents.

V. FINDINGS

- It was found that most of the people prefer for spicy food in restaurants, and some are neutral with their taste so this neutral percentage can be converted accordingly.
- It was found that most of the people prefer for fresh food in restaurants, Where they likely to have hot and fresh made food.
- It was evident from research that most of the people prefer for tasty & flavorful food in restaurants.
- It was evident from research that most of the people prefer for variety of choice in menu in restaurants, respondents requires more verity of food in menu, so they would likely to visit that restaurant.
- It was found that most of the people prefer for their food to be served quickly and fast in restaurants, but the statement is not strongly agreed. Hence depending on respondents they may like to be served quickly and some may not like to have their order quickly.
- It was found that most of them are strongly agreeing for overall cleanliness in and around of the restaurants and this also influence in decision making of customer in choice of restaurants.
- It was evident from research that most of them are strongly agreeing for good appearance of restaurants (inside & outside).
- It was found that most of the people are strongly agree for discipline handling of telephone reservation.
- It was found that most of them are neutral and some are agreeing but also there are respondent who disagree to visit near to place restaurants.
- It was found that most of them are influenced with positive word of mouth and this influence the customer in choice of restaurants.
- It was found that there is no overall significance across different service factors. Since the p-value is greater than 5 % level of significance, In other words, we can conclude that the perception of respondents on occupation remain same across seven service factors.
- It was evident from anova that there is no overall significance across different service factors. Since the p-value is greater than 5 % level of significance, In other words, we can conclude that the perception of respondents on income remain same across seven service factors.
- It was found that there is no overall significance across different service factors. Since the p-value is greater than 5 % level of significance, Except service factor, has the level of significance is greater than p-value (0.037 < 0.05%), In other words, we can conclude that the perception of respondents on age remain same across six service factors except service factor.
- It was found that there is no overall significance across different service factors. Since the p-value is greater than 5 % level of significance, Except convenience factor, has the level of significance is greater than p-value (0.040 < 0.05%), In other words, we can conclude that the perception of respondents on gender remain same across six service factors except convenience factor.
- As per correlation toll, the correlations of various service factors with all the word of mouth analyzed dimensions (i.e. +WOM, -WOM, influence of WOM etc.) were found to be positive and significant (at 1% level). It indicates that more and more of word of mouth helps in, increase of probability of getting influence on different factors. However, observing the correlation values, it shows that the relationship between control variables and word of mouth dimensions is positive with all respondents.

VI. SUGGESTIONS

Know the customer: Take the time to get to know what makes your customers tick. The best restaurateurs can recall first and last names, spouse's name, where they live, work, play, what car they drive and most importantly, what they like to eat and drink. Knowing your guests' personal favorites also allows you the ability to "up-sell" (restaurant-speak for suggestive selling of higher priced and additional items) to them. Update your local demographic information periodically as the type of person you marketed to five years ago may have changed dramatically. As a result, you need to stay current about who your potential customers may be. Many restaurants also use reservation databases to track preference information to enhance their knowledge of how and what you like to eat and drink, when customers were last at the restaurant and what they ordered, etc.

Create signature items: In large cities there are thousands of places to eat, so give customers a reason to pick yours on a consistent basis. Become famous for just one or two items and ensure that these key items are premium quality, easily produced and profitable. Talk about these items when speaking to the media, advertising or creating any type of marketing or PR plan. If you create a demand for the very best [fill in the blank] in town and can produce it consistently, people will drive across the city for it again and again.

Treat your customers like gold: There's an old expression in the restaurant business: "If you have a great dining experience you may tell your close family and maybe a couple of people at work that you had a great dinner last night. If you have a bad meal/service/experience you will make a point of telling everyone you know how bad it was" have word of mouth impacts a lot on individuals. So get to know their likes and dislikes and cater to their needs. Everybody wants to be welcomed when they walk into your restaurant. Train your team to treat everyone like they are special and the word will spread that the service (which is 30 to 40 per cent of the dining overall experience) is great.

Continually train your staff to excel: Restaurant employees are generally happier when they are learning something new and subsequently give better service to your customers. By providing better service, they also make better tips – which make up the majority of their income. Their jobs can become repetitive so train them constantly to learn their job to the highest standard and the jobs of everyone else. Cross-training allows you to be able to cover the various tasks in your business and can help you create a build a team of future management candidates.

Listen to customer complaints and do something about what they say: It's easy to assume that you know more about food and drinks than your customers do. However, if your customers take the time and effort to let you know that something isn't right or could be better listen to their comments, thank them for their feedback and bring it up with the management and implement changes as needed. You will only hear about 10 per cent of what your customers really think about, so listen carefully.

Keep your menu current: The menu is the key element from which all other details revolve. Research other restaurants in your style of cuisine in all markets to see what they're doing, study menus, trade magazine and hire consultants to help your restaurant become a leader, not a follower.

Promote your team: If your chef, manager or staff members come with a great idea, make sure you reward them and recognize their achievements not only internally but in marketing you create. By recognizing great work, you will be viewed as someone who is surrounded by talented people. In turn, your staff will work harder because you took the time to recognize their contribution in a public forum.

Create a welcoming and clean environment: The average life span of the dining area of a restaurant is 7 to 10 years, so buy the best quality you can afford and keep it repaired, painted and polished. As your customers wait for dinner to arrive, many look at your decorations, artwork etc. Chipped paint or dirty baseboards stand out and can taint the overall experience and why they will or will not return to your restaurant. Many women choose their restaurant based on how clean the washroom is, so make sure you have a plan to service this area on a regular basis. Talk to professional, experienced restaurant designers and the equipment specialists to ensure any upgrades are going to maximize your space and customer dining experience.

VII. CONCLUSION

Consumer behavior pertaining to one of the fast growing service sector i.e., restaurants, has been investigated in past as suggested by the review of literature. However, lack of sufficient research in India on this account, encouraged this research. The purpose of this study was to advance the understanding about selection of restaurants in India. This was done by assessing: (1) whether persons with different occupations differ in their preferences for selected attributes in restaurant selection; (2) whether persons from different age groups differ in their preferences for selected attributes in restaurant selection; (3) whether persons belonging to different gender differ in their preferences for selected attributes in restaurant selection; (4) whether persons visiting restaurant for different reasons differ in their preferences for selected attributes in restaurant selection.

It is evident from the study that majority of the consumer have visited different restaurant at different times. So the restaurant owner has to take steps to retain the customer and make them a permanent customer. Majority of respondent came to know about the restaurant through their friends and through word of mouth impact. And restaurant advertises in local media newspaper, magazines to attract more customers. From the study it was known both male and female visit to restaurant, and mostly are youngster (age 20 to 35), their qualification are post graduate and employees, income level of respondent is good they mostly visited in restaurant in a week, and respondent go for dinner with family and friends, and it shows the majority of people who visit have to take dinner taste, service and convenience are the three major factors considered by the respondent in selecting a restaurant, so the restaurant owners should not compromise on these aspects at any cost.

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