

SMALL BROTHERS RIDING ON BIG ONES: A STUDY OF IMPACT OF ORGANIZED EATOUTS ON UNORGANIZED FOODCOURTS IN BANGALORE

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ABSTRACT

Hotel and hospitality sector go hand in hand with tourism not just in terms of bridging societal, religious and national gaps, but also towards economic growth of a nation. The concept of sustainable business practices in hotel and hospitality sector grew as a response to concerns over impact of various unsustainable practices on environment, society, and economy. Sustainability in general is a process, a series of stages which emphasizes on meeting the needs of the current generation without hampering the future generation and their abilities to satisfy their own needs, in view of economic, societal and environmental aspects. Despite efforts, it is to be noted that sustainability is one of the key concerns faced by businesses. With continuous increase in population across geographies, the demand for restaurants has also shot up. Intense competition, customer tastes and preferences, real estate, economic overheads have contributed to a very high mortality rate, prompting the question of their sustainability. This paper focuses on analyzing factors that influence the sustainability and longevity of small scale restaurants, and eateries, in an environment that is highlighted by an ever-increasing customer demand.

Key Words: Economic Growth, Sustainability, Unsustainable Practices, Population, Intense Competition

1. INTRODUCTION

Hotel and hospitality sector go hand in hand with tourism not just in terms of bridging societal, religious and national gaps, but also towards economic growth of a nation. Today hotels and restaurants are a major source of contribution to the economy of a nation. With continuous increase in population across geographies, the demand for restaurants has also shot up. Restaurants and food courts have become a lucrative business prospect for entrepreneurs in metros and other major cities of India. The ever-growing population of our nation, increased disposable income, customer preferences, urbanization and time constraints in daily life prompt the support of this segment, whereas cut-throat competition, real estate, changing consumer taste and preferences are proving to pose a threat to the sustainability of small scale restaurants and eateries.

2. BACKGROUND AND GROWTH OF INDUSTRY

India has always been known for its diversity and food is embodied to be a core part of this cultural landscape. Despite various concerns over food and related services have shown remarkable growth over the past few years

- Food services retail market is estimated at US\$ 46 billion and expected to reach US\$ 78 billion by 2020, at a CAGR of 11%
- Organized food services market is accounted for approximately US\$ 15 billion (20%) of total market and is expected to account for nearly US\$ 33 billion (42%) by 2020
- Cafes and Quick Service Restaurants accounted for approximately 25% of the organized market and are the fastest growing businesses

Among the organized food services market, the growth pattern is discussed as follows

- Chained restaurants accounted for US\$ 2.4 billion and are projected to grow to US\$ 5.5 billion by 2020 at CAGR 15%

- Licensed standalone restaurant market was estimated at US\$ 10 billion and is projected to grow at CAGR 9% to reach US\$ 16.7 billion by 2020

3. SIGNIFICANCE OF THE STUDY

Hotels and restaurant industry in India has shown promising growth over the years. Increased competition, rising real estate costs, increasing demand, changing customer tastes and preferences has given rise to questions over sustainability of standalone restaurants, primarily in terms of its economic capacities. In this situation, some of the key challenges that maim the industry are

- Lack of quality infrastructure
- Shortage of skilled manpower
- Increased real estate costs
- Government policies

Apart from these concerns, standalone food courts and eateries also face severe competition, owing to the ever-rising customer demand and increasing population across geographies.

This study therefore is necessary to understand the economic sustainability of such small-scale standalone restaurants, in comparison to their larger, organized counterparts.

4. SCOPE AND OBJECTIVE OF THE STUDY

The study aims at understanding sustainability of small scale standalone restaurants, eateries and food courts across select areas in Bangalore.

The objectives of the study are as follows

- To understand the opinion of local residents on the eat-outs in consideration.
- To understand the socio-economic profile of the customers of food courts and eateries in consideration.
- To establish a relationship between customer preferences and economic sustainability of the small-scale food courts and eateries.

5. REVIEW OF LITERATURE

N.M.P Bocken et.al, (2014) in their study have proposed categories of sustainable business model archetypes that unify disparate contributions that deliver sustainability from the literature and practice under a common theme. These archetypes aim to categorize and expand business model innovations for sustainability, provide mechanisms to assist the innovation process for embedding sustainability in business models, define a clearer research agenda, and provide exemplars for businesses to de-risk the SBM innovation process.

Nazmiye Erdogan et.al, (2006) in their study have proposed that it is necessary to develop an integrated system of policy and practice that involves not only the staff, but also all parties concerned with environmental protection and sustainability, and to re-evaluate and reconsider national, local and hotel policies and training activities.

Nancy Loman Scanlon (2007) in her study has examined the environmental operating practices of hotels and resorts to identify common operating activities and examples of ‘best practices’. This study finds that the corporate benchmarks for utility consumption are not effective benchmarks for nonaffiliated hotels and resorts to achieve. The study also finds that the education of hotel owners and operators is the key to understanding the benefits of implementing environmental management practices.

George, I Kassinis et.al, (2009) in their study have explored the relationship between environmental practices and performance in services and the impact of such practices on the external portion of the service profit chain. The findings suggest that the environmental practices are positively related to performance. The study contributes to the conceptual development of the relationship between environmental practices and performance in services, the incorporation of the same within the service profit chain.

Pete Stevens et.al, (1995) in their study have emphasized on the factors of quality and value standards being a prominent concern in attracting customers to restaurants. The proposed Dineserv tool, is a 29-item tool that helps the operator to understand the perception of customers by questioning the customers in the categories of assurance, empathy, reliability, responsiveness and tangibles. This tool is also vital to understand the customer expectations from a restaurant.

SooCheong (Shawn)Jang et.al, (2009) in their study have focussed on the extension of Mehrbian and Russel's stimulus-organism-response framework by incorporating restaurant specific measures of emotions; in order to address a lack of comprehensive evaluation of restaurant quality. The study shows that atmospherics and service function as stimuli that enhance positive emotions while product attributes such as food quality, act to relive negative emotional responses. The study addresses the relationships among the three types of perceived quality, customer emotions and behavioural intentions in the restaurant consumption experience.

David C Bojanic, Drew Rosen (1994) in their study have examined the nature of association between service quality as perceived by consumers and its service determinants, inclusive of a demonstration of how SERVQUAL can be applied by restaurants in assessing quality service. The managerial implications of this include meeting and managing customer expectations, managing the physical design, developing a total quality management program and engaging in periodic review of the procedures, personnel and property of the operation; in turn being helpful for the restaurants to manage their strengths and weaknesses productively.

Ziqiong Zhang et.al, (2010) in their study have shown that consumer generated ratings about the quality of food, environment and service of restaurants, and the volume of online consumer reviews are positively associated with the online popularity of restaurants; whereas editor reviews have a negative relationship with consumers' intention to visit a restaurant's webpage. The findings of this would help hospitality researchers and practitioners better understand the impact of electronic word-of-mouth on purchase decisions.

Young Namkung, SooCheong Jang, (2007) in their study have attempted to identify the key attributes among food related qualities that are critical in improving satisfaction and heightening revisit intention. They have established that the overall food quality significantly affects customer satisfaction and behavioural intentions. The relationship between food quality and customer behavioural intentions is mediated by satisfaction. According to the study, taste and presentation were proven to be the two greatest contributors to customer satisfaction and behavioural intentions.

Kisang Ryu, Heesup Han, (2009) in their study have examined the relationships between three determinants of quality dimensions namely price, satisfaction and behavioural intention in quick-causal restaurants. Despite the importance of foodservice quality, academics and managers know

relatively little about how the combined effects of quality elicit customer satisfaction which, in turn, affects behavioural intention. Quality of food, service, and physical environment were all determined as significant determinants of customer satisfaction. In addition, perceived price acted as a moderator in the satisfaction formation process. Finally, the results indicated that customer satisfaction is indeed a significant predictor of behavioural intention. The findings may provide restaurateurs with a guideline for enhancing customer satisfaction and behavioural intention level.

Cedric His-Jui Wu et.al, (2009) in their study of service encounters and restaurant consumer behaviour constructed a comprehensive framework. The results indicated that restaurant environmental factors and interactions with service employees and other consumers positively influence the consumer experiential value. These results assist in enriching the physical attractiveness of restaurants.

Kisang Ryu, SooCheong Shawn Jang (2007) in their study have proposed an environmental psychology model to expose the linkages between customers' perceptions and emotions and between customers' emotional states and behavioural intentions. The analysis revealed facility aesthetics, ambience and employees had significant effects on the level of customer pleasure while ambience and employees significantly influenced the level of arousal.

6. RESEARCH GAPS

In developing countries, many researchers have conducted studies related to the importance of sustainability in businesses. Very few studies have examined various practices of sustainability that has led to the successful survival of many restaurants on aspects of environment, society and economy and the impact of these practices on customer satisfaction. Therefore, the present study has been initiated to find out the depth of relationship between sustainable practices in small scale restaurants and customer satisfaction, which is influenced by socio-economical, cultural, environmental and allied attributes.

7. OBJECTIVES OF THE STUDY

Based on the Literature review carried out, the following are the objectives of the study, as set forth by the researcher:

- To understand the socio-economic profile of the customers of both unorganized food courts and organized restaurants
- To analyze the opinion of the customers about unorganized eatouts and organized restaurants
- To study the customer satisfaction with respect to their choice of dining
- To understand the attributes paid attention to by the customers while choosing their place of dining
- To offer suggestions to both unorganized eatouts and organized restaurants management to enhance their quality of services

8. RESEARCH DESIGN

8.1 Sampling Design

The sample for this study consists of one hundred and thirty-three customers of unorganized food courts across Bangalore. The sample selection was done by using Purposive Sampling method with the aim of making the local residents sample as representative as possible. All residents of Bangalore were considered as population for this study.

8.2. Data Collection Tool

A structured Questionnaire was used for collecting data from residents regarding their perception and expectations about sustainable tourism development and quality of life.

8.2.1 Data Analysis

The collected primary data were coded, computed and statistically processed, classified, and tabulated by using appropriate methods. Tables and statistical results were derived using Microsoft Excel

8.2.2 Limitations of the study

The findings of this study are based on the data supplied by the respondents which might have its own limitations. The attempted objectivity has naturally been constrained by the extent of the respondent's readiness to give correct information.

9. DATA ANALYSIS AND DISCUSSIONS

- **Objective -1:** To understand the socio-economic profile of the customers of both unorganized food courts and organized restaurants

9.1 Age group and Gender of Respondents

Table 1: Age Group and Gender of Respondents

		Gender of the Respondents		Total
		Male	Female	
Age group of the Respondent	15 - 25	27	31	58
	26 - 35	21	8	29
	36 - 45	25	3	28
	46 and above	13	5	18
Total		86	47	133

Inference: From the Table – 1, we can understand that out of 133 respondents, 86 are male respondents and the remaining 47 are female respondents. Out of these 86 males, 27 belong to the age group between 15 years and 25 years, 21 belong to the age group between 26 years and 35 years, 25 belong to the age group between 36 years and 45 years and the remaining 13 belong to above 46 years' age group. Among these 47 females, 31 belong to the age group between 15 years

and 25 years, 8 belong to the age group between 26 years and 35 years, 3 belong to the age group between 36 years and 45 years and the remaining 5 belong to above 46 years’ age group.

9.2 Gender and Qualification of Respondents

Table 2: Qualification and Gender of Respondents

		Gender of the Respondents		Total
		Male	Female	
Qualification of the Respondents	Class 10	4	0	4
	Class 12	5	2	7
	Diploma or Technical Training	14	4	18
	Graduation	39	24	63
	Post-Graduation and Above	24	17	41
Total		86	47	133

Inference: From the Table – 2, we can understand that out of 133 respondents, 86 are male respondents and the remaining 47 are female respondents. Out of these 86 males, 4 have studied up to class 10, 5 have studied up to class 12, 14 have studied Diploma or undergone technical training, 39 have completed their graduation and the remaining 24 have completed their post-graduation or higher studies Among the 47 females, 3 have studied up to class 12, 4 have studied Diploma or undergone technical training, 24 have completed their graduation and the remaining 17 have completed their post-graduation or higher studies.

9.3 Profession and Gender of Respondents

Table 3: Profession and Gender of Respondents

		Gender of the Respondents		Total
		Male	Female	
Profession of the respondent	Student	25	16	41
	Business/Self Employed	31	22	53
	Govt./Pvt Employed	30	9	39
Total		86	47	133

Inference: From the Table – 3, we can understand that out of 133 respondents, 86 are male respondents and the remaining 47 are female respondents. Out of these 86 males, 25 are students, 31 own a business or are self-employed and the remaining 30 are salaried employees of either Government or Private Organizations Among the 47 females, 16 are students, 22 own a business or are self-employed and the remaining 9 are salaried employees of either Government or Private Organizations.

9.4 Monthly Income and Gender of Respondents

Table 4: Monthly Income and Gender of Respondents

		Gender of the Respondents		Total
		Male	Female	
Monthly Income	Less Than Rs 15000/=	20	14	34
	Rs 15000/= to Rs 25000/=	21	10	31
	Rs 25000/= to Rs 50000/=	9	5	14
	Rs 50000/= to Rs 75000/=	17	9	26
	Above Rs 75000/=	19	9	28
Total		86	47	133

Inference: From the Table – 4, we can understand that out of 133 respondents, 86 are male respondents and the remaining 47 are female respondents. Out of these 86 males, 20 fall under the income group of less than Rs. 15,000 per month, 21 have a monthly income in the range of Rs. 15,000 to Rs. 25,000, 9 have a monthly income in the range of Rs. 25,000 to Rs. 50,000, 17 have a monthly income in the range of Rs. 50,000 to Rs. 75,000 and the remaining 19 have a monthly income of over Rs. 75,000. Out of the 47 female respondents, 14 fall under the income group of less than Rs. 15,000 per month, 10 have a monthly income in the range of Rs. 15,000 to Rs. 25,000, 5 have a monthly income in the range of Rs. 25,000 to Rs. 50,000, 9 have a monthly income in the range of Rs. 50,000 to Rs. 75,000 and the remaining 9 have a monthly income of over Rs. 75,000.

- **Objective – 2:** To analyze the opinion of the customers about unorganized eatouts and organized restaurants

H₀: There is no significant relationship between Gender and the Type of Restaurants the respondents visit.

Table 5: Correlation between Gender of Respondents and Type of Restaurants Preferred

	Gender of the Respondents	Type of Restaurant prefer to visit
Gender of the Respondents	1	.991
Type of Restaurant prefer to visit	.991	1

Inference: From the above table, it can be observed that there is a positive correlation between Gender and the Type of Restaurant the respondents prefer to visit. And hence the Null Hypothesis is rejected and it can be concluded that there is a significant relationship between Gender and the Type of restaurant the respondents visit.

H₀: There is no significant relationship between Age and the Type of Restaurants the respondents visit.

Table 6: Correlation between Age and Type of Restaurants Preferred

	Gender of the Respondents	Type of Restaurant prefer to visit
Age of the Respondents	1	.521
Type of Restaurant prefer to visit	.521	1

Inference: From the above table, it can be observed that there is a positive correlation between Age and the Type of Restaurant the respondents prefer to visit. Hence the Null Hypothesis is rejected and it can be concluded that there is a significant relationship between Age and the Type of restaurant the respondents visit.

Objective – 3: To study the customer satisfaction with respect to their choice of dining

9.5 Type of restaurants they visit and their satisfaction with the overall quality of service

Table 7: Type of restaurants they visit and their satisfaction with the overall quality of service

		Satisfied with the overall quality of the Service		Total
		YES	NO	
Type of Restaurant prefer to visit	Organised Restaurants	47	18	65
	Unorganised Eat outs	38	30	68
Total		85	48	133

Inference: From the Table – 5, we can infer that out of 65 respondents who visit Organised Restaurants, 47 are satisfied with the overall quality of service, whereas the remaining 18 respondents are not satisfied with the overall quality of service. Likewise, among 68 respondents who visit Unorganised Eat outs, 38 are satisfied with the overall quality of service, whereas the remaining 30 respondents are not satisfied with the overall quality of service.

Objective – 4: To understand the attributes paid attention to by the customers while choosing their place of dining

9.6 Garrett Ranking Method

Seven factors namely Price, Choice of Menu, Ambience, Hygiene, Quality of Service, Location and Friendliness of Staff were identified for the purpose of studying the most popularly consumed category of snacks. The respondents were asked to rank the items as per their consumption. Garrett Ranking Technique was applied to analyse and arrive at the most popularly consumed category of snacks in the order. Under Garrett Ranking Technique, the Percentage Position was calculated using the formula as given hereunder:

$$\text{Percent Position} = \frac{100(R_{ij} - 0.5)}{N_j}$$

Where R_{ij} = Rank given for i^{th} variable by the j^{th} respondent. N_j = Number of variables ranked by the r respondents.

The respondents were asked to rank the eight items identified for the purpose of this study as 1,2,3,4,5,6, and 7, in order to know their preferences in selection of items as their much-preferred snacks. The calculated percentage positions for the ranks 1,2,3,4,5,6 and 7 and their corresponding Garrett’s table values are given in Table

Table 8 : Percentage Position and their corresponding Garrett’s Table Values

Rank	Percentage Position		Garrett’s Table value
1	100(1-0.5)/7	7.14	78
2	100(2-0.5)/7	21.43	66
3	100(3-0.5)/7	35.71	57
4	100(4-0.5)/7	50.00	50
5	100(5-0.5)/7	64.28	42
6	100(6-0.5)/7	78.57	34
7	100(7-0.5)/7	92.85	21

The above table shows the percentage positions for the ranks 1, 2, 3, 4, 5, 6 and 7 and their corresponding Garrett’s Table values. For Rank 1, the calculated percentage position is 7.14, the Table value is 78.

Table 9 : Preference of the most important attributes

Attribute/Score	1	2	3	4	5	6	7	Total	Mean	Rank
1	1872	462	1026	1150	882	1088	168	6648	49.98	4
2	1092	1122	912	900	1092	816	378	6312	47.45	7
3	1092	1452	1938	1000	420	646	294	6842	51.44	2
4	1560	1584	741	1050	966	374	441	6716	50.49	3
5	1404	1254	1368	900	546	306	672	6450	48.49	5
6	1950	1650	570	1150	756	544	336	6956	52.3	1

7	1404	1254	1026	500	924	748	504	6360	47.81	6
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Table – 9 shows the number of respondents ranking the key factors. This table also shows the total scores, the mean scores and the ranks obtained. Accordingly, Table – 10 highlights the rankings of all the factors

Table 10: Ranking of Attributes

SI No	Attribute	Rank
1	Price	I
2	Hygiene	II
3	Quality of Service	III
4	Choice of Menu	IV
5	Friendliness of Staff	V
6	Location	VI
7	Ambience	VII

Inference: Thus we can infer from Table -10 that Price is the most important factor customers look for and the same has been ranked I. However, it has to be noted that Hygiene has been ranked II followed by Quality of Service at III, Choice of Menu at IV, Friendliness of Staff at V, Location at VI and finally Ambience at VII.

Objective – 5: To offer suggestions to both unorganized eatouts and organized restaurants management to enhance the quality of service.

10. Suggestions

A few suggestions for the restauranteurs can be enlisted as

- Ask for customer feedback constantly
- Train your staff to maintain quality of service
- Deal with complaints quickly
- Promotional offers and freebies are to be given as needed
- Treat customers cheerfully and with respect
- Introduce innovative cuisines
- Offer affordable and competitive pricing on offerings

11. Summary of Findings

- The socio-economic profile of the customers of both unorganized food courts and organized restaurants have been understood with respect to age, gender, qualification, profession and monthly income
- The opinion of the customers about unorganized eatouts and organized restaurants has been analyzed
- The customer satisfaction with respect to their choice of dining has been studied
- The attributes paid attention to by the customers while choosing their place of dining are analyzed
- Suggestions to the management of both unorganized eatouts and organized food courts to enhance their quality of service has been offered suitably

12. Conclusion

The results of this study have empirically tested the relationships between some key consumer characteristics and behaviors associated with important attributes for choice of restaurants. The importance of key attributes in general and the variety of benefits related to key consumer characteristics for food courts and eatouts provides substantial managerial direction for resource allocation decisions in the field. Matching the consumers' bundle of key benefits with the appropriate resource provision provides an opportunity to maximize value for the guest as suggested in the discussion.

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