COMPARATIVE ANALYSIS OF CHINESE CUSTOMERS' PERCEPTIONS AND SATISFACTION WITH CHINESE AND WESTERN RESTAURANTS

by

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ABSTRACT

The food and beverage sector in China has grown in tandem with the larger Chinese economy, generating revenues of $3,250 billion in 2011. Also, the food and beverage sector has become intensely competitive with a proliferation of Western themed restaurants and concepts. The purpose of the study is to compare Chinese customers' expectation and satisfaction with Chinese and Western restaurants.

251 Chinese restaurant diners participated in the experimental study. The respondents were asked to rate the importance and performance scores of 30 restaurant attributes. The results of the study showed that Chinese customers considered five restaurant factors when they selected restaurants: (1) food attributes, (2) service attributes, (3) presentation attributes, (4) value attributes, and (5) supplementary attributes. For both Chinese and Western themed restaurants, findings indicate that Chinese diners rate food as the most important criterion. However, service quality was a relatively more important criterion for Western themed restaurants when compared with Chinese restaurants. Lastly, value was relatively of greater importance when it came to Chinese restaurants as opposed to western restaurants. Findings help to distinguish differentiating criteria that Chinese customers apply and can be used to build on the knowledge of the food and beverage sector as foreign entrants seek to expand in China.

Chapter 1
Introduction

1.1 Background

China is the world's fastest-growing major economy, with growth rates averaging 10% over the past 30 years (International Monetary Fund, 2012). The Chinese food and beverage industry has maintained a strong momentum of growth and rapid development. According to China Statistical Yearbook, the Chinese food and beverage industry generated revenue of 5.48 billion Yuan (equivalent to $87 million USD) in 1978. After 20 years, the revenue of the industry was 281.64 billion Yuan ($44.7 billion USD), a 50 fold increase. In 2006, the retail sales of the food and beverage consumption exceeded one trillion Yuan for the first time, reaching 1.03 trillion Yuan, an increase of 16.4% over a year. The retail sales of the food and beverage industry consumption achieved a double-digit growth for 16 consecutive years. According to "The Investment Analysis and Forecast Report 2011 of China Food and Beverage Industry", the industry generated revenue of 2.05 trillion Yuan ($3,250 billion), with a one-year growth rate of 16.9% (Chinese Investment Organization, 2011).

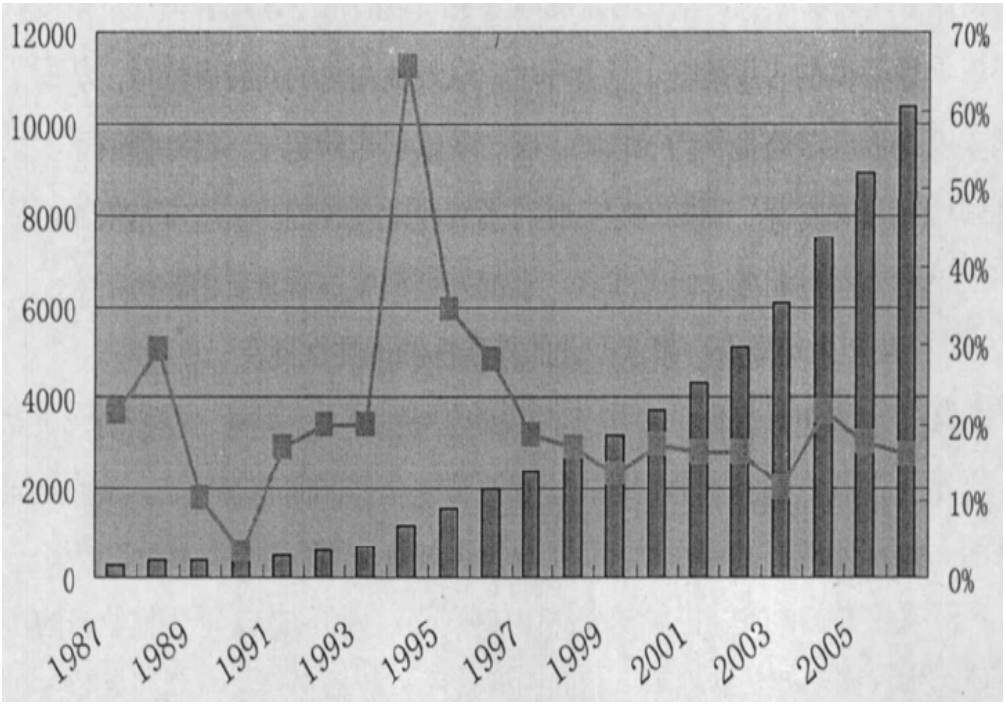

Figure 1.1 Retail sales for the food and beverage industry in China

Label: the unit of left number of Y coordinate is 10 million Yuan

Resource: Beijing Jiao Tong University, 2007

The bar chart of Figure 1.1 represents retail sales of the food and beverage industry in China and the line graph shows the increase rate of retail sales of the food and beverage industry. Apparently, the industry has developed so fast and there is quite a potential for this industry.

In 1978, per capita gross domestic product (GDP) of the Chinese mainland was 381.23 Yuan and in 2008, it had increased to 23,708 Yuan—a 62 fold

increase (China Statistical Yearbook). The rapid increase in per capita GDP might indicate a new preference for dining out in China because the 2008 Chinese food and beverage industry operation report indicated that per capita food and beverage spending of Chinese nationals has increased from 5.69 Yuan in 1978 to 950.15 Yuan to 2007— 166-fold increase (Chinese Cuisine Association, 2008).

The retail sales of western restaurants were 135 billion Yuan in 2004 in China. It increased to 156 billion the following year and it was 209 billion in 2006, with the growing rate of 33.9%. (Tianjin Daily Newspaper, 2007). Western restaurants enrich the traditional Chinese food and beverage market and play an important role in economic development in the Chinese food and beverage development.

Western food collectively refers to European and American dishes. China introduced western restaurant brands in 1987 and since then western foods have became popular in national food consumption. (http://baike.baidu.com/view/80716.htm).

According to a national survey on the western restaurants industry conducted by Chinese Cuisine Association in 2004, there were more than 20,000 western restaurants nationwide and the number of employees in the western restaurant industry was 240,000. The western restaurants were divided into three levels: the average check at the highest level restaurant was 200-220 Yuan ($30), the

medium level was 80-100 Yuan ($15) and the lowest level was 30-50 Yuan ($7). The superior quality of western restaurant in China is similar to fine-dining restaurants in US, the medium level restaurant is similar to a causal restaurant and the low level restaurants only have quick service and fast food.

The western food industry is developing with bursting vitality in China, showing its existence in more than 60% of the prefecture-level cities. Currently, the network of western food industry is developing more rapidly than that of its Chinese peers, even stretching to very remote places such as Lijiang, Yunnan, Tibet, Lhasa, Yinchuan, Ningxia, with the same strong vitality (Chinese Cuisine Association research, 2004).

In 1987 and 1990, the first KFC and McDonald's entered Chinese markets. As the gigantic western food chains entered the Chinese marketplace, native consumers were astonished by its fast speed and enriched varieties. The western food chain is popular among Chinese customers and the number of KFC and McDonald's stores exceeded 4400 by 2010 (wikipedia.org). During the 30 years of development, modern management styles and concepts brought by western food enterprises spread rapidly among Chinese consumers, leading to brand new consumer behavior.

The pursuit of western food culture reflects a longing for a globalized modern atmosphere. This longing is not restricted to certain foods or living styles

from a particular country, but rather to a modern lifestyle that is accepted by the majority of Chinese people. Western food meets the demand of some consumers who are eagerly searching for a different food culture and illustrates a status-seeking behavior (Chinese Cuisine Association research, 2004).

Western restaurants in China have distinctive including a wide variety of menu choices and service style. In general, western food can be categorized into traditional western foods and fast foods. It also covers a variety of brands ranging from low-end to high-end. Therefore, Chinese consumers do have a wide range to choose from, and they are willing or even anxious in pursuing western foods in that diversification meets different levels of market demand in China (Chinese Cuisine Association research, 2004).

The model of franchise business boosts the brand effect of western food companies that originally grew by cultivating its brand and franchised chain, which significantly improves the development process and leads to a mature and modernized business style. Of all the western food enterprises, the franchised ones hold approximately 16% of market share today. The capability of western food enterprises in cultivating their brand and attracting Chinese consumers greatly outweighs that of its Chinese peers (Chinese Cuisine Association research, 2004).

There is no big variance in western style food consumption. In general, consumption of western foods has a centralized distribution. That means,

consumption is centered at mid-class level; very high-level or very low-level consumptions are scarcely observed. This interesting feature indicates that the customer base is relatively concentrated and financially stable as well. Accurate positioning has brought a fortune to those companies that had a clear picture of what their target customers were; moreover, the experience earned during the period of development also improved performance of daily management operations in western restaurants. Therefore, western restaurants show growth potential in Chinese market (Chinese Cuisine Association research, 2004)

1.2 Research Objectives

According to the 2008 report from the Chinese Bureau of Statistics, Chinese per capita gross national income in 1978 was $190 and it grew to $2,360 in 2007, an increase of 124%. Chinese resident incomes will continue to grow and the potential for the Chinese food and beverage industry will be huge. With the rapid development of market scale, all kinds of restaurants need to understand the Chinese customers' demands and desires so that they can analyze the market trends and choose suitable development methods. Moreover, various kinds of foreign restaurants continue to come into the Chinese market, creating a more competitive market place.

The younger generation likes to try new and different foods and have novel experiences. The trend of westernization is more obvious now than before.

For instance, young people prefer western foods, celebrate western festivals and show interest in western music and movies. Western restaurants in China provide quick service for the customer, which is extremely convenient to busy younger clients. Younger people pay more attention to the environment and mood of the restaurants and they enjoy the decor of western restaurants. Especially, for young couples, it seems like a romantic environment. Some western restaurants focus on nutritional foods, which attract some younger people. Moreover, the younger generation in China is starting to prefer a western form of split seating because many young consumers, with developing westernization, are getting tired of the traditional style and longing to pursuit something new. This new mindset accounts for the breakthrough of the western food consumption and traditional Chinese dining style as well.

Although there is great potential in the Chinese food and beverage market, how to meet opportunity and satisfy Chinese customers poses a challenge for the restaurant operators, especially for the western operators entering Chinese market. Outback Steakhouse and Applebee's restaurants both opened in Beijing and Shanghai, but both of them shut down. Outback Steakhouse had difficulty attracting customers and Applebee's did not choose the popular location and failed in market promotion. The reason of their failure is that they did not understand the Chinese consumers well enough.

Therefore, understanding the Chinese customers' expectation and satisfaction of restaurants is timely and vital for the western restaurants operators. KFC is one of the most popular western restaurants in China. KFC adopted the strategy of connecting western food style and distinct Chinese characteristics, which made them extremely successful. KFC understands the tastes of Chinese people, and they launched Chinese flavored food based on the local market, which is very popular among Chinese customers. The more the western restaurants understand the local market, the more successful they will be (http://baike.baidu.com/view/16293.htm)

A review of hospitality literature indicates that a few extant studies have explored perceptions of Chinese restaurants in U.S. and the perceived attributes of Asian foods from the perspective of American customers (Jang, Ha, & Silkes, 2009; Liu & Jang, 2009). However, few studies have explored Chinese customers' expectations of and satisfaction with different restaurant attributes. Thus, this study will fill the research gap to determine the similarities and differences between Chinese customers' expectations of and satisfaction with Chinese restaurants and western restaurants. More specifically, the objectives of this study are to: (1) identify restaurant attributes when Chinese customers select restaurants; (2) examine the importance and performance of Chinese restaurant attributes; (3) investigate the importance and performance of western restaurant attributes; and (4) compare perceptions and satisfaction of Chinese customers at Chinese and western restaurants by using Importance-Performance Analysis (IPA).

1.3 Significance of the Research

The economy of China has developed very quickly, and so has the Chinese food and beverage industry. Since western restaurants have been introduced into China several decades ago, they have been performing well and are expected to continue to grow. With more disposal income, Chinese customers eat out more often, creating ever-growing potential for the restaurant industry in China. Therefore, it is important to understand what Chinese customers consider important when they choose a restaurant since understanding customers' needs is the first step in satisfying them. Additionally, restaurants need to know about the restaurants' performance for the dining experience from the customers' perspective. An understanding of the customers' overall satisfaction is vital for restaurant operation and further development.

The Yazuo Company in China, the largest customer relationship management service provider in the Chinese food and beverage industry, did a market research of 120,000 customers in more than 100 restaurants. The result shows that for a well-run restaurant with average monthly sales of 120 million Yuan, 17% of sales were lost by customers not returning. Seventy percent of that loss was due to lack of caring about the customer's needs and desires. Therefore, for the restaurants to survive in the competitive market, the operators need to strengthen their customer communication and interactions and acquire knowledge of their customers'

perceptions. They need to recognize the gaps between customer expectations and service delivered. Therefore, it is believed that a study of Chinese customer's perception and satisfaction with regard to both Chinese restaurants and western restaurants is timely and relevant.

Chapter 2
Literature Review

2.1 Chinese Dining Behavior

Throughout history, food has been an indispensable part of the Chinese Culture (Weg, 1978). The Chinese people have formed a unique system of cuisines and dining habits that differ from other nations. Every region in China has distinctive cuisines and tastes that are not easily duplicated. In Chinese culture, restaurants have been considered a common venue for social gatherings and business entertainment. Food consumption in restaurants provides an experience of excitement or celebration that also establishes social connections (Feng, 2003).

Older groups of people may be more involved in traditional business deals and social activities, while the younger generations in China have much more diverse activities such as friends' birthday or classmates' gatherings in restaurants.

Ambience and physical environment quality are more important than the outcome quality for Chinese restaurant customers and, thus will be the critical in customer satisfaction and repeat patronage.

Chinese culture plays an important role in Chinese dinning behavior. As China is postulated as a collectivistic society that emphasizes group authority and focuses less on the individual (Hofstede & Bond, 1984). Gaining or protecting one's "face" is particularly important to the host of a dining group, especially in the presence of his family and friends. Because "face" is found to be important in evaluating service delivery among Chinese consumers (Imrie et al., 2002), service providers need to protect or give "face" to the host of a dining party in front of his family, friends or guests.

"Harmony" is defined as a person's inner balance as well as the balance between individuals and the natural and social surroundings. Historically, it is important for Chinese people to maintain interpersonal harmony that reflects Chinese collectivist culture and influences the Chinese way of life and interpersonal relationships. According to the Chinese dining tradition, "slow eating" is regarded as healthy and elegant (Yan, 2000), which reflects a harmonious dining atmosphere. Since the Chinese culture emphasizes harmony as the ultimate lifetime goal, the slow eating concept should be considered an essential factor in achieving guest satisfaction/loyalty. Furthermore, in Chinese tradition, the dining table is deemed important because it is a special place for family and business gatherings.

Participants' concern of the wait staff's genuineness, integrity, and competence reveal the importance of a core Chinese value—trustworthiness. Trustworthiness, similar to loyalty, has been identified to be a core value imbedded

into Chinese consumers' behavior given the western dining context (Hoare, Butcher, & O'Brien, 2011).

Chinese customers judge crowdedness by spatial factors, such as the amount and arrangement of the facilities and the structure and design of a restaurant. Chinese consumers are more likely to attribute the crowdedness of restaurant to better a reputation of the restaurant and better quality of food, whereas Americans sometimes exhibit the opposite opinion. The marketers and operators should pay attention to the layout and guest density of the restaurant to make sure that the restaurant is not too empty, which will scare away Chinese customers.

Chinese complaining behaviors are to a certain extent susceptible to social influence. Because Chinese consumers very often dine out with a number of people, including business partners, friends or family members, it is not surprising that the opinions of dining companions may exert influence and pressure them to complain in restaurants.

Chinese prefer to entertain in public places rather than at their homes, especially when entertaining important guests. To Chinese people, inviting people to dinner in a restaurant is an important method of communication. If you invite Chinese people to have meal in a good restaurant, it shows that you respect them and regard them as an important person; guests will also feel honored. If you are invited by a Chinese person to a formal meal, you need to arrive on time and dress well. The

table manners are more ritualized than in many western cultures. For instance, the diners wait to be told where to sit and normally, the guest of honor will be given a seat facing the door. In China, if a person has been treated to a meal, it is acceptable to return the favor with a comparable meal, but it important not exceed the level of service you received or you will embarrass your guest. It is better to bring the guest to a Chinese restaurant unless they are familiar with western food and enjoy it. Chinese people like to order whole dishes and eat together while in western countries, people order their own dishes and sometimes pay separately. Moreover, in China, diners need not pay tips to the servers as they do western countries.

2.2 Customer Expectation in Restaurants

Hung et al. (2003) suggest that understanding customer expectations is necessary to achieve high customer satisfaction. According to Kotler et al. (2002), word-of-mouth communication, personal needs, past experience, and external communications from the business affects customers' expectations. Expectations formed through communication with friends, family, and relatives about a product or service is the most powerful influence (Peter et al., 1999). The specific wants, needs, and preferences contribute to the expectations of a prospective customer, as do past experiences (Zeithaml and Bitner, 1996). Customers' experiences are used as a standard for evaluating a service or product performance. A variety of sources, including other products and services, generate experiences (Woodruff et al., 1983).

External communication, such as advertising, publicity, and sponsorships, can play an important role in affecting people's expectations, but cannot compensate for a customer's experience of an expectation not being met (Peter et al., 1999).

Knutson (1988) discussed principles that managers should follow to meet or exceed customer expectations, such as employee greeting, restaurant atmosphere, speed of service, and convenience. Fitzsimmons and Maurer (1991) constructed a managerial tool to measure the attributes driving customer satisfaction. Other studies suggested that numerous factors could influence customer satisfaction with a dining experience, for example, waiting time, quality of service, responsiveness of front-line employees, menu variety, food prices, food quality, food-quality consistency, ambience of the facilities, and convenience (Davis & Vollmann, 1990; Dubé, Renaghan, & Miller, 1994; Kivela, Inbakaran, & Reece, 2000; Sulek & Hensley, 2004; Iglesias & Yague, 2004; Andaleeb & Conway, 2006).

2.3 Customer Satisfaction in Restaurants

Customer satisfaction is defined as a post purchase evaluative judgment about the purchase decision. Customer satisfaction is becoming an increasingly significant topic in the hospitality industry and research because the ability to accurately judge customer satisfaction and to apply that knowledge is a critical starting point for establishing and maintaining long-term customer retention and

competitiveness. Customer satisfaction research is essential not only because it provides crucial managerial information, but also because it enables communication with customers. Appropriate customer satisfaction research identifies the important factors to customers, measures the relative strength of each factor, and reveals how well a hospitality business is currently meeting its customers' wants and needs (Yuksel & Yuksel, 2002).

Satisfaction is measured by the customer's perception of value in terms of money, time and effort (Oliver & Swan, 1989; Yuan & Jang, 2008). Failure to fulfill the minimum requirements causes dissatisfaction, whereas fulfilling or exceeding them does not necessarily lead to satisfaction. Performance factors lead to satisfaction if performance level is high and to dissatisfaction if performance level is low (Fuller & Matzler, 2008). This theory has been validated by empirical studies (e.g., Fuchs, 2004; Matzler et al., 2006) and could provide an additional perspective for understanding the effects of restaurant attributes on customer satisfaction.

Mattila (2001) indicated that the top three reasons for customers to patronize their target restaurants in the casual dining sector were food quality, service, and atmosphere. Specifically, food quality was the most important attribute of overall restaurant service quality and is expected to have a positive relationship with customer satisfaction. Ting (2004) suggested that service quality better explains customer satisfaction, and the coefficient of the path from service quality to customer satisfaction is greater than the coefficient of the path from customer satisfaction to

service quality in the service industry. Almanza et al. (1994) identified 17 attributes affecting customers' satisfaction in a university foodservice operation. Quality of food, cleanliness, convenient location, reasonable price, nutritious food, and speed of service were found to be important attributes for college students for a lunch meal in the university cafeteria.

Lee (2004) examined college students' perception of name brand food service and the satisfaction level of college students at Big Twelve Schools in the Midwest. ''Quality of food'' was ranked as second in importance among the twelve variables. Nearly 70% of the students said they would eat on campus more often if the food quality improved (Hume et al., 2002). Another crucial factor in determining the customer's satisfaction is physical environment. Soriano (2002) stated that the importance of a comfortable atmosphere would continue to increase in the future.

Yuksel and Yuksel's (2002) study of tourist satisfaction with restaurant service stated that service environment (i.e., seating arrangement, music, and decoration) holds a central role in shaping the nature of customer satisfaction. Many studies have cited the importance of service quality for customer satisfaction with a service encounter (Stevens et al., 1995; Qu, 1997; Pettijohn et al., 1997). In restaurant settings, service quality has been found to be important in determining both customer satisfaction and repeated patronage. In addition, a study of fifteen ambient theme restaurants in Hong Kong confirmed that service quality was a strong factor in customer satisfaction (Kivela et al., 2000)

2.4 Restaurant Attributes

2.4.1 Food Quality

Food quality seems to be accepted as a fundamental component in satisfying customers. It shows that overall food quality significantly affects customer satisfaction and behavioral intentions because food is a fundamental component of the dining experience.

Quality of food is one of the best ways to maximize success in the restaurant business. Sulek and Hensley (2004) investigated the relative importance of food quality, physical settings, and service in a full-service restaurant and reported that food quality appeared to be the most significant predictor of customer satisfaction.

Food quality has been measured using a number of various attributes that can be defined as the product features that differ from those of competitors' products (Lewis, 1983). This definition of attributes can be directly applied to food attributes, since food attributes are features that differentiate one type of food from other foods. Lewis (1983) proposed that several specific attributes are involved in foods, such as taste, healthiness, social status, and cost. For example, Menkaus et al. (1988) reported that health-related factors and visual differences were evaluated as significant in the purchase of branded beef. Further, Lin (1991) examined the five food attributes that may affect oyster consumption: taste, nutritional value, freshness, cost, and safety. A

review of the literature suggests that food attributes, such as taste, perceived value (which includes price and portion size), and perceived nutrition, have been considered significant within the food-choice decision making process (Glanz et al., 1998; French et al., 1999). The literature also suggests that the evaluation of foods varies depending on each of these attributes. Verbeke and Lopez (2005) further examined customer food preferences based on nine food attributes: search (price, color, appeal), experience (taste, spiciness, convenience), and credence attributes (leanness, safety, and healthiness). They reported that taste and appearance were key attributes in determining Belgians' preferences for ethnic foods.

Kivela et al. (2000) considered several attributes of food quality such as tastiness of food, menu variety, and nutrition to examine the effect of excellent food on customer satisfaction and return patronage. Raajpoot (2002) used food presentation, serving size, menu design, and variety of food to measure food quality in the foodservice industry. Sulek and Hensley (2004) mentioned that three general food attributes determine food quality: safety, appeal, and dietary acceptability. Among those characteristics, appeal includes several items such as taste, presentation, texture, color, temperature, and portion size. More recently, Namkung and Jang (2007) selected presentation, menu item variety, healthy options, taste, freshness, and temperature to assess food quality.

Sulek and Hensley (2004) lumped all food attributes into only one variable, food quality, whereas Kivela et al. (1999), who designed a model of dining

satisfaction and return patronage, saw that food quality had many attributes: presentation, tastiness, menu item variety, and temperature. They pointed out that the presentation of food is a key attribute in modeling dining satisfaction and return patronage. Restaurants constantly develop new menus to entice diners, and many proactive restaurateurs have created an assortment of food and beverage offerings. In previous studies, menu item variety was a crucial attribute in creating dining satisfaction (Kivela et al., 1999; Raajpoot, 2002).

Clark and Wood (1999) confirmed that food quality is a primary factor influencing customer loyalty in restaurant choice. From the customer's perspective, food quality is a key factor for visiting a restaurant. Mattila (2001) considered food quality a key predictor of customer loyalty in casual-dining restaurants. Sulek and Hensley (2004) found that when compared with other aspects of the restaurant, such as environmental components and service quality, food quality is the most important element of customer satisfaction. Recently, Namkung and Jang (2007) tested the impact of food quality on customer satisfaction and behavioral intentions and found a positive link between food quality and satisfaction/behavioral intentions.

Food quality also plays an important role in determining customer behavioral intentions toward restaurants. Satisfaction mediated the relationship between food quality and post dining behavioral intentions. Cronin and Taylor (1992) demonstrated that perceived service quality led to satisfaction, and that satisfaction, in turn, had a significant positive effect on repurchase intent.

2.4.2 Service Quality

According to Asker and Jacobson (1994), service quality constitutes customers' perceptions or subjective judgments of a service's overall excellence or superiority. Customer's dining experiences, individual demands, and consumption levels may influence a consumer's judgment of quality, which is largely subjective (Palmer, 2005). Attributes like product quality can be measured objectively by tangible indicators, for example, durability and number of defects. Service quality, on the other hand, due to its inherently subjective and elusive characteristics, tends to be difficult to measure (Parasuraman et al., 1988).

Food service in the restaurant industry encompasses both tangible (food and physical facilities) and intangible (employee-customer interaction) components. A proper combination of the tangible and intangible aspects should result in a customer's perception of high restaurant service quality, which, in turn, should lead to attaining customer satisfaction and positive behavioral intention.

Many studies have shown that service quality is a critical factor influencing patrons' behavior in the restaurant industry (e.g. Chow et al., 2007; Soriano, 2002). Soriano (2002) stated that restaurant customers consider quality of service to be an important factor when they select a restaurant. Chow et al. (2007) indicate that service quality is an important strategy for positioning in the restaurant industry. Also, the belief that service quality is a key determinant of customer

satisfaction and trust are supported by various studies (Gounaris & Venetis, 2002). Namkung and Jang's (2008) study identified service quality dimensions as key attributes contributing to the high satisfaction of diners. Gounaris and Venetis (2002) examined the role of service quality and customer bonding as antecedents of trust and found that some dimensions of service quality directly influence formation of trust between the restaurant owners and customers who decide to dine there.

In marketing theory, Service quality and customer satisfaction are inarguably the two core concepts (Spreng & Mackoy, 1996). In today's competitive environment, the key to sustainable competitive advantage lies in delivering high-quality service that will, in turn, lead to customer satisfaction, which will, in turn, lead to higher levels of customer patronage and sales revenue. Customer service quality is a crucial source of distinctive competence and is often considered a key success factor in achieving sustainable competitive advantage in service industries (Palmer, 2001). Thus, attention to delivery of a higher level of service quality is an important strategy by which service organizations can position themselves more effectively in the market place.

High quality service tends to produce high levels of customer satisfaction, which leads to higher levels of positive consumption behaviors, such as return patronage, positive word-of-mouth, or positive recommendation (Chow et al., 2007; Cronin et al., 2000; Oliver, 1999). The interpersonal skills of the restaurant staff can also influence customer satisfaction. The staff's social sensitivity, helpfulness,

friendliness, and politeness may add to creating a good first impression for the customer. A customer's perception of treatment by the service staff affects their satisfaction with the service and is considered a fundamental element in determining future behaviors such as positive comments or return patronage. (Kivela et al., 2000; Namkung and Jang, 2007; Sulek & Hensley, 2004).

2.4.3 Physical Environment

The physical surroundings of a restaurant are important in forming the customers the first impression toward the restaurant and dining intentions. Consumers increasingly value dining atmosphere as one of the important factors of the dining experience. Therefore, to achieve customer satisfaction, restaurant owners should pay particular attention to the operation of the physical environment, for example, attractive interior design and décor, comfortable seats, high quality furniture, professional appearance of employees, and pleasant music, lighting, color, etc. Furthermore, restaurant owners should always consider physical elements that increase the entire dining experience as one of the marketing tools to attract and maintain market share.

Pleasing physical surroundings could determine to a large extent the degree of overall satisfaction and subsequent behaviors of the customers in the restaurant industry. The physical environment may have a significant impact on

perceptions of the overall quality of the service encounter (Bitner, 1990, 1992; Brady & Cronin, 2001; Kotler,1973; Parasuraman et al., 1988; Ryu & Jang, 2007).

Wakefield and Blodgett (1996) examined the effects of layout accessibility, facility aesthetics, electronic equipment, seating comfort, and cleanliness on the perceived quality of service. The findings revealed that perceived quality of physical environment significantly affected a customer's satisfaction in the leisure service setting. Perceived physical environment was a direct indicator of a customer's satisfaction and suggested that customer satisfaction was directly and positively associated with aspects of positive approach behaviors. Therefore, restaurant owners could potentially have another tool through which to manage customer satisfaction and positive approach behavior.

Bitner (1992) discussed the effect of the tangible physical environment on overall development of service quality image. She coined the term servicescape to describe the combined effect of all physical factors that can be controlled by service organizations to enhance customer and employee behaviors. Servicescape has become a widely used term to describe the physical surroundings of a service organization. It includes the exterior and interior design, ambient conditions such as temperature, noise, odor, as well as tangible elements of the service such as business cards, brochures, and other communication material (e.g. Bitner, 1992; Wakefield & Blodgett, 1996). Brady and Cronin (2001) found that the tangible physical environment is an important predictor of service and is often a neglected construct.

This has been recognized in many service organizations such as hospitals, hotels, airlines, banks, and restaurants and, consequently, been addressed by requiring elaborate designs, layouts, exterior and interior decorations to achieve a variety of marketing and organizational objectives (e.g. Bitner, 1992; Lockyer, 2003; Raajpoot, 2002; Ryu & Jang, 2008). The design and layout of a dining room can enhance the pleasure and satisfaction of the dining experience and, at the same time, assist with employee productivity (Ryu & Jang, 2008). The cleanliness of restaurant can also influence the customer's perceptions of service quality (e.g. Barber & Scarcelli, 2010; Lockyer, 2003).

2.4.4 Other Factors

Location is recognized by a number of scholars as an important attribute that may influence customers' behaviors and satisfaction level. (Soriano, 2002; Sun, 1995; Tzeng et al., 2002; Yuksel & Yuksel, 2002). Sun (1995) and Soriano (2002) stated that restaurant patrons expect a convenient location when they dine out. According to Tzeng et al. (2002), some customers place considerable emphasis on location when they decide which restaurant they will to go to. Yuksel and Yuksel's (2002) study reveals that there is a particular customer segment whose dining satisfaction was mainly evaluated by location and service quality. Indeed, location has been used to measure a restaurant's competitiveness as well as patrons' dining satisfaction.

Price is an essential element in understanding and predicting customer behavior. Keaveney (1995) found that pricing was the one of the most significant categories among eight general categories when he investigated customer switching behaviors in the service industry.

Price and food quality are objective attributes that can change patrons' behavior; consequently, they are key determinants of the success of a restaurant. To attract and maintain customers, marketers should consistently improve the quality of products and lower prices at the same time. (Sheth, Mittal, & Newman, 1999). Price influences patrons' behavior in that if the price is high, customers tend to expect higher-quality food (Andaleeb & Conway, 2006; Erickson & Johansson, 1985). A reasonable price level is considered to be a critical factor to influence customer satisfaction (Andaleeb & Caskey, 2007; Bhattacharya & Friedman, 2001) and loyalty towards the restaurant (Kim, Lee, & Yoo, 2006). Kim, Lee, and Yoo (2006) indicated that whether the price is reasonable may influence the trust level and general satisfaction of the customers. They believe that if customers are convinced that they are being overcharged, they will not trust the restaurant and will be less likely to make return patronage.

Bloemer and Ruyter (1998) examined the relationship among store image, store satisfaction, and store loyalty and found that store image, which consists of merchandise, location, store atmosphere, customer service, price, advertising,

personal selling, and sales incentive programs, had an indirectly positive effect on store loyalty via customer satisfaction.

2.5 Importance-Performance Analysis

Importance-Performance Analysis (IPA) was first introduced by Martilla and James (1977). This method intends to measure client satisfaction with a product or service. IPA measures not only the performance of an item, but also the importance of that item as a determining factor in satisfaction to the respondents (Martilla & James, 1977). The principal premise of IPA is that customer satisfaction is affected by their expectations about the salient attributes of a particular product and post-purchase judgments of delivered performances on those attributes.

Sethna (1982) found the IPA technique to be a valid and powerful technique for identifying service quality areas that require strategic actions. The underlying assumption of the IPA technique is that customers' levels of satisfaction with the attributes are mainly derived from their expectations and judgment of the product's or service's performance.

This method has proven to be a broadly applicable tool that is relatively easy to administer and interpret, resulting in extensive use among researchers and managers in various fields. Initially, these studies have been utilized in the field of health care services, tourism, and foodservice (Bruyere, Rodriquez, & Vaske, 2002).

IPA is depicted as a two-dimensional matrix, with the horizontal axis representing the performance of product or service attributes from low to high, with the vertical axis showing the importance of product attributes from low to high. IPA analysis is a simple graphical approach that is designed to compare the mean score for the perceived importance and the mean value for the perceived satisfaction by the respondents. In general, the I-P map generates four quadrants with different performance improvement implications. The four resulting quadrants are interpreted as ‘‘keep up the good work,’’ ‘‘concentrate here,’’ ‘‘low priority,’’ and ‘‘possible overkill.’’ Relationships between performance and importance have been shown to exist. This matrix gives managers an easily understood picture of the status of their products and services as rated by respondents.

Chapter 3
Methodology

3.1 Survey Design

From a thorough review of the literature, a total of thirty attributes were chosen to evaluate customers' expectations and satisfaction. The thirty items include four different aspects of restaurant attributes: 1)taste of food, presentation of food, food safety, nutrition of food, food authenticity, variety of menu items, easily-understandable menu, food freshness; 2) appearance of staff, prompt service, friendly staff, accurate check, individual attention for special requests, response to problems, staff's knowledge of menu, well-trained staff; 3) clean facilities, decoration of the restaurant, lighting, music, table setting, external appearance of the restaurant, cleanness of restrooms, air-quality; and 4) value for price, portion size of dishes, location, parking space, brand familiarity, recommendation of other people.

The questionnaire has four sections. Section A focuses on the importance rating of the 30 attributes, using a seven-point Likert scale where 1 is "not important at all" and 7 is "extremely important." Customers were asked to rate how important the 30 factors were in influencing their choice between a Chinese and a western

restaurant. Section B indicates the customers' feelings about the experience of the Chinese or western restaurant. The questionnaire gives statements for each factor and has customers choose from 1 to 7, where 1 is "strongly disagree" with the statement and 7 is "strongly agree." Section C is to find out the customers satisfaction for the whole dining experience and the customers' behavior intentions. Two questions are to assess the overall satisfaction with the Chinese or western restaurant, such as "I am glad to visit the restaurant." Three questions ask the Chinese customers' revisit intention, such as "I will recommend this restaurant to other people." Respondents were asked to indicate their agreement with the statements by choosing 1 to 7. Section D is to collect demographic information about the customers, including gender, age, monthly salary, and level of education.

3.2 Data Collection

The survey was conducted in January, 2012 in Xi'an, one of the largest cities in China. Xi'an is the provincial capital of Shaanxi Province, which is famous for the Terracotta Army in the Mausoleum of the First Qin Emperor and an important tourism destination. The total area of Xi'an is 9,983 square kilometers, which includes nine districts and four counties. The population of Xi'an was 8.46 million at the end of 2010, and the GDP of Xi'an is 3,864.21 billion Yuan. As part of the economic revival of interior China, especially for the central and northwest regions, the city of Xi'an has emerged as an important cultural, industrial, and

educational center of the central-northwest region (Baidu Baike and Shaanxi Economic Newspaper, 2011).

According to the Dianping website, there are a total of 11,403 restaurants in Xi'an, and 207 of them are western restaurants excluding fast food chains (www.dianping.com). Due to limited time and resources, convenience sampling was employed for this research. Medium level restaurants were chosen for both traditional Chinese restaurants and western restaurants. According to the Chinese restaurant review websites (www. dianping.com), the average price per person for both restaurants is around 60-70 Yuan ($10), which is a medium level for Chinese consumers.

The Chinese restaurant chosen for data collection is called "Qin Dynasty," a free standing, 300 seat restaurant that primarily provides ordinary Chinese dishes for customers. Most of dishes are focused on the Shaanxi local flavor, and they are famous for their soup in a pottery jar. The western restaurant chosen for survey is called "Bull Fighter Steakhouse" with 100 seats, located in a large sized shopping center. The most popular dish in the restaurant is the steak combo, which includes a 10 oz. steak, bread, salad, soup, drink, and dessert.

A total of 400 questionnaires were distributed to customers evenly in both restaurants. The customers of the restaurants were asked to answer the questionnaires while they waited for the check from servers. During a one month

period of data collection, a total of 251 surveys were collected with a response rate of 62.8%: 129 questionnaires from the western restaurant and 122 from the Chinese restaurant.

3.3 Data Analysis

Importance and Performance Analysis (IPA) was used to analyze data. The analysis was based on the mean of performance score and the mean of importance score for each of several attributes built by the researcher.

Consumers were asked to give their scores for importance and performance of the 30 attributes. They were asked two questions about each attribute item: “how important is it?” and “how well did the product or service perform with this restaurant?” The third step involved estimating the perceived importance and performance of each attribute through the calculation of the mean of both importance and performance for each attribute.

These values represent the x and y coordinates that were placed on the grid shown below. The x coordinate represents the mean of performance score and the y coordinate indicates the mean of importance score. The data was then plotted on the grid for each variable according to its perceived importance and performance value.

The spot of each attribute represents its importance and performance score. The results of each attribute can then be effectively sorted into one of four cells: Quadrant I “concentrate here,” Quadrant II “keep up the good work,” Quadrant III “low priority,” Quadrant IV “possible overkill.” This analysis translates into practical results that the practitioner can utilize to evaluate the marketing program for the restaurant (Smith & Costello, 2009).

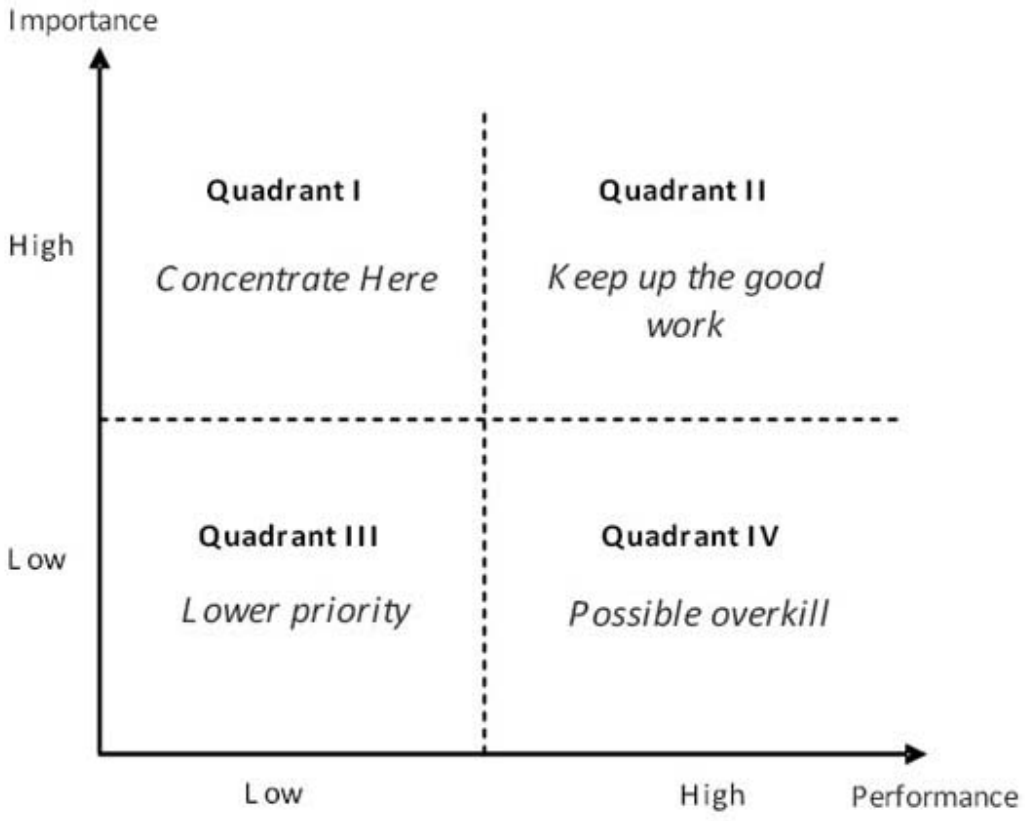

Figure 3.1 Importance-performance Map

Quadrant I

The attributes in the cell need attention. Performance of these factors is low, but the customers think it is extremely important. The restaurant needs to concentrate on these attributes and put more resources into improving its performance.

Quadrant II

Attributes dropped here are of high importance and high performance, which means that these factors are important to the customers and the restaurant performs very well in the field. Therefore, the restaurant needs to keep up the good work.

Quadrant III

This area is called low priority—variables that are characterized by the customers as low impotence and low performance. Although performance level is low in the area, the restaurants do not need to put effort into improvement since the customers consider the attributes not very important.

Quadrant IV

Variables in this area that are held in low importance but the destination's performance is perceived by the respondents to be high, which means possible

overkill. The customers are satisfied with performance of these attributes; however, the restaurants may put superfluous and unnecessary effort on these fields.

Chapter 4

FINDINGS

4.1 Respondents' Demographic Profile

4.1.1 Demographic profile of respondents in Chinese restaurants

Table 4.1 Demographic characteristics of respondents in Chinese restaurants

Items	Percentage N=122
Gender	
Male	44.3
Female	55.7
Age	
Below 20	9.0
20-30	41.0
31-40	20.0
41-50	13.1
51-60	13.1
Above 60	4.1
Monthly Income	
Less than ￥2,500	39.3
￥2,501-￥5,000	27.0
￥5,001-￥10,000	23.8
More than ￥10,000	9.8
Education Level	
Less than high school	9.8
High school	20.0
Technical School	20.0
College	27.0
Master/Doctor	23.0

A total of 122 people completed the survey concerning Chinese restaurant dining experience, and **Table 4.1** shows the demographic characteristics of these respondents. Considering gender, females account for 55.7%, compared to male respondents at 44.4%.

As for age, the majority of respondents are 20–30 years old (41%), followed by 31-40 years old (20%). All in all, the Chinese younger generation becomes the major population that tends to dine out at the restaurant. The younger generations, who hold different consumption concepts from their parents, think that it is more convenient and cheerful to enjoy food outside home, though dining outside means spending more money. Notably, only 4.1% respondents were over the age of 60, which means elder people do not often dine out. Chinese elders prefer to dine at home, partly because they tend to maintain a conservative consumption concept and they do not want to spend too much money, and partly because the taste of the food in today's restaurants has changed throughout time and may not satisfy elder people any more.

With regard to income, 39.3% respondents earn less than ￥2,500 a month. Strangely enough, those people who frequently dine out fall into the lowest income range. High income respondents earning more than ￥10,000 a month account for merely 9.8%. This may be explained as high-income customers may attend higher-end restaurants. Finally, educational profiles of respondents are almost evenly distributed, with only 9.8% below high school level.

More than 50% of respondents are above the high school educational level, which means that they are more educated, having a broad vision, thus requiring more than merely the taste of food.

4.1.2 Demographic profile of respondents in western restaurants

Table 4.2 Demographic characteristics of respondents in western restaurants

Items	Percentage N=129
Gender	
Male	51.2
Female	48.1
Age	
Below 20	3.9
20-30	52.8
31-40	24.0
41-50	6.2
51-60	13.2
Above 60	0
Monthly Income	
Less than ¥ 2,500	25.6
¥ 2,501-¥ 5,000	33.3
¥ 5,001-¥ 10,000	28.0
More than ¥ 10,000	13.2
Education Level	
Less than high school	1.6
High school	6.2
Technical School	21.0
College	45.8
Master/Doctor	25.6

Table 4.2 shows the demographic characteristics of 129 respondents who had dining experiences in the western food restaurant in China. Of all the participants, females account for 48.1%, compared to male respondents at 51.2%.

Considering age, the respondents are clustered around 20-30 years old (52.8%), followed by 31-40 years old (24.0%). None of the respondents were above 60 years of age. This typical phenomenon indicates that the target customer of western food restaurants is probably age between 20 and 40 years old, among which 20-30 years old account for the majority. It can be reasonably explained as the Chinese younger generation is prone to the influence of western culture and gladly shift from their traditional dining habits.

As for income, people earning between ￥2,500 to ￥10,000 a month (61.3%) are more likely to dine at a western food restaurant, compared with only 50.8% with the same income range dine at Chinese food restaurant, which could be explained as the cost for western food typically outweighing that for its Chinese counterpart.

Finally, educational profiles of these respondents are centered on college level (45.8%), with only 1.6% less than high school.

4.2 Restaurants selection factors derived from factor analysis

Table 4.3 Factor analysis for restaurant attributes

Items	Factor loading	EV	Variance explained	Reliability Coefficient
Factor 1-Food attributes		5.67	13.50	0.75
Food safety	0.72			
Food freshness	0.71			
Food authenticity	0.65			
Nutrition of food	0.64			
Taste of food	0.59			
Air quality	0.52			
Factor 2-Service attributes		2.45	12.83	0.78
Prompt service	0.70			
Friendly staff	0.69			
Quick responses for problems	0.64			
Individual attention for special request	0.58			
Well-trained staffs	0.46			
Staffs' knowledge of food and menu	0.43			
Factor 3- Supplementary attributes		1.66	11.73	0.74
Clean facilities	0.74			
Variety of menu items	0.71			
Familiarity of the restaurant	0.65			
Location	0.63			
External appearance of the restaurant	0.56			
Factor 4-Presentation attributes		1.32	10.02	0.69
Presentation of Food	0.67			
Appearance of staffs	0.65			
Decoration of restaurant	0.62			
Factor 5-Value attributes		1.05	6.89	0.63
Value for price	0.84			
Portion size of dishes	0.79			

To better understand of the structure of the data, factor analysis was used for this study. The perceived importance of the 30 restaurants attributes was

factor-analyzed, using principal analysis, to identify the underlying dimensions. To determine the proper number of non-trivial factors to be extracted items with loading of lower than 0.40 were eliminated and dropped from further analysis. Moreover, the minimum eigenvalue of 1.0 criterion and scree plot was also used for the purpose of factor extraction.

The Cronbach alpha coefficient was also computed for each factor to test reliability of the factors. Reliability analysis was conducted to test the reliability and internal consistency of each factor. The result of reliability analysis showed that the Alpha ranged from 0.63 to 0.78, showing a reasonable level of internal consistency among items.

The result of this factor analysis was the base for the importance and performance analysis and each factor was analyzed on the importance and performance grid. Table 4.2 displays the domain descriptions, factor loadings, eigenvalues, percentages of variance, and Cranach's alpha values of the factor analysis.

During the factor extraction process, 22 out of 30 decision attributes were retained, with each factor containing two to seven items. The five factors were labeled as (1) food attributes, (2) service attributes, (3) supplementary attributes, (4) presentation attributes and (5) value attributes. The result of the factor analysis, which suggested a five-factor solution, included 22 restaurant attributes and explained

54.97% of the variance in the data. The eigenvalues of five factors are grater that 1.0 and all factor loadings are greater than 0.40. Thus, the 22 restaurant attributes distributed in five factors were included in the final factor solution.

Factor 1, named “food attributes,” includes six factors: “food safety,” “food freshness,” “food authenticity,” “nutrition of food,” “taste of food,” and “air quality.” Factor 1 has the greatest individual explained variance (13.50%) and the highest eigenvalue (5.67). The first two attributes are “food safety” and “food freshness” and the factor loading of them are 0.72 and 0.71, respectively. Moreover, most of the attributes are related to the food aspect; therefore, this factor is named “food.”

Factor 2 is called “service attributes,” which accounted for 12.83% of overall variance with an eigenvalue of 2.45. “Prompt service,” “friendly staff,” “quick responses for problems,” “individual attention for special request,” “well-trained staffs,” and “staff’s knowledge of food and menu” are distributed into Factor 2. All of these attributes are related to the service aspect.

Factor 3, named “supplementary attributes,” explained 11.73% of the variance with an eigenvalue of 1.66. There are five attributes in Factor 3: “clean facilities,” “variety of menu items,” “familiarity of the restaurant,” “location,” and “external appearance of the restaurant.” Since there is no single common subject of these items, they are clarified in supplementary attributes.

Factor 4, labeled as “presentation attributes,” has three attributes: “presentation of food,” “appearance of staffs,” and “decoration of restaurant.” These attributes are related with the beauty and visual sense of the restaurant; therefore, they are called the presentation factor.

Factor 5 was termed “value attributes,” accounting for 6.89% of the variance with an eigenvalue of 1.05. Only two attributes “value for price” and “portion size of dishes” are located in Factor 5 and factor loadings of these two factors are 0.84 and 0.79.

4.3 Mean ratings of importance and performance of restaurant selection factors

Table 4.4 Importance and performance score of restaurant attributes

Items	Importance		Performance	
	Mean	SD	Mean	SD
Factor 1-Food attributes	6.28		5.37	
Food safety	6.55	0.87	5.62	1.22
Food freshness	6.29	1.02	5.34	1.28
Food authenticity	6.24	1.04	5.37	1.37
Nutrition of food	6.31	0.97	5.51	1.16
Taste of food	6.43	1.02	5.35	1.30
Air quality	5.86	1.16	5.03	1.33
Factor 2-Service attributes	5.39		5.19	
Prompt service	5.69	1.15	5.00	1.32
Friendly staff	5.46	1.28	5.43	1.17
Quick responses for problems	4.96	1.26	5.25	1.27
Individual attention for special request	5.14	1.41	4.99	1.33
Well-trained staffs	5.59	1.23	5.21	1.18
Staff's knowledge of food and menus	5.47	1.31	5.26	1.22
Factor 3- Supplementary attributes	4.79		5.00	
Clean facilities	4.93	1.57	4.70	1.39
Variety of menu items	5.06	1.34	4.95	1.32
Familiarity of the restaurant	4.69	1.54	4.92	1.55
Location	4.65	1.44	5.37	1.30
External appearance of the restaurant	4.62	1.49	5.05	1.26
Factor 4-Presentation attributes	5.02		4.99	
Presentation of Food	4.65	1.35	4.51	1.47
Appearance of staffs	5.13	1.42	5.37	1.20
Decoration of restaurant	5.29	1.23	5.08	1.25
Factor 5-Value attributes	5.18		5.01	
Value for price	4.92	1.30	4.86	1.43
Portion size of dishes	5.43	1.22	5.16	1.24

As shown in the table above, for Factor 1-food attributes, the average importance mean is 6.28, and performance mean hits 5.37. The most important attribute is food safety, followed by taste of food, nutrition of food, food freshness,

food authenticity, etc. It shows that customers value the food safety as the priority when they make purchasing decisions. Taste of food is another important attribute, with a mean of 6.43. The standard deviation for food safety is below 1.0, indicating that customers share common sense towards food safety and that they perceived it as the most important aspect.

On the restaurant's side, it performs well on food safety as the mean sits at 5.62, which is the highest among the attributes of Factor 1, followed by nutrition of food at 5.51 and food authenticity at 5.37. This shows that the management of the restaurants has a clear picture of what the customers' needs and what they perceive to be important. Nevertheless, customer expectations towards food safety and taste of food are not met, and the gap is not small, which means improvements need to be made in the future. Among the six attributes, air quality has the lowest mean and highest Standard deviation. It shows that customers have different opinions toward the importance of air quality that is also deemed less important compared with attributes like food quality.

For Factor 2-service attributes, the average importance mean is 5.39, and the performance mean is 5.19. The most important attribute is prompt service, followed by well-trained staffs, friendly staff, etc. Notably, on the performance level, the attribute of friendly staff scores the highest, followed by the staff's knowledge of food and menus, which means the management of the restaurant fails to catch the most important factor perceived by the customers. On the customers' position, the

faster the better, but how much faster varies, depending on different conditions such as the capacity of the kitchen and number of dishes ordered. Frankly speaking, pursuing the fastest speed would require a large investment to enlarge the kitchen and hire related staff. Thus, it is important for management to accurately predict the level of patronage on a daily basis and wisely allocate resources accordingly. Well-trained staff is also deemed to be important by customers, as historically, westerners tend to cherish the quality of service, while on the other hand, and traditional Chinese put the taste of food as their greatest concern, thus, the no tipping concept. However, over time, the demand for high quality service by Chinese consumers has risen; that's why they begin to cherish the attribute of friendly staff. Individual attention for special requests has the highest Standard deviation of 1.41, which can be explained as different customer having different opinions toward this particular attribute. This restaurant performs best in the attribute of friendly staff, followed by staff's knowledge of food and menu, quick response for problems, well-trained staff, and prompt service. However, the attribute of individual attention performance scores the last, which shows that though staffs are well trained in some aspects, they need improvement in catching a customer's individual need and satisfy it afterwards.

Considering Factor 3-supplementary attributes, the average importance mean is 4.79, and performance mean hits 5.00. The attribute with the highest mean is the variety of menu items, followed by clean facilities. Attributes such as location,

familiarity of the restaurant, and external appearance of the restaurant have very similar means, indicating that it is hard to distinguish among those attributes. It seems that people think differently about familiarity of the restaurant, as indicated by the high Stand deviation score of 1.54. On the performance level, customers think that the location of the restaurant is good, as indicated by a mean of 5.37; on the other hand, the attribute of clean facilities performed relatively badly as indicated by a mean of 4.70, which shows that the restaurant needs to improve on that particular attribute.

Among the three items in Factor 4-preseantation attributes, the average importance mean is 5.02, and performance mean is 4.99. The most important one is the decoration of restaurant, followed by appearance of staff and presentation of food. All of those three attributes have relatively high Standard deviation, indicating that customer perception of appearance of staff and decoration of restaurant varies depending on individual preferences. Notably, on the performance level, the attribute of appearance of staff scores as high as 5.37, far exceeding the customer expectation of 5.13. As the customer expectation towards the decoration of the restaurant is 5.29, which is higher than the actual performance of 5.08, showing that restaurant management could do something to improve the internal appearance of the restaurant.

Lastly, for Factor 5-value attributes, the average importance mean is 5.18, and performance mean hits 5.01. Customers consider portion size of dishes to be much more important than the value for price. Portion size of dishes has a mean of 5.43, while the value for price is only 4.92.

The result of factor analysis produced five factors with 22 items in total. These five factors will be used for the following importance-performance analysis to find out the difference between Chinese restaurants and western restaurants.

4.4 Importance-performance analysis

4.4.1 Importance-performance Analysis of the Chinese restaurant

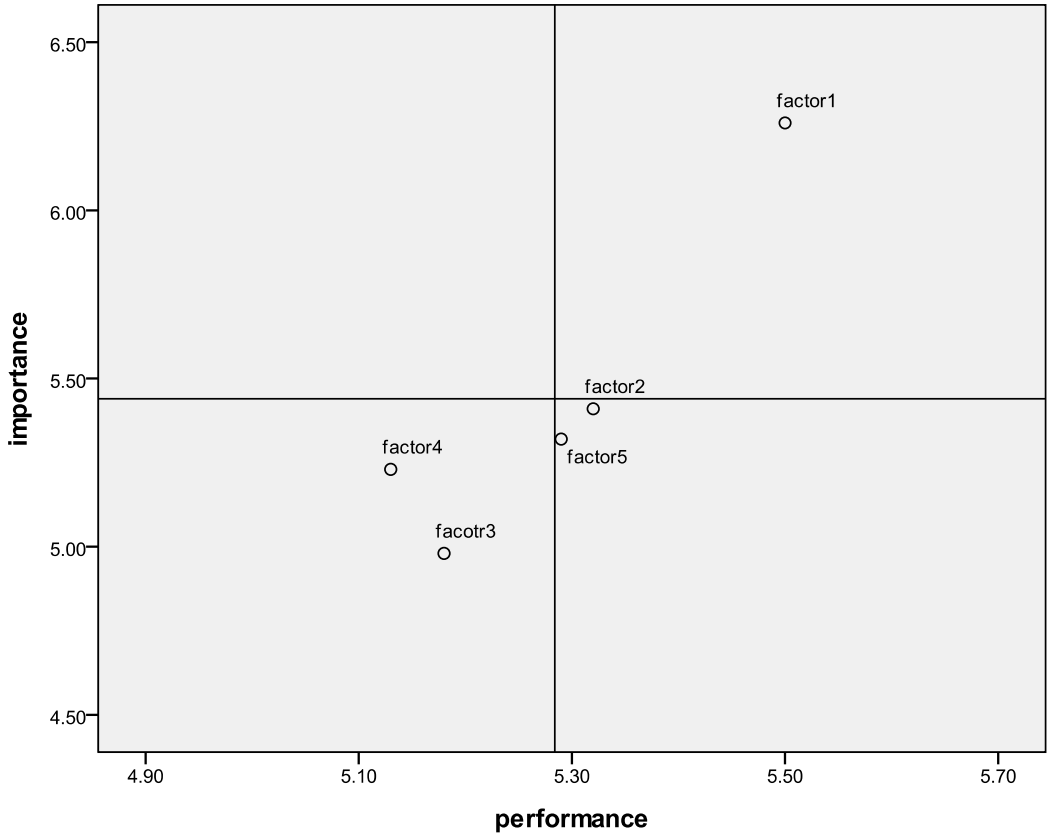

Figure 4.1 Importance-performance analysis of the Chinese restaurant

Note: Factor 1: food attributes; Factor 2: service attributes; Factor 3: supplementary attributes; Factor 4: presentation attributes; Factor 5: value attributes

Figure 4.1 is the importance and performance analysis for the five factors in the Chinese restaurant. The x coordinate represents the mean of performance score for the five factors and the Y coordinate indicates the mean of importance score for the five factors in Chinese restaurants. The five factors are distributed on the four quadrants and none of them fall on the Quadrant 3. The score range of importance score is from 5.23 to 6.26 and performance is from 5.13 to 5.50. The mean score of importance is 5.44 and the performance is 5.28.

Quadrant Ⅰ

In this region, there are no factors. Factors in this area have high importance scores but the performance scores are evaluated low by the consumers. They are extremely important for the Chinese development, but the customers are not satisfied with performance of them.

Quadrant Ⅱ

Only Factor 1-food attributes is in this region. The factor of food is with high performance scores and high importance scores, which mean that the quality of food is important to the Chinese restaurants' consumers and also, the restaurants perform well in these fields. Especially, the importance score of food factor is particularly higher than other factors and also higher than performance score, which means the customers attach greater importance to this factor. Therefore, the

Chinese restaurant needs to continue the good work in these aspects and keep up improving performance.

Quadrant Ⅲ

There are two factors—presentation attributes and supplementary attribute—in Quadrant 3. These factors are rated low scores by the customers and meanwhile they are not considered as important as other factors. Presentation attributes and supplementary attributes in this region are regard as low priority and can consider being part of the long-development plan for the Chinese restaurant.

Quadrant Ⅳ

In this quadrant, the factors are service attributes and value attributes. These two factors in this quadrant means that the performance of these factors is high; however, the dining consumers do not consider these attributes very important when they choose restaurants. Since the factors of service and value are not extremely influential to the Chinese restaurants' customers, the restaurant may put unnecessary attention to these aspects and possible overkill of these factors. However, since these two factors are almost in the middle of the grid, the restaurant still need pay some attention to these factors. Therefore, the Chinese restaurant may transform their effort to other factors and adjust their development plan according to this result.

4.4.2 Importance-Performance Analysis of the western restaurant

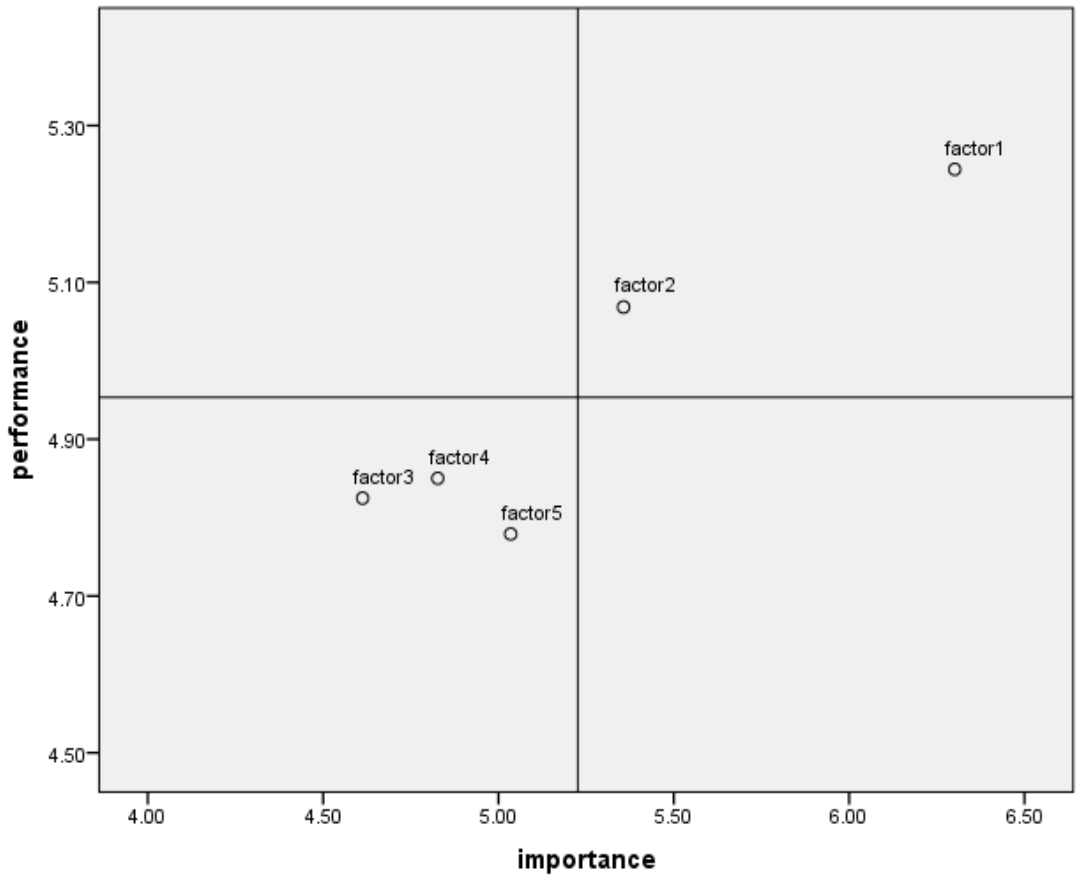

Figure 4.2 Importance-performance analysis of western restaurant

Note: Factor 1: food attributes; Factor 2: service attributes; Factor 3: supplementary attributes; Factor 4: presentation attributes; Factor 5: value attributes

Figure 4.2 shows the importance-performance analysis of the five factors for the western restaurant. The performance mean scores of five factors in western restaurants are shown on the x axis and the importance mean scores are displayed on the y axis. The two middle lines that cross the map represent the mean of the

importance and performance score, which are 5.23 and 4.95. The importance score of the five factors is from 4.61 to 6.30 and performance score is from 4.78 to 5.24.

Quadrant Ⅰ

In this quadrant, there are no factors. Overall, the western restaurant performs very well because no factors are perceived as low performance for the things that the consumers think are important. The western restaurant does not need to concentrate on special factors that the customers consider important when they choose restaurants. In total, the western restaurant allocates their energy very reasonably and gets satisfaction from Chinese customers.

Quadrant Ⅱ

The factors of food and service are scattered in this area. The western restaurants' consumers rate these factors with both high importance scores and high performance scores. In total, diners are satisfied with food and service in the western restaurant and also consider these important. Among these two factors, customers still think food is the most influential for them when they choose restaurant. Consequently, the western restaurant should maintain their good performance in the two aspects and continue enhancing it.

Quadrant Ⅲ

There are three factors in this quadrant: supplementary attributes, presentation attributes and value attributes. Although the customers rate the performance of the scores low, they do not consider these factors very much when they choose restaurants. These attributes are not very significant from the diners' perspective, but these attributes still have potential to improve. Therefore, these factors can be attributed to the long-development plan for the western restaurant.

Quadrant Ⅳ

There are no factors in this region for the western restaurant, which demonstrates that the western restaurant did a good job in this field and they did not overkill any factor, which demonstrates that they allocate their energy rationally.

Chapter 5
Conclusion

5.1 Major Findings and Discussion

This study investigated Chinese customers' perceptions and satisfaction with Chinese and western restaurants. The results of the factor analysis suggested that Chinese customers considered five restaurant attributes when they selected restaurants: (1) food attributes, (2) service attributes, (3) presentation attributes, (4) value attributes, and (5) supplementary attributes. These five factors explain 54.97% of the variance in the data. All 22 factor loadings are greater than 0.40 and the eigenvalues are greater than 1.00. The reliability test illustrates that the Cronbach alpha is from 0.63 to 0.78, which shows an acceptable level of internal consistency among items.

The importance and performance analysis of the Chinese restaurant shows that Factor 1-food attributes falls on Quadrant 1, which is "keep up with the good work." The customers think this factor is important and the Chinese restaurant performed very well. Factor 3-supplementary attributes and Factor 4-presentation attributes are distributed on Quadrant 3-"low priority." While the customers consider

these two factors insignificant, performance of them is not satisfied. Factor 2-service attributes and Factor 5-value attributes are in the last quadrant-"possible overkill." Although Chinese restaurant diners do not pay much attention to service and value, the Chinese restaurant did a good job for these two aspects.

The importance and performance analysis of the western restaurant illustrates that Factor 1-food attributes and Factor 2-service attributes fall on Quadrant 2, which is "keep up with the good work." Both the importance and performance scores are rated high by western restaurant diners. Factor 3-supplmentary attributes, Factor 4-presenation attributes and Factor 5-value attributes are scattered in Quadrant 3-"low priority." When Chinese customers choose western restaurants, they do not care much about these three factors. The western restaurant also does not perform very well for these aspects.

The same part of the IPA result from the Chinese and the western restaurants is that the Factor3-supplmentary attributes and Factor 4-presentation attributes are distributed on the Quadrant 3, which is "low priority." This shows that Chinese customers think these two factors are not significant while performance of the two factors is not very well. Moreover, for both Chinese and western restaurants, Chinese diners think food is the most important criteria. The IPA results' differences between the Chinese and western restaurants lie in two factors: Factor2-service attribute and Factor 5-value attribute. In the Chinese restaurant IPA, the service factor falls on Quadrant 4, which is "possible overkill." For the Chinese

restaurant diners, service is not extremely important; however, they were generally satisfied with the quality of service in the Chinese restaurant. In the western restaurant's IPA, it is shown that Factor 2- service attribute comes into Quadrant 2 ("keep up with the good work"). The customers who go to the western restaurant consider the service quality as important to them, which is obvious difference from Chinese restaurant goers. Factor 5-value attributes comes into Quadrant 4 ("possible overkill") in the Chinese restaurant result while it falls on "low priority" in the western restaurant IPA grid.

Chinese diners only focus on food when they choose Chinese restaurants, while the western restaurant customers not only pay attention to food, but they also care about service quality. It is no doubt that food plays the most important role for Chinese diners no matter what kind of restaurant they choose. There is an old Chinese adage that says, "Hunger breeds discontentment." Chinese food culture has stretched over 1.7 million years and there have been eight major cuisines and more than 60,000 traditional dishes (http://baike.baidu.com/view/29577.htm). Therefore, Chinese people pay attention to food and dishes very much. There are five traditional criterions to evaluate one dish: color, smell, taste, appearance and the containers.

For Chinese, food has been necessary and important part of their daily life and culture. Moreover, food quality has been a fundamental component to satisfy the restaurant customers. Since food is the basic and principal part of the dining experience, food quality should be the primary consideration for restaurants diners.

Food quality plays an important role to satisfy the needs and expectation of customers and surpasses competitors (Peri, 2006). All in all, food quality is the most important consideration for Chinese diners whether they choose Chinese restaurants or western restaurants. Moreover, it is probable that because Chinese customers would like to have different experiences of food and try new kind of western food, they also pay attention to food quality in western restaurants.

Besides the food factor, Chinese customers who go to the western restaurants also regard service as important to them. When Chinese people go to Chinese restaurants, they consider food quality as the only important factor; however, when they choose western restaurant, they not only go for delicious food but also go for the outstanding service quality. Service quality constitutes customers' perceptions of overall excellence, which influences subjective judgment of the whole dining experience (Aaker & Jacobson, 1994). Soriano (2002) stated that restaurant customers consider quality of service to be an important factor when they select restaurants.

Chinese customers go to western restaurants to a large extent in order to enjoy a share of comfortable, relaxed and pleasant mood, which requires intimate and good-quality service. Normally, for the same level restaurant, western restaurants charge more than Chinese restaurants since the customers pay more for consumption of service and environment. Most of western restaurants in China focus on the customers' personal needs and service quality to distinguish from other competitors. In the fierce market competition of the restaurant industry, food and service are two

key factors. With the growing homogenization, outstanding service quality is effective in attracting customers. Chinese customers' consumption in western restaurants is not just food, but also a novel kind of feeling and experience; therefore, they pay more attention to service in western restaurants than in Chinese restaurants.

For Factor 5-value attributes, both the customers in Chinese and western restaurants consider value is not the most significant factor when they select restaurant. However, performance of value in Chinese restaurants is better than in western restaurants. This result demonstrates that Chinese restaurants generally provide a more cost-effective dining experience than western restaurants in China. At similar levels, the customers could enjoy more valuable and more quantity of dishes in Chinese restaurants than in western restaurants. In western restaurants in China, the portion size of dish is always smaller than that of Chinese restaurant. Since the western restaurants place more emphasis more on service quality and environment in addition to the food, their costs for labor and decoration might be higher, which leads to their higher price compared with Chinese restaurants. Therefore, performance of value in western restaurants is not as good as Chinese restaurants.

5.2 Implications of the Study

Although there are a number of previous studies on perceptions of Chinese restaurants in U.S., few study focused on perceived attributes of western food from Chinese perspectives and a comparison of the attributes of Chinese

restaurants vs. western restaurants from Chinese diners. In this regard, this study fills in the research gap, and it is hoped to provide implications for further study.

The result of Chinese and western restaurant IPA analysis and the comparison of these two grids show a few of characteristics of Chinese diners' behavior. Chinese diners consider food to be the most important factor when selecting both Chinese and western restaurants. Service is also a significant aspect if they would like to go to a western restaurant. Although they do not regard presentation, value and supplementary factors as influential to their choices, dining experience is more valuable in Chinese restaurants than western restaurants from the surveyed Chinese consumers' view.

The findings of this study suggest that both Chinese and western restaurants should pay greater attention to their food quality. The restaurants need to understand customers' expectations of food such as the taste of the food. Moreover, they need to know the criteria of the customers' demand for food quality, such as food freshness, to gain the customers' satisfaction. For the western operators and people who want to open western restaurants in China, they not only need to pay attention to food quality but also to service quality. They should find out acceptable and favorite western food taste for local Chinese people and improve their food quality. Moreover, because service is considered as important for the western restaurants, the managers need to focus on customers' personal needs and allocate adequate servers for the customers. The western restaurant should give the diners

high-quality service to meet their expectations. Although Chinese customers do not think value is important for their dining experience in western restaurants, western restaurants need to be more cost-effective without sacrificing their food and service quality.

5.3 limitations of the Study

Although this study is valuable for further research and the restaurants' development, there are still some limitations. First, this study only includes 251 respondents in the city of Xi'an, China, which may not represent all Chinese diners. Second, only one Chinese restaurant and one western restaurant of medium consuming level were surveyed in this research. Performance of these restaurants could not illustrate the level of all Chinese restaurants and western restaurants in China. It is hoped that further research could include more respondents and restaurants to validate the results of this study.

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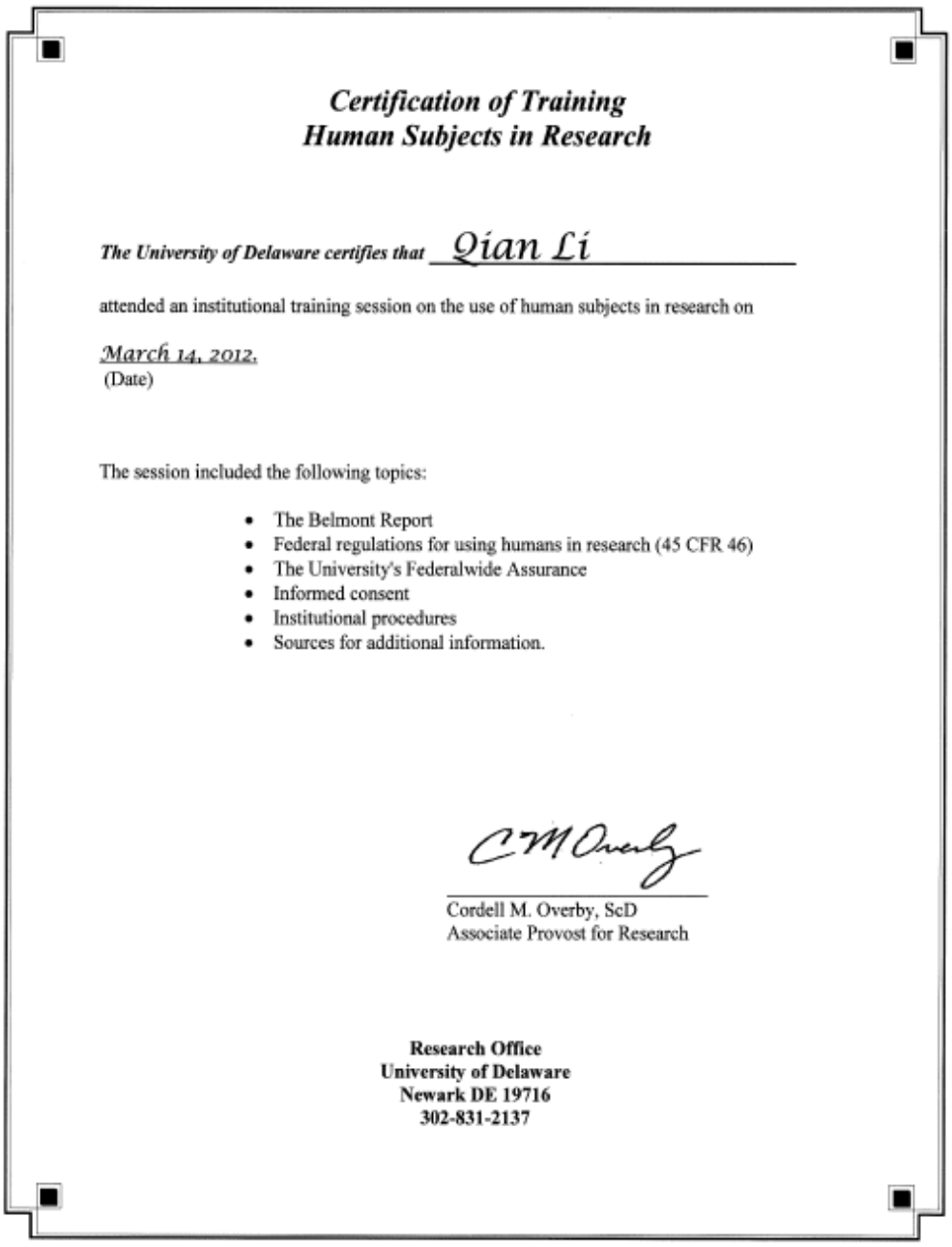
Appendix

Appendix A

CERTIFICATION OF TRAINING HUMAN SUBJECTS IN RESEARCH



Certification of Training
Human Subjects in Research

The University of Delaware certifies that Qian Li

attended an institutional training session on the use of human subjects in research on

March 14, 2012.
(Date)

The session included the following topics:

- The Belmont Report
- Federal regulations for using humans in research (45 CFR 46)
- The University's Federalwide Assurance
- Informed consent
- Institutional procedures
- Sources for additional information.

C M Overby

Cordell M. Overby, ScD
Associate Provost for Research

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Appendix B

SURVEY

Dear Participants,

You are invited to participate in a research project conducted by Department of Hotel, Restaurant and Institutional Management at University of Delaware, USA.

The main purpose of this research is to find out difference of Chinese customers' expectation and satisfaction of traditional Chinese restaurants and Western restaurants.

It will only take 5-10 minutes to complete this questionnaire. Your participation is voluntary and we guarantee that all the answers you provide that are completely confidential and will be used for research only.

Thank you very much for your cooperation!

Sincerely，

Qian Li，Graduate Researcher， liqian@udel.Edu

Dr. Joanne Yoo，Assistant Professor, jyoo@udel.Edu

Hotel, Restaurant and Institutional management,

Lerner College of Business and Economics, University of Delaware

14. W Main Street, Newark, DE, USA, 19711

Section A

Please indicate how important the following factors are in influencing your decision to choose a Chinese/Western restaurant.

	Not Important (1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**Very Important (7)**
1. Taste of food	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
2. Appearance of staffs	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
3. Clean facilities	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
4. Value for price	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
5. Presentation of food	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
6. Prompt service	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
7. Decorations of the restaurant	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
8. Portion size of dishes	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
9. Food safety	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
10. Friendly staffs	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
11. Lighting	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
12. Location	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
13. Nutrition of food	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
14. Accurate check	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
15. Noise and music	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
16. Parking space	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
17. Food authenticity	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
18. Individual attention for special request	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
19. Table setting	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
20. Familiarity of the restaurant	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
21. Variety of menu items	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

22. Quick response for problems	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
23. External appearance of the restaurant	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
24. Easily understandable menus	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
25. Staffs' knowledge of food/menu	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
26. Clean restrooms	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
27. Recommendation of other people	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
28. Food freshness	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
29. Well-trained staffs	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
30. Air quality	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Section B

Please indicate your feeling about experience of the Chinese/Western restaurant. (1=strongly disagree 2=disagree 3=somewhat disagree 4=neutral 5=somewhat agree 6= agree 7=strongly agree)

	Strongly Disagree (1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**Strongly Agree (7)**
31. The restaurant has good taste of food	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
32. The staffs have clean and neat appearance	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
33. The restaurant has clean facilities	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
34. The dining experience has good value for money	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
35. Presentation of food is attractive	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
36. Staffs provide prompt service	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
37. The restaurant has nice decorations	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
38. The restaurant provides appropriate portion size of dishes	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
39. I feel safe about food in the restaurant	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
40. Staffs are friendly	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
41. Lighting makes me feel comfortable	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
42. The restaurant has convenient location	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
43. Food is nutritious in the restaurant	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
44. The restaurant provides accurate check	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
45. The restaurant has appropriate music	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
46. The restaurant offers me convenient parking space	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

47. The restaurant provides authentic food	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
48. Staffs pay individual attention for special request	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
49. Table setting is reasonable in the restaurant	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
50. I am familiar with the restaurant brand name	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
51. The restaurant has a variety of menus	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
52. When there is a problem, staffs have quick response	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
53. External appearance o the restaurant is attractive	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
54. The restaurant has easily understandable menus	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
55. Staffs have good knowledge of food/menu	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
56. Restrooms in the restaurant are clean	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
57. Other people recommend this restaurant to me	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
58. The restaurant serves fresh food	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
59. The restaurant has well-trained staffs	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
60. Air quality of the restaurant is satisfactory	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Section C

61. I am satisfied with this restaurant	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
62. I am glad to have visited this restaurant	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
63. I will recommend this restaurant to others	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
64. I will return to dine at this restaurant	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
65. I will talk favorably about this restaurant to others	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Section D

1. What is your gender?

   A. male B. female

2. What is your age?

   A. Below 20 B. 21-30 C.31-40 D.41-50 E.51-60
   F. Over 61

3. What is your monthly salary?

   A. Under 2500 B.2501-5000 C.5001-10000 D. Above 10000

4. What is your highest education?

   A. Middle school or below B. High school C. Technical/Vocational school
   D. College/University E. Post graduate

Thanks for your cooperation!!!