FACTORS PERCEIVED BY CUSTOMERS IN CHOOSING

RESTAURANT

By

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ABSTRACT

This paper examines the factors perceived which influence customers' decision in choosing suitable restaurant for their meals. Since the restaurant sector is one of the fastest growing sectors, it is a paramount important to investigate the customers' perception on restaurant service quality. Sampling used in this study is a simple random sampling on 100 customers of restaurants in Perlis, Malaysia. The survey reported in this paper on customers of restaurant has gathered the perception of quality according to a Likert scale from one to five. The research found that the four elements of restaurant service quality have a strong relationship with the customers' decision and selection of restaurant. Good quality of food is rated the most important factor to be perceived followed by quality of service, place / physical of restaurant and cost of meals.

ABSTRAK

Kajian ini mengenalpasti faktor – faktor yang dipertimbangkan oleh pelanggan sebelum membuat keputusan dalam pemilihan restoran. Memandangkan sektor perniagaan restoran mengalami perkembangan yang pesat, adalah sangat penting untuk mengkaji tanggapan pengguna terhadap kualiti perkhidmatan restoran. Pensampelan yang digunakan adalah pensampelan rawak mudah yang melibatkan 100 orang pelanggan restoran – restoran sekitar Perlis, Malaysia. Instrument yang digunakan untuk mengumpul maklumat tentang tanggapan pengguna adalah berdasarkan skala Likert berukuran dari skala satu ke skala lima. Kajian mendapati bahawa empat elemen kualiti perkhidmatan restoran mempunyai hubungan yang kuat dengan keputusan pengguna dalam pemilihan restoran. Kualiti makanan yang baik adalah faktor yang sangat penting diikuti dengan kualiti servis, tempat / fizikal restoran dan harga makanan.

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LIST OF TABLES

LIST OF FIGURES

Content	Pages

TABLE OF CONTENT

CHAPTER TWO: LITERATURE REVIEW

CHAPTER THREE: METHODOLOGY

CHAPTER FOUR: RESULT

CHAPTER FIVE: CONCLUSION AND RECOMMENDATION

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

This chapter discusses and introduces the reader to the background of study and the problem and argument that might arise on service quality offered by restaurant industry. Derived from the problems discussion, the objectives and the purpose of study are further explained. Lastly, the terms used in the discussion of service quality are defined.

1.2 BACKGROUND OF STUDY

The restaurants sector is one of the fastest growing sectors particularly in town and cities. Restaurants across the nation are estimated to have generated more than billions in revenues every year and has employed millions of people.

The growth of restaurant sector is strongly influenced by demography, lifestyle as well as development in tourism. But the most significant development in this sector is triggered by lifestyle and demographic. The lifestyle has favoured the fast growth in restaurant business. Many people nowadays are preparing fewer meals at home due to the fact that the life has become busier that time is valued much. Therefore, people are choosing to spend less time in their kitchens.

Since most town and city dwellers are working and have no time to prepare their family meal, they opt to eat outside. Therefore, people are choosing to spend less time in their kitchens and eating outside has become part of their lifestyle and restaurant has become their option and destination for dining. The number of double-income households is increasing meaning that both spouses are working, which creates less time at home and for meal preparations. In addition, most people are working beyond forty hours a week. As a result, consumers purchase more prepared or partially prepared foods that require little or no cooking time and dining out for every day meals has become more frequent. In order to fulfill this market situation, instead of offering every day meals, restaurants and catering facilities will play a larger part in entertaining family and friends, for leisure, business, or special occasions.

There is a big opportunity and probability of the tremendous and fast growth in the restaurant industry as the demand of prepared or partially prepared food has increased. Restaurant can offer variety of food and hassle – free alternative for the individuals and families who have limited time preparing their meals to induce themselves and enjoying the meals. Not only those, restaurant can also prepare food and serve the customers for special occasion and also during holidays.

A restaurant takes a basic drive-the simplest act of eating and transforms it into a civilized ritual involving hospitality, imagination, satisfaction, graciousness, and warmth. Physiological and social needs are listed in Maslow's hierarchy of needs. Hunger is a need that produces physiological discomfort, which can be satisfied by eating. Restaurants can satisfy this physiological need and can also satisfy a person's higher level needs. Going to a restaurant is a social experience, an opportunity to meet old friends, amazed by exciting food presentations, and to even be entertained by the music in the air or any show on the television displayed in the restaurant.

Quick meals and convenience, social occasions, business necessity, and celebration are all reasons people dine out (Kivela, 1997). There are two types of dining market. It is further suggested that the dining market is for those who want to satisfy both their social and ego needs which may be motivated by recognition, prestige, status, or norms. On the other hand, the eating market is motivated by physiological needs.

In the intention to attract the customers and to gain the market share, the restaurant management must determine customers' needs and their perceived expectations to satisfy them. Customers are people with individual needs, yet segmenting them into groups with similar product needs is a necessity in the foodservice industry (Spears, 1991). The dining market can be divided into two market segments, leisure and business, based on their reasons for dining. Professionals who attend restaurants for economic benefits and meeting with clients comprise the business market. Impressing a client, closing business deals, or achieving intangible or tangible benefits from co-workers are specific reasons why a consumer in the business segment would visit a restaurant. On the other hand, the leisure segment consists of those who are visiting a restaurant to entertain friends and/or relatives, celebrate a birthday or special occasion, or do not want to cook. These consumers are concerned with satisfaction for themselves or for that group with whom he/she is dining.

Understanding the guest's needs and desires are extremely important when planning and implementing methods for improving the restaurant services. A lack of understanding of customer needs and preferences leads to problems in designing services offered. Research shows that the most successful restaurants are the ones which are fully aware of customer preferences and develop their services in line with targeted market needs. Therefore, the dedicated focus on customer perception and expectation in restaurant services plays major

roles to attract and retain the customers. Having loyal customer has become a necessary for the restaurant success.

The restaurant industry is driven by some key characteristics, such as a good experience one has encountered which is the service that one may only assess during or after the experience in the restaurant visited. Since quality can only be assessed during or after the food and service has been experienced, it is a critical and crucial problem for restaurateurs to signal excellent quality that they could offer to potential customers as it is intangible. Excessive pricing should be avoided as it may deter customers and promotion may be an essential tool to improve image and market positioning. Recent studies indicate that the restaurants image may influence customer enthusiasm, value, delight, and loyalty as well.

Household disposable income, changing demographics, and standards of living affect a person's choice in leisure activities. Furthermore, when people become time-starved, they are hastier in making decisions on how to spend their time. Since dining out can be considered a leisure activity, it has to compete for consumer's time and money.

Several research studies on the restaurant industry focuses on perceived quality and perceived value (Oh, 2000; Kivela, 1999; Hing &Yun, 1995). Extensive research has been conducted on the fast-food restaurant industry/market; only limited research has been done on the up-scale dining industry/market (Khan, 1995). There are some researches had been conducted on restaurant attributes that cause a consumer to select a restaurant. The exploratory study will evaluate the attributes found most important among the business and leisure segments of the dining market.

As the customers have frequently eating outside, they sometimes are uncertain about where and which restaurant to frequent for dining. The problem might arise when customers cannot

decide on the location or which restaurant is the best for dining. If they do make the decision, the service factors / attributes cannot satisfy them well. The customer must consider and make their fair judgment on service factors / attributes offered by a particular restaurant. Normally, they make the decision based on their experience eating at a particular restaurant.

In selection of restaurant for meal is important to know that excellent food is a major consideration as well as the efficient services. Moreover, it reported that location and ambiance were similar in importance which suggests that customers sometimes are willing to travel extra distances to patronize full-service restaurants if excellent food and service are offered at a reasonable price.

Most of educated working adults are the most active restaurant diners who are seeking for new and attractive menus. An extravagant menu and a unique ambiance can distinguish a restaurant among its rivals. Thus, restaurant's architecture, decor, landscaping and site location can be utilized successfully to attract customers in a saturated market and against highly intensified competition.

Customer loyalty is one of the most important keys to the restaurant success that many restaurants derive a large portion of their profits from their loyal customer. Customer loyalty leads to higher customer retention rate and to continuous business success even in situations where failure to satisfy customers would normally cause an early termination of business. Therefore, the restaurant operation must focus not only on attracting first-time customers and also on developing long term relationship with customers.

With growing competitiveness in the restaurant industry and the similarity of products or services offered by restaurants, it has become increasingly important that restaurants identify the factors that determine the basis upon which customers choose between restaurants.

The issue of how customers select restaurants should be given considerable attention for restaurateurs to take advantage on it. It is also important to note that customers with different characteristics tend to use different criteria in choosing restaurants. Exploring such information will help restaurants to identify the appropriate marketing strategies in order to attract new customers and retain existing customers.

The issue of how customers select restaurants should be given considerable attention by restaurateurs and their management and marketing departments. Furthermore, it is also important to note that customers with different characteristics tend to use different criteria in choosing restaurants. Exploring such information will help restaurants to identify the appropriate marketing strategies in order to attract new customers and retain existing customers. Therefore, the present study attempts to examine customers' reasons of selecting a restaurant for their meals.

1.3 PROBLEM STATEMENTS

There is a need to explore and investigate the service factors / attributes perceived by customers in choosing a restaurant for dining. Customers have to consider the particular service factors and expect that the restaurant that they visit will fulfill their needs and give them satisfaction. Customers are undecided on which restaurant is suitable for them in order to satisfy their needs. There are some problems that might arise before they make decision to have their meals in a particular restaurant:

1. Does the quality of food served satisfy the customers well?

2. Are the customers will receive good and efficient services from the restaurant staff?

3. Does the price of meals offered is reasonable and worthwhile with the meals served?

4. Would the customers choose a restaurant with attractive and nice ambience and surrounding to have their meals?

1.4 RESEARCH OBJECTIVES

The purpose of the research is to examine the customers perception and expectation and the factors that influence their decision to have their meal in a restaurant. The research will explore and investigate the service factors and attributes that determine the customers' decision in choosing a restaurant.

The purposes of the study/ research are to:

1. Identify and measure the most important service factors / attributes perceived by customer in choosing restaurant
2. Assess customer perception and expectation level towards service quality of restaurant

Customers have their own reasons to have meal in a particular restaurant or to return to the same restaurant. They are continuously seeking quality, value, excellent service and surrounding that makes them comfortable to have their meal. In this research, the importance of these factors is explored.

The study is focused on the expectations and perceptions of service quality offered and the operation of the restaurant chosen by customers. The importance of the service factors/ dimensions is measured to identify which dimension is expected most by customers. The dimension prioritized by customers is important for restaurateurs to focus on delivering the best services for their customers.

1.5 RESEARCH QUESTIONS

The research conducted is expected to answer few research questions:

1. What are the factors/ specific attributes of a restaurant which responsible for customers to choose a restaurant for dining and perhaps return to the same restaurant?
2. Which factor(s)/ attribute(s) are perceived most by customers in choosing a restaurant?
3. Which service factor/attribute can satisfy the customers well?
4. What is the level of customer perception and expectation towards service quality of restaurant?

When all proposed research questions are explained, the study will conclude in answering the purpose. The research questions are being systematically answered throughout the study and finally summed up to answer the purpose of study.

1.6 SIGNIFICANT OF STUDY

The study conducted has great significant to hospitality industry particularly in the growth of restaurant industry that it will give some managerial implication and useful guidance for restaurateurs.

In the study, the dimensions of service quality perceived by customers and their expectation will be investigated and their level of perception and expectation will be determined. Surely, the findings will be very useful for restaurateurs to know and deeply understand the needs and the desires of customers towards the services offered. In order to sustain and win the highly competitive market, the management of restaurant will take innovative, corrective and effective measures and approaches to fulfill the boundless needs of customers according to the service factors being investigated.

1.7 DEFINITION OF TERMS

1.7.1 Perceived Values/Factors

Perceived values/factors in the study indicate the worth that the services have in the mind of customer. The values / services factors perceived affects the price that the customer is willing to offer. Customer has internal feeling for how much certain services are worth to them. Customer perceived value can be referred to value that a customer is said to perceive and derive from a product or service. It is related to the extent to which a goods or service is perceived by customer to meet the needs and wants. It can be measured by willingness to pay for it.

1.7.2 Customer Perception

Customer perception is the processes involved by which customer translates sensory impressions into a coherent and unified view of the world around. Perception is the process through which human beings select, organize, and interpret stimuli into a meaningful picture of the world. Perception is usually based on incomplete and unverified (or unreliable) information that guides customer behaviour in general.

1.7.3 Customer Expectation

Customer expectation is prediction made by customer about what is likely to happen during an impending transaction or exchange. Expectations are consumer – defined probabilities of the occurrence of events if the customers engage in some behaviours. Expectations are also viewed as desires or wants of customers especially on what they feel a service provider should offer rather than would offer.

1.7.4 Service Quality/Factors

Service quality is used to differentiate and add value to services offered it a way to gain competitive advantage. Service quality can also be defined as a customers' perception of how well a service meets or exceeds their expectations. Service quality is a focused evaluation that reflects the customer's perception of specific dimensions of service: reliability, responsiveness, assurance, empathy and tangibles. Service quality affects customer satisfaction by providing performance (real benefits). For example, if consumers believe they have entered a good and fine restaurant, they perceive that they will get delicious food, efficient service, conducive surrounding and more.

1.7.5 Restaurant

A restaurant prepares and serves food, drink and dessert to customers in return for money. Meals are generally served and eaten in premises, but many restaurants also offer take-out and food delivery services. Restaurants vary greatly in appearance and offerings, including a wide variety of the main cuisines and service models. A restaurant owner is called a restaurateur, professional artisans of cooking are called chefs, while preparation staff and line cooks prepare food items in a more systematic and less artistic fashion.

Restaurants range from unpretentious lunching or dining places catering to people working nearby, with simple food served in simple settings at low prices, to expensive establishments serving refined food and wines in a formal setting. Restaurants often specialize in certain types of food or present a certain unifying, and often entertaining theme. For instances, there are seafood restaurants, vegetarian restaurants or ethnic restaurants.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter presents an overview of current literature in the form of highlighted research problems and objectives. The section of this chapters will reveals some review on restaurant industry and its service quality / factors the selection of restaurant and the concept of service quality.

2.2 TYPE OF RESTAURANT

Restaurants can be broadly divided into two categories: fast-service and full-service restaurants. Although previous research in customer behaviour in restaurant settings did not take restaurant type into account, restaurant type may have significant impact on customers' pre-purchase beliefs and attitude as well as post-purchase evaluations. Since customers hold different expectations and perceptions of their different dining experiences in a different restaurant type, they may also have different selection criteria when they decide where to dine-out according to the restaurant type. A particular reason to select one type of restaurant may be different from one to select another type of restaurant. Overall, full-service restaurants are more likely to attract hedonic customers who pay more attention to restaurant environments, whereas fast-service restaurants tend to appeal utilitarian customers who value functional benefits. For instance, Lewis and Chambers (1998) has identified three distinct restaurant types (family/popular, atmosphere, and gourmet restaurants) and compared the underlying restaurant choice attributes. Quality of food is found to be the most important

factor in intention to go any of the restaurants. While the price is the second important factor in family and atmosphere restaurants, menu variety appeared to be significant in gourmet restaurant.

Kivela (1999) has divided restaurants into four categories based on their differentiation in price, location, theme/ambience, service level, cuisine and style.

The fine-dining or gourmet restaurants are the most formal fine dining experiences and have both informal and formal panoramic, so some restaurants have large, open dining areas while others have private dining areas. Gastronomy, sophisticated service, elegant ambience, and spectacular views or location are the focus for restaurants of this category. Though some theme or ambience restaurants may be fine dining, they have specific characteristics that distinguish themselves from fine dining or gourmet restaurants.

Theme or ambience restaurants have both a formal and an informal authentic, reconstructed atmosphere. There is an informal entertainment-theme and there is presentation of reconstructed theme or authenticity, for example, ambience and food style. Therefore, they usually feature authentic cuisine or decor. Unlike fine dining, gourmet, theme or ambience restaurants, family or popular restaurants are only characterized as informal, offering a pleasant informal dining atmosphere. These restaurants offer well-cooked and presented, moderately priced meals for singles, groups, and families. Meals at family or popular restaurants can be substituted for homemade lunch/dinner meals. The menu items suit the taste of adults as well as children. Finally, the convenience or fast-food restaurants are informal focusing on offering meals to be consumed on site and/or off-site for customers who do not want to prepare meals for themselves, and who require a quick convenient economic meal with fast service and a moderate price.

2.3 DETERMINANTS OF RESTAURANT SELECTION

Determinants in restaurant selection vary across age groups, income levels, and restaurant types. According to Kivela (1999), ambience factors seem to be the important determining choice variable for 25-39 year olds. These groups tend to look for ambience or atmosphere type restaurants because they provide a more suitable social environment for 25-34 year olds. Falling within this age group are "yuppies," these are young urban professionals between twenty-five and thirty-nine years of age, college educated, and in a professional or management position who spend an estimated $1 out of every $12 in restaurants (Spears, 1991). The choice determinant variables for 45-54 year olds are: quality of food, ambience factors, comfort level, prestige, and prompt handling of complaints. Also, middle and high-income groups have chosen comfort level as their choice determinant variable. The high-income groups are more inclined to dine-out because of quality, comfort and prestige, and personalized service. Middle and high-income groups will have more disposable income and are more likely to frequent fine dining/gourmet restaurants. The top four choice variables for the fine dining/gourmet restaurant type are ranked in order of importance as prestige, friendliness of waiting staff, quality of food, and ambience factors (Kivela, 1999).

Food quality and food type are frequently cited variables for restaurant selection (Kivela, 1999). Ambience or atmosphere, prestige, location, and cost of food are nevertheless critical in the final selection or rejection process. According to a customer attitude profile, food quality was the most important choice variable in the fine dining category. With food quality as the number one reason why customers visit a restaurant, the data suggests that those restaurants that put emphasis on their food will differentiate themselves from the crowd.

Restaurants can also separate themselves from competitors through their service. When a customer purchases a service it is proposed that he or she is purchasing an experience created by the service operations of a service organization. Today a majority of consumers have largely exhausted the things they need to purchase and are focusing instead on what they want to buy. Customers are looking for opportunities and experiences that make their lives happier, richer and more rewarding (Lewis and Chambers, 1998).

Once target market(s) have been identified, a marketing mix consisting of the 4 P's-product, price, place, and promotion-needs to be developed to satisfy these people. The product is a set of features and advantages that have the capacity to satisfy customer needs and wants, thus delivering valued benefits. Marketing a good or service involves facilitating exchange relationships between an organization and a customer (Spears, 1991). Lewis and Chambers (1998) stated that the three components: goods, services, and environment are concerns of customers when they purchase the hospitality product. Management has direct or almost direct control over goods which are mostly physical factors and usually tangible. Service includes nonphysical, intangible attributes that management should control. For example, the personal element provided by employees such as friendliness, speed, attitude and responsiveness are all important components of service (Spears, 1991). While the environment is something the customer feels, the environmental attributes include: decor, atmosphere, comfort, ambience, and architecture. Price, the monetary value given in exchange for a product or service, often helps establish a good or service and often is used as a competitive tool. This is a key issue in the marketing mix for services because price can be used to imply quality prior to the purchase experience, and is ultimately connected to a customer's perception of product quality, prestige, and image.

Promotion is an organizations effort to inform, persuade, and remind consumers about their service and/or products. Advertising, merchandising, suggestive selling, back-bar signs, window signs, table tents, menu clip-on or any other method of telling people more about the goods or services provided are types of promotion; publicity and public relations are also included. A key to successful promotion is endorsements from other customers who have had positive experiences. Place is getting a good or service to the prospective or actual consumer and moving goods or services to the right place in the right quantities at the right time. Service distribution must be developed to provide service in a convenient manner, and located where they are expected to be found (e.g., shoe shine stands in airports and hotels). In addition, multiple outlets are often required for service distribution in order to increase customer convenience.

Quality, value, and satisfaction were all significant post-purchase predicators that customers would return to and recommend the restaurant (Oh, 2000). Value seems to be a powerful indicator of customer's patronage over time. Though past experience and restaurant's reputation may influence restaurant dining and selection decision, the key factor still will be expected and perceived value.

Dining out is usually a social occasion where the food is not the main point, rather enjoying the company of family, friends or business associates, or just of the wait staff is the primary reason for being there. Customers usually know what kinds of food, service, and ambience they like.

Restaurant customers measure value by considering what they will gain and what they will sacrifice by patronizing a given restaurant. Cost, driving time (i.e., location), convenience, and alternatives among competitor restaurants are factors associated with customer sacrifice (Oh, 2000). Though customers are proven to be more willing to travel further for an upscale

restaurant, it is as much as 19 minutes on the average for a weekend dinner. Knowing the customers and their desires can lead to repeat business (Spears, 1991)

Quality food items, impeccable service, low prices, and well-planned menus may all contribute to satisfaction, but it has not been effective unless the customer returns. According to Lewis and Chambers (1998), making a sale or getting a customer is easier than keeping a customer. If customers are not satisfied, they can usually find another restaurant that will meet their needs.

Restaurants who want to attract more customers and meet the needs of customers will need to understand what customers want. Marketing a fine dining restaurant for instance will be more successful if one understands what is important to customers when selecting a fine dining restaurant. Therefore, an exploratory study was conducted to determine what factors are important to customers when selecting a fine dining restaurant for a business occasion and for a leisure occasion.

Restaurant selection criteria are the most important attributes that customers use in deciding where to dine-out. Customers may apply diverse criteria in evaluating the importance of attribute affecting their restaurant choice. There is a wide range of literature concerning the selection of restaurants. For instance, Lewis (1981) considered five factors: food quality, menu variety, price, atmosphere, and convenience factors. There are other three factors suggested: service quality, product quality, and atmospherics as main restaurant attributes affecting perceived quality of restaurant experiences. The total dining experience in a restaurant is comprised of not only food itself, but also the atmosphere (physical aspects) and the service provided. Although a variety of restaurant choice criteria were identified, previous studies have not considered how the selection criteria differ according to the restaurant types

and how frequent users for fast-food and full-service restaurants differ in terms of their socio-demographic characteristics and the criteria they think as important.

The question of how socio - demographic variables influence consumer behaviour is an important issue that has to be studied with respect to the consumer's purchasing decision. Indeed, in consumer behaviour literature, personal characteristics are one of the major factors determining consumer decision-making and subsequent behaviours. For example, a research found that older customers are more concerned about their health and the quality of food and this has been identified as important. In a more recent study, Soriano (2002) found that food quality did not stand out as the most important reason for young customers; however, customers over 60 years of age indicated food quality is the most important attribute determining their satisfaction. Differences across gender are also studied. The primary characteristics that compared to female consumers, male consumers sought when choosing a product or brand are usually more utilitarian. Customers with higher income have selected ambience and comfort level as their determinant selection variables (Kivela, 1997). Therefore, it is logically assumed that customers with different individual characteristics have different reasons to choose a restaurant.

2.4 THE CONCEPT OF SERVICE QUALITY (SERVQUAL)

In service industry, services quality applied and delivered tend to focus on fulfilling the needs and want of the customers and how the services offered meet their perceptions and expectations. To ensure that the services offered and delivered are good and satisfying enough, the restaurateurs should first investigate on what is the most crucial and important service quality that customers perceived. Perceived service quality is a critical issue in hospitality industry that it gives big impacts on customers especially on their reactions and behavior before making any purchasing.

Juwaheer and Ross (2003) cited that there are two categories of service quality. There are technical quality and functional quality. Technical quality focuses on what the customers actually receive from the service whereas functional quality focuses on the process of the service delivery.

There are several models for the measurement of service quality perceived and customer satisfaction. One of the popular models used in most studies is SERVQUAL model that is developed by Parasuraman.et.al (1985). In the model, desirable characteristics of services are measured based on SERVQUAL scale. There were 200 attributes of service quality had been derived from different commercial service providers. Using factor analysis, five main dimensions were identified.

Parasuraman.et.al (1985) define service quality through 10 dimensions which the sum up in 5 in 1998. The 5 dimensions of SERVQUAL are:

1. Tangibles – the processes and procedures, the physical facilities, equipment and appearances of premises and personnel.

The elements of the service environment impact upon perceived service quality for instance cleanliness of premises, staff appearance and the appropriateness of things like decorations and arrangement of seating.

2. Reliability – the ability to perform the promised service dependently and accurately. Never overpromise and always keep the promises.

    Reliability covers such things as a table being available at the time the customer was told it would be available, a bowl of soup being cooked as ordered, and the bill being free of errors.

3. Responsiveness – the willingness of staff and employees to help customers and provide quick and prompt services.

    Individual customer's requirements and requests will be fulfilled and responded such as request on additional order and information seek on how long they have to wait to be served with food ordered.

4. Assurances – the knowledge and courtesy of employees and their ability to inspire trust and confidence. Employees need to be empowered to carry out this assurance of both power and knowledge.

    This dimension would include staff training in the use of tools and knowledge of their service processes, customer interaction, and the perception that the service is competent.

5. Empathy – the degree of caring, individualized/ personal attention provided to customers.

    This dimension involves communication and understanding the needs of customers.

The five dimensions are really important in understanding service quality. Yet, perception of quality by the service providers and the consumers who receive the services is always

different. Thus, service quality is also can be defined as the outcome of a comparison between expectation of the service and what is perceived to be received (Parasuraman et al.,1985). In other words, SERVQUAL defines service quality as the different between customers' expectation and perception of the service delivered.

Perception – Expectation = Service quality

2.5 DECLINING OF SERVICE QUALITY

According to Kurt and Clow (1998), many are concerned that the level of service quality has been declining as many customers complain that services provided by service industry is poor. Most feel that the employees in service sectors are too busy, undertrained, and under motivated to provide good quality of service.

There are reasons highlighted due to service declining. First and foremost, the high intensity of rivalry and competition especially in international level has forced companies to down size and cut services to keep price from rising. Consequently, this has caused further employment cutbacks making good services more difficult for the understaffed firms. In order to overcome this situation, many firms have moved to self – service facilities and self – service procedures for customers.

Another cause of the declining service quality is the policy of the firm itself. Most of the firms prioritize profit and efficiency rather than focusing on personal service to customers. Besides, high income and busy lifestyle has made consumers more demanding in regards to convenience and good quality.

2.6 SERVICE QUALITY OF RESTAURANT

Hing and Yun (1995) consider the following five dimensions as distinct components of perceived service quality of restaurant:

* Tangibles, which pertain to the establishment's physical facilities, equipment and appearance of personnel. Since restaurant patrons do not receive only meals, but also a large component of service, they undoubtedly depend on other cues in the absence of tangible evidence by which to assess service quality.

* Reliability, which refers to the organizations' ability to perform the promised serve dependably and accurately. In food outlets, this may involve reservations of tables, adherence to customer requests regarding the preparation of menu items and accurate billing.

* Responsiveness, which refers to the willingness of service providers to help customers and provide prompt service. Perceived service quality may be enhanced if, for example, patrons are assisted with the wine list and menu, or if staff responds appropriately to a customer's request for prompt service.

* Assurance, which relates to the knowledge and courtesy of employees and their ability to inspire trust and confidence. For example, patrons should be able to trust the recommendations of the waiter/waitress, feel confident that food is free from contamination and be able to voice any concern without fear of insult or recrimination.

* Empathy, which refers to the caring, individualized attention the firm provides to its customers. This may involve employees providing personalized attention to patrons' needs, perhaps by adhering to special dietary requirements, or by being sympathetic towards customer's problems.

There is other model that focused on perception models that are based on the argument that expectations are relevant to evaluate perceived service quality. Moreover, perception of the customers is only measure required as perceptions can be defined as customers' beliefs concerning the service received or experience service.

Quality, value, and satisfaction were all significant post-purchase predicators that customers would return to and recommend the restaurant (Oh, 2000). In addition, value seems to be a powerful indicator of customer's patronage over time. Though past experience and restaurant's reputation may influence restaurant dining and selection decision, the key factor still will be expected and perceived value.

Customer satisfaction is often used as an indicator of whether customers will choose and return to the same restaurant or not. However, it is certain that dissatisfied customers will not return. An analysis of the factors and elements or attributes of a restaurant must be done to provide clues and further measures will be taken to improve the service performance. By improving the service performance, it is a hope that the prospects will choose their restaurants for dining and hopefully return there for another meal.

2.7 FACTORS PERCEIVED IN RESTAURANT SELECTION

There are several factors / service attributes that perceived by customers before making decision to choose a restaurant:

1. Quality of Food

   Customers need reasons why they choose and frequent a particular restaurant. Quality of food and fresh ingredients has already been rated as the most important reasons they choose a restaurant. Freshly prepared food is a great component in quality of food. The first way to evaluate quality of food is the design of menu, because the effectiveness of the menu and the level of its comprehensible level is the selling tool for restaurant sector. In addition they also consider on the nutritional value of the food served.

2. Quality of service

   Customers have also been increasingly concerned about the quality of service. A variety of psychological techniques such as conversation could help the staff/ employees. Waiting – staff who are given a sense of empowerment are better employees to serve customers than those who are not. We could expect that, if food quality and service is good enough, customers will come and the will definitely return.

3. Cost of Meal

   The price to be paid for the service determines, in customers' mind, the level of quality perceived. As dining out becomes an integral part of customers' lifestyles, experienced customers have raised their expectations with regards to quality, good service and no poorly cooked food, no dirty interiors, while seeking value for their

money. Therefore, offering good food and good service may not be good enough to attract customers. It is very important for restaurants to offer value as well.

4. The Place

Ambience, a simple décor may give restaurants a sense of competitive advantage. In current marketplace, restaurants may need to update their concepts if they want to achieve success in business. The restaurateurs have to invest money to improve the appearance of the physical in the restaurants by having certain attractive theme. The arrangement of the tables and chairs and their comfort is very important. It is to suggest that some form of Internet activity and audio – visual effects would be an amenity to induce and attract customers for dining.

Restaurateurs can implement some measures to encounter with the customers perception of service quality perceived upon the restaurant services.

The management must plan effective recovery plan for service failure. Staff / employees must have the capability to respond to the service delivery failure. Customers' complaints and disappointments must be entertained, considered and responded promptly. They are encouraged to act spontaneously on the customers' needs and requests. Other than that, employees must be aided on how to cope with customers' problems and complaints by providing skills to handle the customers' dissatisfactions.

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

This section will explain the methods that will be applied in this study. It includes the elaboration on research variables, population and sampling. Based on the research frame work and hypotheses, the further step is to explain the research methodology and instrument. Lastly, the chapter also reports on the result of pilot test that has been conducted. At the end of chapter, there is the discussion on the analysis of data employed in the study.

3.2 RESEARCH VARIABLES

This research paper examines the specific attributes of restaurants which are responsible for customers to patronize them for their meal no matter whether for lunch or dinner. By comparing the different service quality and other attributes, a questionnaire is devised to measure customers' perceptions and expectations of a restaurant.

The research study is focused on some suggested factors as the independent variables to determine the customers' decision to frequent a restaurant. The most important factor to consider in dining is the quality of food. Customers normally consider the menu variety, innovation of the food served, presentation of food and its ingredients as well as the consistency of the food tastes.

Instead of the quality of food, the efficient service of a restaurant is also taken into consideration. The quality of service is another suggested variable in the study. The level of employees' / staff's attentiveness and their attitude towards the customers' need is a determinant to influence the decision making in selecting suitable restaurant. Moreover, knowledgeable and courteous waiters / waitress are as important as the length of time to get the food ordered.

Cost / value of the meal is one of the variables. The food and beverages offered must be competitively priced. Customers hope that they will be served a large portion of food for their spending must be a value for their money.

The other factor to be considered is the place / physical of the restaurant. Appearance, ambience and surrounding atmosphere influence the customers in their selection. Other than that, good facilities and parking are also determined the customers selection.

3.3 RESEARCH HYPOTHESES

A hypothesis is a testable proposition that is empirically concerned on the relationship among variables.

The independent variables involved in this study are quality of food, quality of service, value of meal, and the place. The dependent variable is customers' decision for dining. The study is based on the null hypotheses (Ho) and the Alternate hypothesis (H1) The hypotheses of the suggested research are as follow:

Ho - Food quality has no significant relationship in customers' decision on choosing a restaurant

H1 - Food quality has significant relationship in customers' decision on choosing a restaurant

Ho – Quality of service has no significant relationship in customers' decision on choosing a restaurant

H1 – Quality of service has significant relationship in customers' decision on choosing a restaurant

Ho – Cost / Value of meal has no significant relationship in customers' decision on choosing a restaurant

H1 – Cost/ Value of meal has significant relationship in customers' decision on choosing a restaurant

Ho – Place / physical has no significant relationship in customers' decision on choosing a restaurant

H1 – Place / physical has significant relationship in customers' decision on choosing a restaurant

3.4 RESEARCH FRAMEWORK

The research is focused on the service factors to determine the customers' decision in choosing a restaurant for dining. The research framework can be examined as follows:

Figure 3.1 THE RESEARCH MODEL

INDEPENDENT VARIABLES   DEPENDENT

VARIABLE

```
┌─────────────────────────┐
│      FOOD QUALITY       │──────────┐
└─────────────────────────┘          │
                                     ↓
┌─────────────────────────┐      ┌──────────────────┐
│    QUALITY OF SERVICE   │─────→│   CUSTOMERS'      │
└─────────────────────────┘      │   SELECTION OF A  │
                                 │   RESTAURANT      │
┌─────────────────────────┐      │                  │
│   COST/ VALUE OF MEAL   │─────→└──────────────────┘
└─────────────────────────┘          ↑
                                     │
┌─────────────────────────┐          │
│     PLACE / PHYSICAL    │──────────┘
└─────────────────────────┘
```
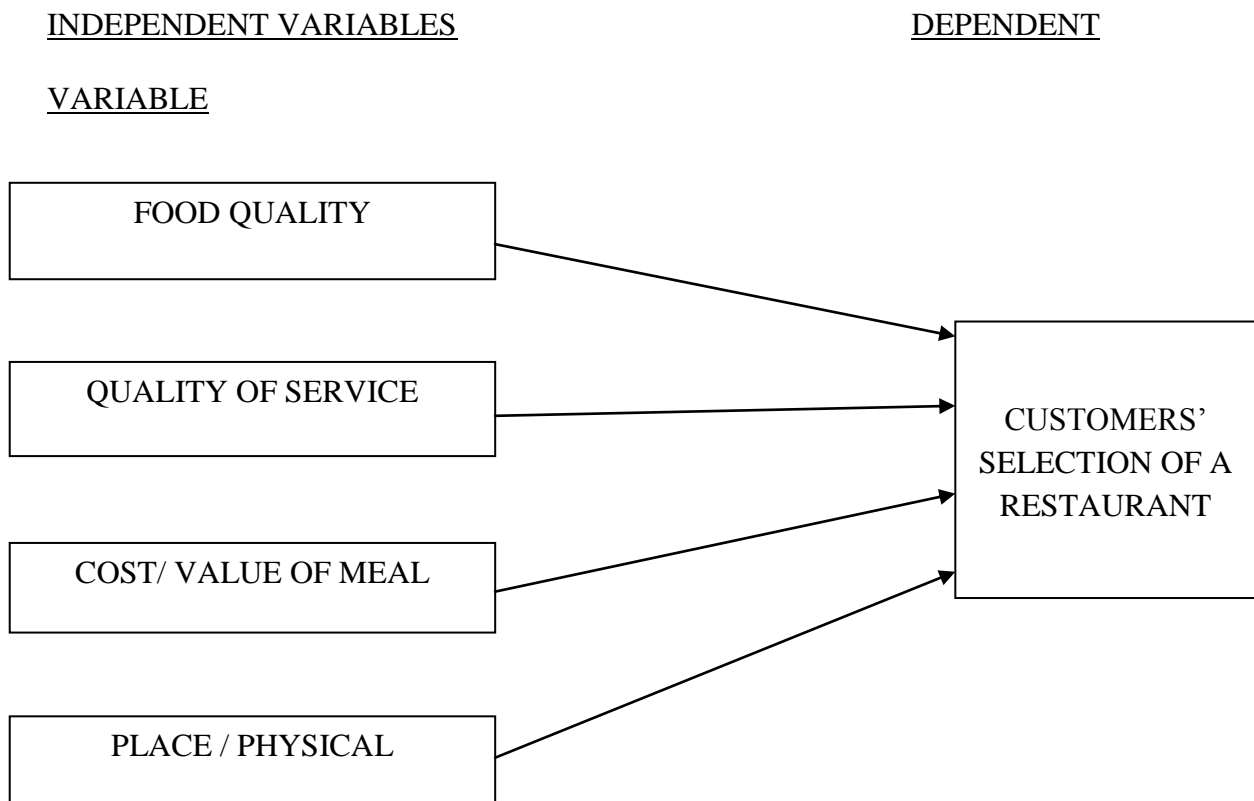
Figure 3.1 The diagram of the theoretical research framework shows the relationship between customers' selection and the independent variables (Food Quality, Quality of Service, Cost / Value of Meal and Place / Physical).

3.5 POPULATION AND SAMPLE

The population of study is the customers who frequent / patronage the restaurants for their meals. It includes all the customers regardless of their demographics background.

The sample will be the customers of the chosen restaurants in Perlis, Malaysia. Perlis is chosen as the location to conduct the survey as it offers respondents with different demographic background. The people of Perlis come from different academic and social background ranging from famers and padi planters to lawyers and doctors that can provide diversity and variety to the data. From here, the information on variety of behaviours and needs can be derived. The cost of living here that is moderate to high that can give some ideas on their pattern and decision in spending particularly in food.

Other than that, the respondents are mostly working adults who patronage the chosen restaurants for their meals. The number of sample is 100.

3.6 RESEARCH INSTRUMENT

A self-administered, close-ended questionnaire is designed as an evaluating instrument to determine the specific factors / attributes in selecting a dining restaurant. The questionnaire is designed based on the Parasuraman's SERVQUAL model of measuring service quality perceived by customers.

The representative sample of customers will be selected among the people who have lunch or dinner in medium pricing restaurants in a town of Perlis, Malaysia. The questionnaire will be placed on each table for customers to complete as they are waiting for their meals to be served. They will complete the questionnaire and return it before they leave the restaurants.

A descriptive research design and a cross sectional survey is used in the study. A self − administered survey questionnaire is used to collect data from targeted sample. The data collection instrument used consists of four parts of self − administered questionnaire.

For the purpose of the questionnaire, respondents are told to complete Section A whereby they have to give information about their personal details. This section also derives data on respondents' demographics. The second part of the questionnaire gathers some information on the pattern of patronizing a restaurant. The third section measures customers' perceptions of service quality a restaurant might offer. The section is consisted of 5-point Likert scales where the respondents are asked to indicate the level of their perception based on the Likert scales from 1 (strongly disagree) to 5 (strongly agree).

Table 3.1 The Likert Scale for item 12 – 30

SCALE	SCORE
STRONGLY AGREE	5
AGREE	4
NEUTRAL / NOT SURE	3
DISAGREE	2
STRONGLY DISAGREE	1

The items of this third section can be classified into the following four components:

1. Quality of Food (e.g. taste, variety, fresh ingredients. presentation of food)

2. Quality of Service (e.g., knowledgeable and attentive staff, responsiveness, waiting time)

3. Value / Cost of Meal (e.g. price, value for money, portion / quantity)

4. Place / Physical (e.g. cleanliness, decorations, facilities, near)

The last part of questionnaire requires customers to give responses on the decision made regarding on the restaurant selection and their satisfaction on restaurant that they normally frequent.

3.7 PILOT TEST

For data quality purposes, a pilot test was run in a prior to the main study being conducted to determine and remove any ambiguity in the questionnaire. The pilot study was conducted using convenience sample of 30 from the respondents of restaurants customers in Perlis.

Based on this pre-test, it is anticipated that the questionnaire would take less than 5 minutes to answer. Respondent participation is completely voluntary and no monetary incentives are presented to them. In addition, anonymity was guaranteed to all respondents. The researcher was being together with the respondents as they completed the questionnaire to identify difficulties, ambiguity and some mistakes that might occur in wording and sentence structures. When the questionnaires are returned, the data will be coded, entered, and edited in the computer data analysis system using SSPS.

The internal consistency reliability method using Cronbach's alpha coefficient will be used to assess the reliability of measurement scale for the data gathered from the surveys. To test the internal consistency of the measurement, reliability analysis was conducted on the dependent and independent variables. In general, the closer the reliability coefficient gets to 1.0, the better and reliable the measurement would be.

For the purposes of present study, the recommended minimum reliability (Cronbach's Alpha) value of 0.6 is set. Based on the data gathered from 30 questionnaires distributed in the purposes of pilot test, the measures of reliability have been analyzed. The reliability measures are estimated in the range of 0.783 to 0.898. The results of the pilot test are generally considered sufficient for research purpose and the scales can be regarded as relatively reliable. The result on the measures for the pilot test is shown in Table 3.2.

Table 3.2 Reliability coefficient for multiple item in Pilot Study (n = 30)

Variables	Alpha
Quality of Food (5 items)	0.783
Quality of Service (5 items)	0.898
Price / Cost of Meal (5 items)	0.864
Place / Physical (4 items)	0.880
Dependent (2 items)	0.876

3.8 DATA ANALYSIS

For the purpose of data analysis and hypotheses testing, several statistical methods are employed from Statistical Packages for the Social Science (SPPS) version 14.0. These include descriptive statistics to describe the characteristics of respondents, test of differences, correlation analysis to describe the relation between variables and regression analysis to test the relationship and impacts of independent variables on dependent variables.

3.8.1 Descriptive Statistics

Descriptive statistics (mean, value and standard deviations) for all the variables of interest are computed. The purpose of this analysis is to present raw data in the form that can be easily understood. The reliability acceptance level should be around

3.8.2 Reliability Test

The reliability test is conducted to ensure the consistency or stability of the items tested in the study. The Cronbach's alpha is used to analyze the reliability of the instruments and the reliability acceptance level should be around 0.70.

3.8.3 Correlation Analysis

Pearson correlation is used to describe the strength and direction of relation between two variables. The relationship between independent and dependent variables is identified. A positive correlation indicates that as one variable increases, so does the other. A negative correlation indicates that as one variance increases, the other will decrease. A perfect correlation of 1 or -1 indicates that the value of one variable can be determined exactly by knowing the value of other variable. In addition, a correlation of 0 indicates that there is no relationship between the two variables.

3.8.4 Regression Analysis

Regression analysis will be used to test hypotheses formulated for this study. Four variables of quality of food, quality of service, price/ cost of meal and place will be entered. Significance of relationship will be measured by p value. The data will be edited to detect errors and certify that data quality standards are achieved. Hypotheses give clear direction to assess the statistical relationships between the dependent and independent variables.

3.8.5 Multiple Regressions

Multiple regressions are more sophisticated extension of correlation and is used to explore the predictive ability of a set of independent variables on one dependent variable. On order to test the hypotheses developed in the study, multiple regression analysis is conducted. Besides, the factors considered by customers in patronizing the restaurant will be examined.

CHAPTER FOUR

RESULTS

4.1   INTRODUCTION

This chapter outlines the results of data analysis obtained from data collected from respondents. The main purpose of this study is to identify and measure the most important service factors or attributes perceived by customer in choosing restaurant. Besides that, the purpose of study is to assess customer perception and expectation level towards service quality of restaurant. The demographic variables are used to correlate with the factors variables to determine result of the studies. The outcomes of the studies are achieved by implementing the descriptive and inference analysis method.

4.2   ANALYSIS OF RESPONDENT'S CHARACTERISTICS

This is the initial step to get the overview of the demographic from the respondents. The characteristics of the respondent are very crucial to find out customer perception and expectation level towards service quality of restaurant. The demographic variables are including gender, age, salary, race, marital status and level of education.

4.2.1 Gender

The fraction of the gender comprises male and female. The result from the data analysis could be seen as the table below:

Table 4.1 Distribution frequency of gender

	Frequency	Percent
Male	52	52%
Female	48	48%
Total	100	100%

As shown at Table 4.1 a steady of 52% of the respondents were male while the remaining of 48% of the respondents was female.

4.2.2 Age

Table 4.2 The frequency and percentage of age

	Frequency	Percent
20 to 30 years old	31	31%
31 to 40 years old	27	27%
41 to 50 years old	29	29%
51 years old and above	13	13%
Total	100	100%

Table 4.2 shows the frequency and percentage of the respondent based on age. The majority of the respondents are in the group of age between 20 to 30 years old that is 31%. Followed by group of age 41 to 50 years old that is 29%. Meanwhile, the group

of age between 31 to 40 years old is 27% and the group 51 years old is the least that is 13%.

4.2.3   Race

Table 4.3 The frequency and percentage of race

	Frequency	Percent
Malay	96	96%
Chinese	2	2%
Indian	2	2%
Total	100	100%

Based on the above table 4.3, the majority of the respondents are Malay which is the frequency is 96 or 96%. Meanwhile, the small fractions of the respondent that contribute to the percentage of 2% are Chinese and Indian respectively.

4.2.4 Marital Status

Table 4.4 The frequency and percentage of marital status

	Frequency	Percent
Single	26	26%
Married	72	72%
Divorced	2	2%
Total	100	100%

Based on the Table 4.4, the majority of the respondents are married which are 72%. Meanwhile, 26% from the respondents are single person. Followed by 2% of the respondents is divorced.

4.2.5 Income

Table 4.5 The frequency and percentage of income

	Frequency	Percent
Below RM2000	37	37%
RM2001 to RM4000	50	50%
RM4001 to RM6000	13	13%
Total	100	100%

The majority of the respondents are in the group of income RM2001 to RM4000 that is 50%. Table 4.5 also shows that 37% of the respondents are in the group of income below RM2000. Followed by 13% of them are in the group of income RM4001 to RM6000.

4.2.6   Education

Table 4.6 The frequency and percentage of education

	Frequency	Percent
High School	36	36%
Diploma	17	17%
Degree and above	47	47%
Total	100	100%

From the above Table 4.6, 47% of the respondent are educated that holding a degree and above. Meanwhile 36% of the respondent their education until high school and 17% of them are diploma holders.

4.3   ANALYSIS OF RESTAURANT PATRONIZING PATTERNS

This section analyzes the information of restaurant patronizing patterns. It comprises the frequent of dining outside and time of spouse cooking in a day. Besides that, it also analyze data about important factor that considering before deciding to dine out in restaurant, money spend when eating in a restaurant and purpose of dining at a restaurant.

4.3.1 Dining

Table 4.7 The frequency and percentage of dining outside

	Frequency	Percent
Daily	54	54%
Weekly	27	27%
Monthly	14	14%
Once in three months	5	5%
Total	100	100%

Based on the Table 4.7, the majority of the respondents are dining outside daily that is

54%. Meanwhile, 27% of the respondents are dining outside weekly. Besides that,

14% of them are dining outside monthly and only 5% of them are dining outside once

in three months.

4.3.2 Cooking in a day

Table 4.8 The frequency and percentage of cooking in a day

	Frequency	Percent
0 to 1 time	60	60%
2 to 3 times	34	34%
4 times and more	6	6%
	100	100

Table 4.8 shows that the majority of the respondents that is 60% only cook 0 to 1 time

a day. Meanwhile, 34% of the respondents are cooking 2 to 3 times a day. Besides

that, only 6% of them cooking 4 times and more.

4.3.3   Important Factor

Table 4.9 The frequency and percentage of important factor

	Frequency	Percent
Food	63	63%
Service	9	9%
Cost of meal	14	14%
Place	14	14%
Total	100	100%

From the above Table 4.9, the majority of the respondents are choosing food as the important factor that is 63%. Meanwhile,14% of the respondents are choosing cost of meal and place as the important factor respectively. Only 9% of them concerned about service.

4.3.4   Money Spend

Table 4.10 The frequency and percentage of money spend

	Frequency	Percent
Less than RM10	23	23%
RM11 to RM20	27	27%
RM21 to RM 30	19	19%
RM30 and above	31	31%
Total	100	100%

The frequency and percentage of money spend showed at Table 4.10. From the table mostly the money spend by the respondents around RM30 and above that is 31%.

Besides that, 27% of the respondents spend RM11 to RM20 for their meals. Meanwhile, 23% spend less than RM10 and 19% of them spend RM21 to RM30.

4.3.5   Purpose of Dining

Table 4.11 The frequency and percentage of purpose of dining

	Frequency	Percent
Business	5	5%
Convenient meal	39	39%
Social Reason	25	25%
Family Gathering	31	31%
Total	100	100%

The above Table 4.11 shows that most of the respondents are dining for the convenient meal purpose that is 39%. Meanwhile, 31% of the respondents are dining for the purpose of family gathering. Besides that, 25% of them are dining for the social reason and 5% dining for the purpose of business.

4.4   DESCRIPTIVE STATISTICS

Section C is about to know the determinant of restaurants selection. Descriptive analysis which includes the mean and standard deviation for the independent and dependent variables are attained and recorded in Table 4.12

Table 4.12 Determinants of Restaurant Selection

	Mean	Std. Deviation
Delicious and tasty food	4.51	.870
Variety and innovative food	4.13	1.012
Large selection of beverages	3.64	.969
Fresh raw materials and ingredients	4.31	.775
Attractive and enticing presentation of food	3.96	.840
Knowledgeable and attentive waiter/waitress	4.22	.905
Amiable and friendly staff	4.24	.900
The quick and prompt action	4.44	.795
Does not like waiting for a long time	4.38	.874
Responsiveness to the needs of the customers	4.44	.845
Offers reasonable price food and beverages	4.40	.932
The food served must be a good value for money	4.44	.946
The food served in large portion and quantity	3.72	.911
Cheap price for my meal is important	2.29	1.258
Competitively priced beverage	4.01	.937
Physical cleanliness	4.62	.814
Attractive interior and exterior decoration	3.99	.745
Provide good facilities	3.83	.888
Prefer restaurant that is near to my house/office	3.71	.988

As shown at Table 4.12, the respondents give positive response towards the determinants of restaurants selection. The highest mean shows that respondents very selective towards physical cleanliness and delicious and tasty food. Cleanliness and tasty food is a key of restaurants selection. Respondents very much concerns of health and what they are eat. Cleanliness gives them more comfortable and cool appetite. Besides that, quick and prompt action, responsiveness to the needs of the customers and the food served good value for

money also the determinant of restaurant selection. The best services, time and quality of the food from the restaurant is a major concerns of the respondents.

Meanwhile, cheap price of the food and large selection of beverages are the lowest mean determinant restaurants selections. Respondents are knowledgeable and very concern of the quality rather than the price. They do not even bother of spending a little big amount of money for the tasty food and for the best service. It is not about the purchasing power but it is about customer satisfaction.

4.5   ANALYSIS OF DECISION OF RESTAURANT SELECTION

Table 4.13 Decision of restaurant selection

No.	Items	Rating	Frequency	Percentage (%)
1.	Always feel doubt/uncertain in choosing a suitable restaurant	Yes No	77 23	77 23
2.	Satisfaction with the chosen restaurant	Yes No	75 25	75 25

The above Table 4.13 shows that 77% of the respondents always feel doubt or uncertain in choosing a suitable restaurant. This is because there are many criteria of the restaurant such as quality of food, cuisine, style and services. The customer choosing the restaurant based on their needs. Besides that the majority 75% of the respondent satisfied with the restaurant chosen. Customer has doing some studies to

decide the restaurant selection. Therefore, only the restaurant can charter their needs and taste would be chosen.

4.6   MAJOR FINDINGS

The results of Pearson Correlation Analysis and Linear Regression are presented in the following section.

4.6.1   Pearson Correlation Coefficient

Table 4.14 Inter correlations of the Major Variables

		Food Quality	Quality of Service	Cost of meal	Place	Determinant Selection
Food Quality	Pearson Correlation	1	$.809^{**}$	$.579^{**}$	$.680^{**}$	$.924^{**}$
	Sig. (2-tailed)		.000	.000	.000	.000
	N	100	100	100	100	100
Quality of Service	Pearson Correlation	$.809^{**}$	1	$.551^{**}$	$.721^{**}$	$.914^{**}$
	Sig. (2-tailed)	.000		.000	.000	.000
	N	100	100	100	100	100
Cost of meal	Pearson Correlation	$.579^{**}$	$.551^{**}$	1	$.548^{**}$	$.715^{**}$
	Sig. (2-tailed)	.000	.000		.000	.000
	N	100	100	100	100	100
Place	Pearson Correlation	$.680^{**}$	$.721^{**}$	$.548^{**}$	1	$.839^{**}$
	Sig. (2-tailed)	.000	.000	.000		.000
	N	100	100	100	100	100
Determinant Selection	Pearson Correlation	$.924^{**}$	$.914^{**}$	$.715^{**}$	$.839^{**}$	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	100	100	100	100	100

Hypothesis 1: Food quality has significant relationship in customers' decision on choosing a restaurant.

The relationship between food quality is tested against customer decision on choosing a restaurant. The results indicate that there is a significant relationship between the two variables (r=.924, n=100, p<.00). The relationship between the variables is significant and the correlation is very strong. Hypothesis 1 is accepted.

Hypothesis 2: Quality of service has significant relationship in customers' decision on choosing a restaurant.

The relationship between quality of service is investigated against customers decision on choosing a restaurant. The results show that there is a significant relationship between the two variables (r=.914, n=100, p<.00). The relationship is significant with strong relationship. Hence, hypothesis 2 is accepted.

Hypothesis 3: Cost/Value of meal has significant relationship in customers' decision on choosing a restaurant.

The relationship between cost/value of meal is investigated against customers decision on choosing a restaurant. The results show that there is a positive relationship between the two variables (r=.715, n=100, p<.00). The relationship is significant with strong correlation. Hence, hypothesis 3 is accepted.

Hypothesis 4: Place/physical has significant relationship in customers' decision on choosing a restaurant.

The relationship between place/physical is investigated against customers' decision on choosing a restaurant. The results show that there is a positive relationship between

the two variables (r=.839, n=100, p<.00). The relationship is significant with strong

correlation. Hence, hypothesis 4 is accepted.

4.6.2 Multiple Regressions

Table 4.15 Results of Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.995[a]	.990	.989	1.094

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.589	.819		1.939	.056
	Food_Quality	1.107	.052	.400	21.242	.000
	Quality_service	.819	.050	.321	16.490	.000
	Cost_meal	.880	.067	.175	13.108	.000
	Place	1.061	.070	.240	15.070	.000

Referring to the above table, the Multiple R shows a substantial correlation between

the three independent or predictor variables and the dependent variables which is

customer restaurant selection (R= .995). The R-square value identifies the portion of

the variance accounted for by the independent variable that is approximately 99% of

the variance in the customer restaurant selection is accounted for by food quality,

quality of service, cost of meal and place. This value indicates that those four factors

explained by 99%. Its mean that there are also some other factors which not be

considered.

The Adjusted R Square is considered a better population estimate and is useful when comparing the R Square values between models with different number of independent variables. The value of Adjusted R Square obtained is 0.989, illustrate that 98.9% changes of dependent variable which is the customer restaurant selection can be explained by the four independent variables.

The results also shown that all the independents variables are significantly correlated to customer restaurant selection with coefficient alpha <.0000 The beta (β) value for food quality (β= .400), quality of service (β=.321), cost/value of meal (β=.175) and place (β=.240) explain the significance of the four independent variables to customer restaurant selection. Among all four variable, food quality (β=.400) is the strongest variables, followed by quality of service (β=. 321) place (β=.240) and cost/value of meal (β=.175).

4.7   CONCLUSION

The result of the research shows that the respondents give positive responds and feedback towards determinants restaurants selection and decision of restaurant selection. Based on the analysis, all four hypotheses were accepted. From the findings, correlation analysis concludes that all four independents variables are significantly related to customer restaurant selection. As the conclusion, customers with their awareness and knowledge would be able them to be a good decision maker towards restaurant selection.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1   INTRODUCTION

In this chapter, the findings of the study will be discussed and recommendations for future research are also suggested.

5.2   DISCUSSION OF FINDINGS

The purpose of this study is to identify and measure the most important service factors or attributes perceived by customer in choosing restaurant. Besides that, the purpose of study is to assess customer perception and expectation level towards service quality of restaurant.

In the following discussion, results of each objective are reviewed and compared with previous literature.

Objective 1: What are the factors/specific attributes of a restaurant which responsible for customers to choose a restaurant for dining and perhaps return to the same restaurant?

The result of the study revealed that 63% of the respondents choosing food as the important factor for dining. Many restaurants out there are serving different foods. The food taste is different as well. Delicious and tasty food makes a favors to the customer to choose the best restaurant and perhaps they would make a return. It also includes the multiple choices of foods provided by the restaurant and their diversifying menu.

Meanwhile cost of meal and place also plays the important factor. Some customers do not even bothering spending a lot of money for their tasty food. As long as the food are delicious and the restaurant provides tip top service. Some of the customers concern cost of meal. These may be influenced by many factors such as budget and satisfaction. Whatever that they are paying should be worth it.

Besides that the place also a major concern of choosing the restaurant. It also influenced by many factors such as concept, interior design, arrangement and facilities. Restaurant that is unique and good interior design would attract many customers to come. In spite of that easy parking, mini playground, landscape and drive thru can be a value added to the restaurant.

Objective 2: Which factors/attributes are perceived most by customers in choosing a restaurant?

The study indicates that majority of the respondents choose a restaurant based on physical cleanliness and delicious and tasty food. Cleanliness and tasty food is a key of restaurants selection. Cleanliness gives them more comfortable and cool appetite. It would make customers confident with their meals and breaks down their curiosity. Besides that quick and prompt action, responsiveness to the needs of the customers and the food served good value for money also the determinant of restaurant selection. The best services, time and quality of the food from the restaurant is a major concerns of the respondents.

The results from the inferent analysis shows that all the independents variables are significantly correlated to customer restaurant selection with coefficient alpha <.0000 The beta (β) value for food quality (β= .400), quality of service (β=.321), cost/value of meal (β=.175) and place (β=.240) explain the significance of the four independent variables to customer restaurant selection. Among all four variable, food quality (β=.400) is the strongest variables, followed by quality of service (β=. 321) place (β=.240) and cost/value of meal (β=.175).

Objective 3: Which service factor/attribute can satisfy the customers well?

Service factor is used to differentiate and add value to services offered it a way to gain competitive advantage. From the descriptive result indicates that the respondents choose the restaurant based on the service factor such as quick and prompt action, responsiveness to the needs of the customers and the food served good value for money. Quick and prompt action and responsiveness creates the effective service provided by the restaurant. Thus the satisfaction level of the customer is high and would make a return.

The result also indicates that the respondents always feel doubt or uncertain in choosing a suitable restaurant. This is because there are many criteria of the restaurant such as quality of food, cuisine, style and services. The customer choosing the restaurant based on their needs. Besides that the majority 75% of the respondent satisfied with the restaurant chosen. Customer has doing some studies to decide the restaurant selection. Therefore, only the restaurant can charter their needs and taste would be chose

Objective 4: What is the level of customer perception and expectation towards service quality of restaurant?

The result shows that the majority of the respondents are choosing food as the important factor that is 63%. Meanwhile 14% of the respondents are choosing cost of meal and place as the important factor respectively. Only 9% of them concerned about service. So the level of customer perception toward service quality is still low.

Nevertheless the respondents expects the restaurant maintaining quick and prompt action, responsiveness to the needs of the customers and cut down waiting time.

5.3   LIMITATION OF THE STUDY

This research is restricting by several limitations. The various limitations stated as follows:

5.3.1   Time Constraints

Time constraints are one of the limitations while completing the projects paper. Time frame and tight schedule has limited researcher to focus and concentrate to the research. Besides, lack of time management.

5.3.2   Lack of Experience

This is the first time that the researcher is performing the research. The researcher does not have sufficient knowledge and experience in conducting the research. The researcher found that study on this subject is not an easy task since it requires statistical and analyzing skills. As a result, this can affects the outcomes of this research indirectly.

5.3.3 Lack of Cooperation

One of the difficult tasks is to get reply from the respondent. The questionnaires are not return back on date. Besides that, it was difficult to get the participation from the community nearby. The data more interesting if respondent come from the family.

5.4   RECOMMENDATION FOR FUTURE RESEARCH

This study had provided only a small portion of idea regarding to the factors perceived by customers in choosing restaurant for meals. Hence, it would be beneficial for future research to consider the larger sample which covers other food places. Larger sample would cause the research outcome more accurate.

The scope of the research can be extended to others location. It is also important to study the customers choosing of restaurant at different place. For instance, the sample might come from village and city. From this research we can see the comparison of the customer decision on selection in village and in the city. The data collected from this research will show the exact figure of the customer decision.

Besides that, the study also can be implemented based on group of age and the level of income of customer selection. Different age has different desire and taste of

restaurant selection. Also for the high income group might have different factors to the chosen of the restaurant.

The data collection from questionnaire sometimes is invalid because some of the respondents not answer the question transparently. Hence the researcher can opt for the observation such as interview. This way could give more accurate information.

5.5   CONCLUSION

From the research outcome and discussions, the objectives have achieved. Food quality is the main factor of selecting of the restaurants. Besides that, quick and prompt action and responsiveness creates the effective service provided by the restaurant. All four independents variables are significantly related to customer restaurant selection.

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UNIVERSITI UTARA MALAYSIA

I am currently doing my Master in Science (Management) at Universiti Utara Malaysia. This is a survey about the factors perceived by customers in choosing restaurant for meals. It would be grateful if you could kindly spend some of your time to answer this questionnaire. In order to accomplish the aim of the survey, your honest participation is much needed. There is no right and wrong responses and the information given is confidential which will be only applied for the purpose of the study only.

I sincerely hope that you will give your full cooperation to answer this questionnaire. The results from this survey will be used in aggregate, without referring to any individual, and will be used for academic purposes only.

Your cooperation in this master project paper is greatly appreciated. Thank you again for your valuable time.

Sincerely,

....

Norazilawati Abdul Razak

806085

MSc (Management)

College of Business

Section A: Personal Detail / Maklumat Diri

Please circle at the relevance space. / Sila bulatkan pada maklumat yang berkenaan.

1. Gender / Jantina

1	Male / Lelaki
2	Female/ Perempuan

2. Age

1	20 – 30 years old / tahun	3	41 - 50 years old / tahun
2	31 – 40 years old / tahun	4	51 years old / tahun and above / dan lebih

3. Race

1	Malay / Melayu	3	Indian / India
2	Chinese / Cina	4	Others / Lain - lain

4. Marital Status

1	Single / Bujang	3	Divorced / Bercerai / Widowed / Janda
2	Married / Berkahwin		

5. Income per month

1	Below / Kurang RM 2000	3	RM 4001 - RM 6000
2	RM 2001 - RM 4000	4	Above / Lebih RM 6000

6. Education background

1	High school / Sekolah Menengah	3	Degree and above / Ijazah dan ke atas
2	Diploma / Diploma		

Section B: Restaurant Patronizing Patterns/ Maklumat Kunjungan ke Restaurant

Please circle at the relevance space / Sila bulatkan pada tempat yang berkenaan.

7. How often you dine outside?

1	Daily / Setiap hari	3	Monthly / Sekali sebulan
2	Weekly / Sekali seminggu	4	Once in three months / Sekali dalam tiga bulan

8. How many time you/your spouse cook in a day?

1	0 – 1 time / kali	3	4 times and more / kali dan lebih
2	2 – 3 times / kali		

9. Choose **one** important factor that you consider before deciding to dine out in a restaurant.

1	Food / Makanan	3	Cost of meal/price / Kos makanan / harga
2	Service / Perkhidmatan	4	Place/Physical / Tempat / Persekitaran

10. How much you normally spend when you eat in a restaurant?

1	Less than / Kurang dari RM 10	3	RM 21 – RM 30
2	RM 11 – RM 20	4	RM 30 and more / dan lebih

11. Which of the following best describe the purpose of your dining at a restaurant?

1	Business / Perniagaan	3	Social reason / Bersosial
2	Convenient meal / Makanan ringkas	4	Family gathering / Perhimpunan keluarga

Section C: Determinants of Restaurant Selection / Penentu Pemilihan Restoran

As referring to the scale below, please circle only one scale which appropriate for each statement./ Dengan berpandukan skala di bawah, sila bulatkan satu skala yang sesuai untuk setiap penyataan.

1	2	3	4	5
STRONGLY DISAGREE / SANGAT TIDAK SETUJU	**DISAGREE / TIDAK SETUJU**	**NEUTRAL / BERKECUALI / TIDAK PASTI**	**AGREE / SETUJU**	**STRONGLY AGREE / SANGAT SETUJU**

No	Items / Item - item	Scale / Skala				
12	Delicious and tasty food is the most important factor for restaurant customers. Makanan yang sedap dan lazat adalah factor yang amat penting bagi pelanggan restoran.	1	2	3	4	5
13	Variety and innovative food listed in the menu is the priority. Kepelbagaian makanan yang tersenarai di dalam menu adalah satu keutamaan.	1	2	3	4	5
14	Large selection of beverages makes me want to try almost all of them. Pilihan minuman yang banyak membuatkan saya mahu mencuba hampir kesemuanya.	1	2	3	4	5
15	Fresh raw materials and ingredients are my concern when dining outside in a restaurant. Kesegaran bahan dan ramuan menjadi perhatian saya bila mahu makan di sesebuah restoran.	1	2	3	4	5
16	I like attractive and enticing presentation of food. Saya menyukai persembahan hidangan yang menarik dan menyelerakan.	1	2	3	4	5

17	Knowledgeable and attentive waiter / waitress are the valuable asset for a successful restaurant. Pelayan restoran yang berpengetahuan dan perihatin adalah aset yang bernilai bagi kejayaan sesebuah restoran.	1	2	3	4	5
18	Every time I go to a restaurant, I always hope that amiable and friendly restaurant staff will welcome me warmly. Setiap kali ke restoran, saya mengharapkan sambutan yang mesra dari staff restoran yang peramah dan mesra.	1	2	3	4	5
19	The quick and prompt action of staff / server will ensure the customers to return. Tindakan dan respon yang cepat dan segera dari pelayan akan memastikan pelanggan kembali mengunjungi restoran.	1	2	3	4	5
20	I don't like waiting for a long time to get my ordered meal. Saya tidak suka menanti dalam tempoh yang lama untuk mendapat makanan yang telah dipesan.	1	2	3	4	5
21	Responsiveness to the needs of the customers is the major concern for restaurateurs. Tindakbalas segera terhadap kehendak pelangga amat perlu diberi perhatian oleh pengusaha restoran.	1	2	3	4	5
22	I always choose a restaurant that offers reasonable price yet nice and good food and beverages. Saya selalu memilih restoran yang menawarkan harga yang berpatutan keatas makanan dan minuman yang bagus.	1	2	3	4	5
23	The food served must be a good value for my money. Makanan yang disediakan mestilah berbaloi dengan nilai wang yang dibayar.	1	2	3	4	5
24	I will be satisfied if the food that I ordered is served in large portion / quantity. Saya akan berpuashati jika makanan yang dipesan dihidangkan didalam kuantiti yang banyak.	1	2	3	4	5
25	Cheap price for my meal is important even though the food served tastes bad. Harga yang murah bagi makanan adalah penting walaupun rasanya tidak sedap.	1	2	3	4	5
26	A competitively priced beverage is a factor to consider in choosing a restaurant. Harga yang berpatutan adalah factor penting yang dipertimbangkan dalam memilih restoran.	1	2	3	4	5

27	Physical cleanliness of a restaurant is important to attract the customers to patronize a restaurant. Kebersihan fizikal sesebuah restoran adalah penting untuk menarik pelanggan mengunjungi restoran.	1	2	3	4	5
28	Attractive interior / exterior decoration influences me to dine in a particular restaurant. Dekorasi luaran dan dalaman yang menarik mempengaruhi saya untuk menikmati makanan di restoran.	1	2	3	4	5
29	Facilities such as parking, toilet and entertainment such as music,Internet wifi, cable TV and karaoke attract me most. Kemudahan seperti parkir, tandas dan hiburan seperti muzik, Internet wifi, TV dan karaoke menarik perhatian saya.	1	2	3	4	5
30	I normally go to a restaurant that is near to my house / office. Saya selalunya akan pergi ke restoran yang berdekatan dengan rumah / pejabat saya.	1	2	3	4	5

Section D: Decision of Restaurant Selection / Keputusan Pemilihan Restoran

Please circle at the relevance space / Sila bulatkan pada tempat yang berkenaan.

31. Do you always feel doubt / uncertain in choosing a suitable restaurant for your meal?

    Adakah anda selalu merasa ragu – ragu / tidak pasti dalam memilih restoran?

1	Yes / Ya
2	No / Tidak

32. Are you satisfied with the restaurant that you patronize now?

    Adakah anda berpuashati dengan restoran yang anda kunjungi sekarang?

1	Yes / Ya
2	No / Tidak

~END OF QUESTIONNAIRE - THANK YOU FOR YOUR CO – OPERATION~

Realiability

Reliability Statistics

Cronbach's Alpha	N of Items
.904	19

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Delicious and tasty food	72.77	100.179	.524	.900
Variety and innovative food	73.15	97.765	.564	.899
Large selection of beverages	73.64	101.869	.371	.904
Fresh raw materials and ingredients	72.97	100.757	.560	.899
Attractive and enticing presentation of food	73.32	97.472	.717	.895
Knowledgeable and attentive waiter/waitress	73.06	97.148	.678	.896
Amiable and friendly staff	73.04	97.291	.673	.896
The quick and prompt action	72.84	98.439	.696	.896
Does not like waiting for a long time	72.90	99.343	.572	.899
Responsiveness to the needs of the customers	72.84	97.388	.717	.895
Offers reasonable price food and beverages	72.88	96.450	.696	.895
The food served must be a good value for money	72.84	97.307	.635	.897
The food served in large portion and quantity	73.56	98.208	.611	.897
Cheap price for my meal is important	74.99	106.394	.080	.917
Competitively priced beverage	73.27	99.371	.525	.900
Physical cleanliness	72.66	99.217	.628	.897

Attractive interior and exterior decoration	73.29	101.905	.505	.900
Provide good facilities	73.45	101.341	.444	.902
Prefer restaurant that is near to my house/office	73.57	99.015	.512	.900

Frequency

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	52	52.0	52.0	52.0
	Female	48	48.0	48.0	100.0
	Total	100	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 to 30 years old	31	31.0	31.0	31.0
	31 to 40 years old	27	27.0	27.0	58.0
	41 to 50 years old	29	29.0	29.0	87.0
	51 years old and above	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

Race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	96	96.0	96.0	96.0
	Chinese	2	2.0	2.0	98.0
	Indian	2	2.0	2.0	100.0

Race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	96	96.0	96.0	96.0
	Chinese	2	2.0	2.0	98.0
	Indian	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	26	26.0	26.0	26.0
	Married	72	72.0	72.0	98.0
	Divorced	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below RM2000	37	37.0	37.0	37.0
	RM2001 to RM4000	50	50.0	50.0	87.0
	RM4001 to RM6000	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High School	36	36.0	36.0	36.0
	Diploma	17	17.0	17.0	53.0

		Frequency	Percent	Valid Percent	Cumulative Percent
	Degree and above	47	47.0	47.0	100.0
	Total	100	100.0	100.0	

Dine outside

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Daily	54	54.0	54.0	54.0
	Weekly	27	27.0	27.0	81.0
	Monthly	14	14.0	14.0	95.0
	Once in three months	5	5.0	5.0	100.0
	Total	100	100.0	100.0	

Spouse cook in a day

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 to 1 time	60	60.0	60.0	60.0
	2 to 3 times	34	34.0	34.0	94.0
	4 times and more	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

Money spend eating at restaurant

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than RM10	23	23.0	23.0	23.0
	RM11 to RM20	27	27.0	27.0	50.0
	RM21 to RM 30	19	19.0	19.0	69.0
	RM30 and above	31	31.0	31.0	100.0
	Total	100	100.0	100.0	

Purpose of dining

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business	5	5.0	5.0	5.0
	Convenient meal	39	39.0	39.0	44.0
	Social Reason	25	25.0	25.0	69.0
	Family Gathering	31	31.0	31.0	100.0
	Total	100	100.0	100.0	

Feel doubt/uncertain in choosing suitable restaurant

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	77	77.0	77.0	77.0
	No	23	23.0	23.0	100.0
	Total	100	100.0	100.0	

Satisfied with the restaurant

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	75	75.0	75.0	75.0
	No	25	25.0	25.0	100.0
	Total	100	100.0	100.0	

Descriptive

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Delicious and tasty food	100	1	5	4.51	.870
Variety and innovative food	100	1	5	4.13	1.012
Large selection of beverages	100	1	5	3.64	.969
Fresh raw materials and ingredients	100	1	5	4.31	.775
Attractive and enticing presentation of food	100	1	5	3.96	.840
Knowledgeable and attentive waiter/waitress	100	1	5	4.22	.905
Amiable and friendly staff	100	1	5	4.24	.900
The quick and prompt action	100	1	5	4.44	.795
Does not like waiting for a long time	100	1	5	4.38	.874
Responsiveness to the needs of the customers	100	1	5	4.44	.845
Offers reasonable price food and beverages	100	1	5	4.40	.932
The food served must be a good value for money	100	1	5	4.44	.946
The food served in large portion and quantity	100	1	5	3.72	.911
Cheap price for my meal is important	100	1	5	2.29	1.258
Competitively priced beverage	100	1	5	4.01	.937
Physical cleanliness	100	1	5	4.62	.814
Attractive interior and exterior decoration	100	2	5	3.99	.745
Provide good facilities	100	1	5	3.83	.888
Prefer restaurant that is near to my house/office	100	1	5	3.71	.988
Valid N (listwise)	100				

Collerations

Correlations

		Food_Quality	Quality_service	Cost_meal	Place	Determinant_Selection
Food_Quality	Pearson Correlation	1	.809**	.579**	.680**	.924**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	100	100	100	100	100
Quality_service	Pearson Correlation	.809**	1	.551**	.721**	.914**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	100	100	100	100	100
Cost_meal	Pearson Correlation	.579**	.551**	1	.548**	.715**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	100	100	100	100	100
Place	Pearson Correlation	.680**	.721**	.548**	1	.839**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	100	100	100	100	100
Determinant_Selection	Pearson Correlation	.924**	.914**	.715**	.839**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	100	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

Regression

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10782.408	4	2695.602	2251.226	.000[a]
	Residual	113.752	95	1.197		
	Total	10896.160	99			

a. Predictors: (Constant), Place, Cost_meal, Food_Quality, Quality_service

b. Dependent Variable: Determinant_Selection

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.589	.819		1.939	.056
	Food_Quality	1.107	.052	.400	21.242	.000
	Quality_service	.819	.050	.321	16.490	.000
	Cost_meal	.880	.067	.175	13.108	.000
	Place	1.061	.070	.240	15.070	.000

a. Dependent Variable: Determinant_Selection