

Factors Influencing Restaurant Selection in Yerevan

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Author: Arpi Janyan
Supervisor: Knar Khachatryan



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ABSTRACT

The primary objective of this study was to analyze the pre-purchase stage of consumer decision-making process and to identify factors that affect restaurant selection of consumers of Yerevan, Armenia. Extensive literature and primary data collected through a survey was analyzed.

Findings of current study displayed a preference for Armenian, Italian restaurants and Wine Houses for dining out for a social occasion and Armenian, Italian restaurants and Pizza Houses for dining out without any occasion. This study also identified that food quality, friendly, polite and helpful staff, value for money, food and service of consistent standard and speed of service were the key decision variables used by consumers when selecting a restaurant for dinner.

Findings also revealed that the order of importance of the attributes changed depending on the occasion involved.

Keywords: Restaurant selection, consumers, attributes, dining occasions, Yerevan

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INTRODUCTION

The restaurant sector is very important to domestic and international economies with regards to employment, generated social and economic growth and even due to its ability to offer enjoyable dining experience. Nonetheless, restaurants face many obstacles in their battle to survive and succeed. Employment industry, competition and fast-changing economic environment are some of them. To be better prepared to face these challenges restaurant owners and managers need to know about factors driving restaurant selection of consumers. The aspect of consumer decision-making as it refers to eating out has been greatly examined by researchers and practitioners over recent years. Both the academic communities and industry representatives have long been interested in determining those selection of factors which drive consumers' decision in regards to where to eat out.

Consumer experience has been described as a primary source of competitive advantage in restaurant industry. Meyer and Schwager (2007) describe consumer experience as the subjective response of an individual formed by direct or indirect interactions with the business. Consumer may choose to visit a restaurant to meet various goals. For example, a customer may enter a restaurant for a business meeting, to celebrate a special occasion or as a substitute to cooking at home. As consumer experience is influenced by consumption motives, it is important to evaluate restaurant experience by visitation motives.

There are many international and local restaurants in Yerevan which provide consumers with a wide variety of choices in terms of price and value with different levels of quality, location, food selection and etc. However, no prior research has studied restaurant selection in Armenia.

Current paper involves study of literature on consumer behavior, restaurant service, hospitality industry.

It examines the following research questions:

RQ1: Which variables are most important in selecting a restaurant for dinner?

RQ2: Does the order of importance of these variables change by the sense of occasion?

This study also identifies the list of attributes that should at least be present to make the consumers of Yerevan satisfied with a restaurant and a list of factors the presence of which will make consumers particularly delighted. It can be served as a base for further studies on restaurant selection in Yerevan and factors affecting Yerevan consumer's satisfaction with restaurant service.

LITERATURE REVIEW

The pre-purchase stage of consumer decision making process involves problem recognition, search for information and evaluation of alternatives. These are the activities happening before the acquisition of product or service. According to Zeithaml (1981) unlike consumers of goods, consumers of services usually perceive higher risk during the pre-purchase stage.

A crucial outcome of pre-purchase stage is the decision to buy. Unlike the consumption of goods, which consists of buying, using and disposing, the production, purchase and consumption of services occur simultaneously. In case of services, the consumer is often taking part in the production process, thus, the evaluation of services occurs both during and after consumption. Pedraja and Yague (2001) claim that an important step in matching the restaurants operation with consumers' needs is by gaining a thorough understanding of the information search that they undergo and the actual information used when selecting a restaurant. Identifying factors that affect consumer decision making when choosing a restaurant is critical for practitioners to achieve the completion of a successful service encounter.

Kivela, Inbakaran, & Reece (1999), Clark & Wood (1998), Koo, Fredrick & Yeung (1999) and Johns & Howard (1998) have come up with salient decision variables, which consumers consider when they select a restaurant. These studies state that the decision to select a particular restaurant will involve a process of elimination based on the restaurant's quality, facilities, location and acceptable attributes.

Koo (1999) suggests that consumers do not evaluate each attribute individually; rather they consider a whole group of product or service attributes in sum. He uses conjoint analysis to determine how consumers trade off one product attributes against another to understand how consumers in Honk Kong make positive or negative buying decisions. Using a focus group of six people Koo (1999) identified a group of attributes that consumers consider when choosing a restaurant for family dinner, business entertainment and as a tourist in Honk Kong. The set of attributes involve location, type of food, variety of food, uniqueness, car park, price, quality or taste of food, decoration and service. Factors identified in the literature discussed provide ground for further studies.

Kivela, Inbakaran and Reece, J. (2000) identified 5 factor labels:

- First and last impressions.
- Service excellence.
- Ambience excellence.
- Food excellence and feeling comfortable to eat there.
- Reservations and parking

The first factor "First and last impressions" was composed of six original variables: dining privacy, room temperature, restaurant's experience, new dining experience provided by the restaurant, food consistency, service consistency.

The second factor “Service Excellence” consisted of four original variables: friendly, polite and helpful staff, attentive staff, staff greeting customers and staff who are willing to serve. This factor covered issues of service method and the attitude of staff towards the service and customer needs.

The third factor “Ambiance excellence” composed of 3 original variables. These were: level of comfort, level of noise in the restaurant, view from the restaurant.

The fourth factor “Food excellence and feels comfortable to eat there” of four original variables: menu variety, nutritious foods, taste of food, food quality and feeling comfortable to eat there.

According to Finkelstein (1989) the latter is a psychological need rather than physical.

The last factor “Reservations and parking” had two significant loadings. It was composed of two original variables. The variables were: handling the telephone reservations and parking.

The results of the logistic regression analysis show that there was a significant positive relationship between these independent variables and the dependent variable. In other words, probability of return was dependent on consumers’ satisfaction with these five factors. Moreover, findings indicate that consumers considered multiple dimensions when deciding whether or not to revisit the restaurant. The factor labels provided by Kivela, Inbakaran and Reece, J. (2000) provide relevant guidance when grouping the variables for a research.

Auty (1992) aimed to investigate consumers’ perceptions of local restaurants and the way they choose among restaurants, which serve dinner. Both “soft” and “hard” variables were addressed. 10 choice variables were identified: food type, quality of food, value for money, image and atmosphere, location, recommendation, speed of service, new experience, opening hours and facilities for children. Afterwards, 155 house-to-house interviews were conducted. The study showed that even though food type and food quality were identified as the most important

variables for restaurant choice, image and atmosphere (referred as style) were determinant in the final stage of choice between restaurants providing similar quality and type of food.

Regression analysis and cross-tabulation was used by Kivela (2000) to reveal the relationship between the frequency of dining out and the consumers' intention to return to a particular restaurant. The results showed that there is a strong relationship between the quality standards and the value for money offered by the restaurant and the consumers' choice of a restaurant.

Comfort of eating at the restaurant, cleanliness of the restaurant, freshness of food, appearance of the personnel and the room temperature were identified as top five factors affecting restaurant selection.

Abel Duarte Alonso, Martin O'Neill, Yi Liu & Michelle O'shea (2013) aimed to study restaurant consumers' perception of factors affecting their decision-making when choosing a restaurant.

The research was conducted in Southeastern United States. It was first and foremost interested in allowing the consumers to qualitatively articulate in their own words the factors that were determinant during their decision-making process. A convenience sample was chosen and 652 questionnaires consisting of five sections were distributed. Conforming to the statistical findings the respondents' qualitative answers clearly emphasize the importance of food quality, variety and taste as key factors affecting restaurant choice. The means scores in the list consisting of twenty factors also show that previous positive experience, cleanliness and friendly service were among the most important attributes.

Clark and Wood (1998) claim that there are generic reasons for restaurant selection. In their study authors asked the respondents to select and rank in the order of importance five factors in terms of their general importance when selecting a restaurant. The sample size was 31, however only 21 usable answers were obtained. 19 respondents identified the food quality as the most

important attribute in restaurant choice. Other factors identified by the respondents were food range, price, service speed and ambiance. The study also concluded that food-related variables were the leading determinants of consumer loyalty.

Examined literature proves that countries have a lot of similarities in terms of identified restaurant attributes, however the order of importance of these attributes is different based on occasion, demographics of the sample, etc. Existing literature provides grounds for a study about Armenian consumers' preferences.

METHODOLOGY

Uncontrolled instrument distribution was used where the survey was posted on the Web for anyone to fill out. Participation in the survey was completely self-selected and voluntary. Even though there is a problem with statistical inference, which implies that certain group of people who are interested in the topic may self-select to participate in the survey much more than others, it does not affect the results of the current research due to its research framework and questionnaire design. A questionnaire was designed which aimed to collect data about all the areas investigated in the current study. The method of collecting data through questionnaires on Web was chosen to avoid significant costs as well as significant human resources and time requirements. The survey involved 16 questions and 2 sections. Section 1 studied consumers' eating out habits as well as demographic information including age, gender, frequency of eating out and preferred types of restaurants for eating out for different occasions. Section 2 focused on the 20 factors and their importance to consumers for different dining occasions. 20 label factors were chosen based on the review of literature and from in-depth interviews and focus groups done for Yerevan consumers by Tadevosyan (2017). Factor labels are presented in Table 1.

Likert scale questions were included in Section 2 with answers ranging from “Not at all important” to “Extremely Important.” The “N/A” option was also available reflecting the answer “indifferent.”

Overall, 255 answers were obtained from month-long distribution process. Once the survey was closed on the Web, the data was entered into Microsoft excel. Frequency tests were practiced and calculations were implied.

FINDINGS

The demographic characteristics of the sample are presented in Table 2. Respondents were predominately local (94.2%), female (75,8%), between 20-29 years old (65.2%) with a monthly income of 80.000-150.000 AMD. Majority of the respondents (40.1%) are willing to pay 5000-8000 AMD for a dinner per person when visiting a restaurant for social occasion and up to 5000AMD when dining out without any occasion (63.8). The top 3 types of restaurants preferred for social occasion are Armenian, Italian and Wine Houses. Respondents prefer Armenian, Italian restaurants and Pizza Houses for dining out without any occasion. Detailed list is presented in Table 3.

The frequency of visitation for social occasion is as follows: 24.1% dine out few times a month, 20.6 % once a month and 20.2% few times a year. In case of dining out frequency without any occasion 23.7% of respondents indicated that they dine out few times a month, 20.6% few times a week and 16.7% once a month.

For the purposes of evaluation of factors affecting restaurant selection answers “Moderately important”, “Important” and “Extremely important” were considered. Frequency tests were used to identify top 5 factors in each category. Findings reveal that when choosing a restaurant for

social occasion food quality, atmosphere, friendly, polite and helpful staff, value for money and food and service of consistent standard were the most important factors considered.

Speed of service, feeling comfortable to eat there, restaurant's décor and price were categorized as important. Finally, menu variety, reservations management, view from the restaurant, food portion size and new dining experience were considered as moderately important. See the detailed list in Table 4.

Factors identified for dining out without any occasion are very similar to dining out for social occasion, yet the levels of importance are different. Most important factors identified by the respondents were food quality, friendly, polite and helpful staff, value for money, food and service of consistent standard, speed of service. The list followed by atmosphere, feeling comfortable to eat there, price, level of noise in the restaurant and food portion size, which were thought as "important." Attributes categorized as moderately important were menu variety, nutritious food, restaurant's décor, location and reservations management. More data can be found in Table 5.

Current study also aimed to identify the factors that should at least be present to leave the Armenian consumer satisfied and those factors that would make them particularly delighted regardless of the visiting motivation. Findings reveal that food quality, friendly, polite, helpful staff and value for money should at least be present to make the consumers satisfied with the restaurant. View from the restaurant, restaurant's décor, speed of service and location (near home/office) will make the consumers delighted. Table 6 presents the complete list of these attributes.

LIMITATIONS

As convenience sampling approach was used for the survey, even in case of least possible coverage error, for this specific Internet-based survey the target population must be at least computer literate and have access to Internet to facilitate participation in the survey. Moreover, as the study used the method of data collection through surveys on the Web, respondents had to answer to the questions by recalling their dining experience from their memory. The latter may cause bias. Another limitation of current study is that the sample includes restaurant visitors of Yerevan, Armenia and specific nature of the country may be reflected in the results. Therefore, the results should be generalized with caution.

MANAGERIAL IMPLICATIONS

The results of current study provide several managerial implications. First, the findings of the study can help the practitioners of restaurant industry understand how various factors can contribute to customer experience.

Also, understanding the motives of visiting a restaurant and considering the factors which consumers evaluate when choosing a restaurant can help the practitioners to develop strategy which will provide superior customer experience. Moreover, as search for information is a significant part of consumers' pre-purchase evaluation, marketers want consumers to receive the right kind of message, consistent with their preferences. Specific attributes could be emphasized during restaurant's promotions and those which were identified as less important could be skipped.

CONCLUSION

Based on extensive literature research and primary data collection this study identified factors that affect restaurant selection for dinner in Yerevan. Findings reveal that food quality, friendly, polite and helpful staff, value for money and food and service of consistent standard were among the most important factors identified by the consumers. Results show that the order of importance of these factors change based on the visitation motives.

This study also revealed that food quality, friendly, polite, helpful staff and value for money should at least be present to make the consumers satisfied with the restaurant. View from the restaurant, restaurant's décor, speed of service and location will make the consumers delighted. Although research objectives were addressed it should be acknowledged that collected data may not represent the entire segment of consumers who dine out in restaurants. The study used convenience sampling and was done for a specific city of Yerevan and thus the demographic profiling cannot be generalized to all restaurant diners.

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APPENDIX

TABLE 1: LIST OF FACTOR LABELS

	Factor Labels
F1	Price
F2	Location (near home/office)
F3	Friendly, polite and helpful staff
F4	Speed of service
F5	Atmosphere
F6	Food quality
F7	Menu Variety
F8	Value for Money
F9	Restaurant's decor
F10	Reservations management
F11	Parking
F12	Facilities for children
F13	Recommendations from others
F14	Nutritious food
F15	Food portion size
F16	Feels comfortable to eat there
F17	Restaurant that offers a new dining experience
F18	Food and service of consistent standard
F19	View from the restaurant
F20	Level of noise in the restaurant

TABLE 2: DEMOGRAPHIC CHARACTERISTICS OF THE SAMPLE

		Frequency	Percentage
Frequency of visitation for social occasion	Few Times a month	62	24.3
	Once a month	51	20
	Few times a year	52	19.5
	Few Times a week	45	17.6
	Once a week	34	13.3
	Never	7	2.7
	Every Day	4	1.6
Frequency of visitation without social occasion	Few Times a month	61	23.9
	Few Times a week	53	20.8
	Once a month	43	16.9
	Few times a year	35	13.7
	Once a week	35	13.7
	Never	16	6.3
	Every Day	12	4.7
Age	16-19	9	4.3
	20-29	135	65.2
	30-39	46	22.2
	40-49	13	6.3
	50-59	2	1
	60+	2	1
Gender	Female	150	75.8
	Male	50	24.4
Nationality	Local	196	95.2
	Foreigner	10	4.8
Level of income	<80000 AMD	38	18.4
	80000-150000 AMD	65	31.4
	150000-300000AMD	53	25.6
	300000-600000AMD	36	17.4
	600000 and more	15	7.2
Willingness to pay for a dinner per person for social occasion	Up to 5000 AMD	43	20.8
	5000-8000 AMD /	83	40.1
	8000-10000 AMD	50	24.2
	More than 10000	31	15
Willingness to pay for a dinner per person without social occasion	Up to 5000 AMD	132	63.8
	5000-8000 AMD /	52	25.1
	8000-10000 AMD	21	10.1
	More than 10000	2	1

TABLE 3: TYPES OF RESTAURANTS CONSIDERED

	Type	Frequency	Percentage
Dining out for social occasion	Armenian	154	74
	Wine House	125	60.4
	Italian	120	58
	Georgian	84	40.6
	Chinese	83	40.1
	Eastern (Lebanese, Syrian)	76	36.7
	Shushi/Japanese	67	32.4
	Pizza House	60	30.4
	French	51	24.6
	Greek	46	22.2
	Mexican	46	22.2
	Fast Food	44	21.3
	Food Court	31	15
Asian/Korean	17	8.2	
Dining out without social occasion	Armenian	120	58
	Pizza House	97	46.9
	Fast Food	84	40.6
	Wine House	84	40.6
	Georgian	83	40.1
	Food Court	78	37.7
	Chinese	76	36.7
	Eastern (Lebanese, Syrian)	75	36.2
	Mexican	62	30
	Greek	60	29
	Shushi/Japanese	59	28.5
	French	46	22.2
	Asian/Korean	25	12.1
Italian	101	5.2	

TABLE 4: RANKING OF FACTORS: FOR SOCIAL OCCASION

	Factor labels	Frequency
Extremely important		
1	Food quality	183
2	Atmosphere	154
3	Friendly, polite and helpful staff	148
4	Value for Money	145
5	Food and service of consistent standard	133
Important		
1	Speed of service	180
2	Feels comfortable to eat there	159
3	Level of noise in the restaurant	151
4	Restaurant's décor	143
5	Price	133
Moderately important		
1	Menu Variety	170
2	Reservations management	159
3	View from the restaurant	158
4	Food portion size	153
5	Restaurant that offers a new dining experience	149

TABLE 5: RANKING OF FACTORS: WITHOUT SOCIAL OCCASION

	Factor labels	Frequency
Extremely important		
1	Food quality	164
2	Friendly, polite and helpful staff	134
3	Value for Money	131
4	Food and service of consistent standard	129
5	Speed of service	125
Important		
1	Atmosphere	176
2	Feels comfortable to eat there	167
3	Price	154
4	Level of noise in the restaurant	151
5	Food portion size	140
Moderately important		
1	Menu Variety	176
2	Nutritious food	167
3	Restaurant's décor	154
4	Location	151
5	Restaurant that offers a new dining experience	140

TABLE 6: LIST OF FACTORS THAT SHOULD AT LEAST BE PRESENT TO MAKE THE CONSUMER SATISFIED

Factors	Frequency	Percentage
Food quality	181	87.4
Value for money	168	81.2
Friendly, polite and helpful staff	164	79.2
Pleasant atmosphere	140	67.6
Speed of service	117	56.5
Food and service of consistent standard	100	28.3
Feels comfortable to eat there	98	47.3
Acceptable level of noise in the restaurant	97	46.9
Restaurant's décor	63	30.4
Food portion size	59	28.5
Menu variety	54	26.1
Nutritious food	52	25.1
Location	45	21.7
View from the restaurant	42	20.3
Parking	32	5.5
Reservations management	30	14.5
Facilities for children	29	14
New dining experience	23	11.1
Recommendations from others	16	7.7

TABLE 7: LIST OF FACTORS THAT WOULD MAKE CONSUMERS PARTICULARLY DELIGHTED

Factors	Frequency	Percentage
View from the restaurant	88	42.5
Restaurant's décor	85	41.1
Location (Near house, office)	75	36.2
Speed of service	75	36.2
Menu variety	71	34.3
Pleasant atmosphere	63	30.4
New dining experience	57	27.5
Value for money	54	26.1
Parking	54	26.1
Friendly, polite and helpful staff	50	24.2
Acceptable level of noise in the restaurant	47	22.7
Feels comfortable to eat there	45	21.7
Food quality	43	20.8
Reservation management	43	20.8
Food portion size	39	18.8
Facilities for children	38	18.4
Recommendations from others	32	15.5
Food and service of consistent standard	32	15.5
Nutritious food	31	15.0