



# **Consumers' elasticity of substitution toward restaurant selection**

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## **Introduction**

### ***Objective of Study***

In a competitive era where there are many restaurant chain businesses in the market, the benefits belong to the customer since they have more choices and the restaurants have to keep their standard at highest level in order to retain its customers. Unfortunately, not all restaurants gained the same popularity among the consumers and the ones with higher market shares tend to have longer waiting queues. Furthermore, each of the customers have different patience levels so they will often look for alternative choices if their first choice restaurant has a long waiting line. This study is conducted to understand the factors and mechanics that affect the decision of consumers to choose their alternative restaurant choices.

### ***Scope of Study***

This research will focus on the group of first jobber and middle-aged working adults aged between 20 to 38 year old who lived in Bangkok and metropolitan region. The target size of the data will be at least 300 of online survey samples which the time frame of the study will be started from the month of February to April of 2020.

### ***Significance of Study***

The result from this study will provide a clear explanation of the mechanism and factors that affect the consumer decision. Moreover, it can be used as a guidance for restaurant businesses to develop its business model according to the consumer behavior

## **Literature review**

### ***The factor that make consumer's restaurant selection***

What are the factors that drive the consumer's selection of restaurants ? According to the literature that I have researched, the reasonable factors that drive the consumer to select the restaurants are the quality of the food which includes the hygiene of the food, the cleanliness of the restaurant, the atmosphere or the environment inside the restaurants, and the service quality. The deeper factors that influence the choice of the consumer are the comfortness of the restaurant, level of noise, waiting queue (speed of the service), parking facilities, and etc. (Frank Cullen MSc. (Hons) MA, BSc. (Mgmt)

Based on secondary desk research, these were the common factors that determine a consumer's restaurant selection.

### ***The evaluation of waiting time***

The waiting time for acquiring the products and services of the restaurants has a negative impact to the consumer's satisfactory levels. In order to mitigate the dissatisfaction of the consumer from the cost of waiting time, the restaurant should reduce the waiting time to bring the satisfaction back to the consumer and changes the consumer's perception towards the waiting time of the restaurants, as the consumers once experienced the long waiting time, they tend to remember that those particular restaurants should not be visited again since they have to wait for a long time. For the suggestion, the restaurant should adopt the idea of "waiting time guarantee" to ensure the time that consumers have to wait, this will enhance the satisfaction of the consumer if the time that was guaranteed is shorter than the actual time that the consumers wait, they will be more satisfied. (Piyush Kumar, Manohar U. Kalwani, Maqbool Dada)

### ***The trend of eating out in Thailand***

The rate of going to have meals at restaurants in Thailand has risen from 50 to 56 times per month on average. This can be viewed as the opportunity for the food chain corporations to launch new restaurants that serve the needs of the consumers. The first trend is the increase of main meal consumption, as we know that people can have meals throughout the day such as the afternoon or even the evening, now people are tending to eat meals on routine more that are breakfast, lunch and dinner. The second trend is about the trend of cafes, we can not deny that there are new trendy cafes opened everyday since the consumption of coffee and tea are increased. Finally, the main reason that people go out eating is that they save time for assortment and clean up.

### **Methodology**

In the methodology section, we will describe how we are going to collect the data and analyze it. We use the method of doing surveys by creating the questionnaires launched through the online platform. We expect to gather approximately 300 to 350 respondents for our samples in order to run the regression and analyze the impact of the data. The data that we get will be in the form of quantitative data. The main purpose of doing this methodology is to find out what are the factors that make consumers select their alternate choice restaurants. The questionnaires contents are in the link below

<https://docs.google.com/forms/d/10gSROtQDWjB8kzje0yumRW70m-D7ROLnF6UkUOTRKcA/edit>

### **Theoretical Framework**

## ***Marketing Mix (7Ps)***

These marketing tools were used by the restaurants to attract the customers. The marketing mix consists of product, price, place, promotion, people, physical evidence, and process can be used to explain the consumer behavior because these factors affected the decision of the customers to purchase products or experience services from the restaurant.

## 7 P's of Marketing with Petal Chart



## ***Utility Theory***

The Utility theory is the theory that is based on individual's preferences which assume that people behaved as if they had a utility function and acted according to it. Since each of the customers had different preferences so it is difficult to give a clear explanation without using the utility theory which depict

the satisfaction levels of the customers into consumption bundles in a graph form which was more tangible than the abstract explanation.

