

## CRITERIA AFFECTING CUSTOMERS' CHOICE: THE CASE OF REZEKNE CITY CATERING COMPANIES

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**Abstract.** Increase of the number of catering businesses is driven by the growing demand, since more and more people choose eating outside. This is encouraged both by the rising welfare level and by a shift of the paradigm manifesting the diner as a place to socialize. However, from the perspective of the company, it is important to identify the main reasons why customers choose a particular eating-place. The aim of the paper is to explore the criteria influencing customers' choice and to test these criteria applying them to Rezekne city catering companies. As a result, it has been concluded that there are many criteria reviewed in the theoretical literature that could help a company to determine the criteria influencing the customers' choice. The paper is written within the framework of the RTA scientific grant "Quality Assessment of Rezekne City Catering Companies". Within the grant project, an expert questionnaire had been developed to carry out a quality assessment of Rezekne city catering enterprises. Consequently, the authors had an interest to explore the reasons motivating customers to choose a particular Rezekne city catering company according five criteria: location, offer, quality of food and drinks, company's image, and staff. As a result, the authors conclude that the most important criteria among the respondents was the quality of food and drink, as well as the offer, though, the evaluation varies depending on the particular company's specifics. The main research methods are monography, logically constructive, graphic, sociological.

**Keywords:** catering companies, customer satisfaction, customer choice, criteria affecting choice.

### Introduction

Eating is a basic need of any individual. As the level of welfare of the population grows, a new habit – eating outside – that is popular in other European countries emerges in Latvia, too. This means that people choose using the catering services at midday, leisure time, or during holidays. The increasing level of welfare, rapid development of the tourism industry and shift in perception and attitude towards the food are the factors contributing to

development of the new trend. The diner becomes a place not just for eating but as well for meeting friends, relaxing, and spending free time (Walker, 2014).

In order to succeed, catering companies have to provide both high-quality food and drink and customer service according to the classification type of catering businesses, hence making the work of the companies more complicated. In catering business, customers recognize and understand very well if they do receive a quality service or not, as they perceive "good" as a matter of course (Lewit, 1981). The food quality is the crucial element for the success of a catering company; nevertheless, the concept of a restaurant is essential as well (Parsa, Self, Njite, & King, 2005).

The aim of the paper is to explore the criteria influencing customers' choice and to test these criteria analysing the case of Rezekne city catering companies.

The tasks to achieve the aim are the following:

1. To explore the perception of the quality of catering services.
2. To explore the criteria influencing customers' choice of a catering company.
3. To explore criteria affecting the customers' decision on choosing Rezekne city catering enterprises.

### **Literature review**

A product created by the catering industry has a number of differences compared with a manufacturing product. A food industry product (Medne, 2004):

- consists of material product – food, dishes, tablecloths, interior elements, music and other additional offers the visitor can enjoy with his/her five senses: hearing, sight, smell, taste, and touch;
- immaterial product – the surrounding landscape, environment, atmosphere –, which is based on the knowledge, competence and attitude of the company's employees towards clients;
- the customer cannot be certain in advance if the service meets his/her needs, until he/she has tried or consumed the product;
- the catering service (food, atmosphere, service level, etc.) as a whole cannot be produced and, if not immediately consumed, be stored.

As a result, the actual offer of catering services may not always meet the criteria set by customers or their expectations. However, it makes much easier to bring the service closer to the customers' needs if the company knows its clients accurately.

The catering business environment (visual design, interior, location, etc.) affects customers' attitude to the price level, overall satisfaction, and loyalty. However, it is the responsibility of the catering company to ensure a high quality

service in order to secure the customers' satisfaction resulting in their motivation to re-purchase. Indeed, some researchers emphasize that it is ultimately customers' satisfaction contributing to the rise in the customers' loyalty, desire to re-visit, and to communicate with the company (Hennig-Thurau & Klee, 1997).

In the era of information technologies, communicating with the company can be very fast, as there are social networks (Facebook, Instagram, Twitter, etc.), sites for travellers (TripAdvisor, etc.) available, where information about offers, discounts and other activities can be disseminated. A satisfied customer shares his/her positive experience, motivating others to use the services of a particular caterer. However, it is important to remember that customers' satisfaction is affected by the customers' expectations. Truly, if a customer wants to get more than an entrepreneur is able to provide, then the result will be a dissatisfied client and, vice versa, if the customer waits for less than he/she gets, the level of satisfaction will be high. Indeed, it is important to consider the type of the catering company – the service level the caterer can offer (restaurant, fast food bistro, or coffee shop) (Lewis, 1981).

Customers' satisfaction level is affected by many factors – food quality, service received, cleanliness (both of the site and the staff appearance), the overall atmosphere, fast service (according to the type of the diner), a convenient location, and overall restaurant experience (the more frequent visitor of restaurants the customer is, the more experienced he/she is, hence much more critical he/she would be, and it will be more difficult to ensure a higher degree of his/her satisfaction) (Infosurv Research, 2017).

The significant role of catering companies has also contributed to the immense interest of researchers evaluating customers' satisfaction and identifying the criteria influencing the customers' choice in favour of a particular catering company. In the research papers, this topic has been handled since the middle of the last century when the researchers started to pay attention to the criteria influencing customers to choose a particular full service restaurant. The authors believe that these criteria are also applicable to other types of catering businesses. In Table 1, the authors have compiled the criteria, which are important for the client making his/her choice, set by different researchers.

*Table 1 Criteria defined in the theoretical literature for choosing catering companies  
(compiled by the authors)*

Author	Criteria
R. Lewis (Lewis, 1981)	Food quality; menu variety; price; atmosphere; and convenience factors.
S.Auty (Auty, 1992)	Food type; food quality; value for money; image and atmosphere; location; speed of service; recommended; new experience; opening hours; and facilities for children.

L.P. June and S.L.J. Smith (June & Smith, 1987)	Price, atmosphere, liquor license, service and quality. Surroundings, customer turnover, location, price, quality of food, quality of service, and the type of food are the factors that consumers consider in choosing a restaurant.
Scientific Psychic (2019)	Price, variety of food, parking lot, reservation, and a special request in choosing a full-service restaurant.
Y.A.A. Akbar and M.S.S. Alaudeen, (Akbar & Alaudeen, 2012)	Price, service quality, food quality, location, restaurant environment, trustworthiness (halal status)
P. Kafel and T.Sikora (Kafel & Sikora, 2013)	Food quality, cleanliness, service, value, menu variety, convenience, and lastly atmosphere
W.G. Kim and Y.J. Moon (Kim & Moon, 2009)	Prices of meal, past experience with similar types of restaurants, reputation of a restaurant among people that the respondent knows, convenience of the location, whether any memorable advertisement has been seen, appearance of other customers, whether the employees are appropriately dressed, manners of the employees, premises.
R. Martin and P. Frumkin (Martin & Frumkon, 2005)	Convenience of the location, quality of food, good variety of food, and the price factor.
R.L. Hensley and J.M. Sulek (Hensley & Sulek, 2004)	Food quality, atmosphere, quality of the service and interpersonal skills of the restaurant employees.
S.S. Andaleeb and C. Conway (Andaleeb & Conway, 2006); A. Yuksel and F. Yuksel (Yuksel & Yuksel, 2002)	Quality of service; food quality; ambience; recommendations and the dining frequency of the customer
Ph. Kotler (Kotler, 1997)	Cultural factors (culture, subculture, social groups). Social factors (groups, family, role and social status). Individual factors (age and the stage of the lifecycle, occupation, economic conditions, lifestyle, and personality). Psychological factors (motivation, perception, knowledge, expectations and attitude).
Y. Upadhyay, S.K. Singh, G. Thomas (Upadhyay, Sing, & Thomas, 2007)	Quality of food, safety, menu, location, less time in serving, parking facility, convenient operating time, separate place for family, ambience, cuisine tariffs, separate bar, innovative recipe, specialised cuisine facility, only vegetarian cuisine availability, popularity of the chef.
T.D. Anderson and L. Mossberg (Anderson & Mossberg, 2004)	Food, good company, fine cuisine, service, other guests, restaurant interior.

Each of the researchers offers a variety of criteria that affect customers' choice; nevertheless, everybody believes that the food quality is the most important criterion. Other criteria are more or less determined by the type of the

catering company (Lewis, 1981), the local environment, social and cultural factors (Upadhyay, Sing, & Thomas, 2007), occasions for eating out (Auty, 1992) and the choice of the catering company for lunch or dinner (Anderson & Mossberg, 2004) etc. According literature review and based on research during project, authors use five criteria which influence customer choice – company's image, offer, location, food and drink quality and staff.

### **Methodology**

Based on the study of theoretical literature on the customer decision-making process with regard to catering businesses, the customers' satisfaction level, and factors influencing it, as well as the criteria of the customers' choice in favour of a particular diner, a short questionnaire was developed. Its aim was to find out customers' opinion about Rezekne city catering companies: what the customers' preferences, choices are, and what their criteria for choosing the caterer are. Authors include in questionnaire only those catering companies which were evaluated during project research. The questionnaire consisted of seven questions; the survey was carried out between November 13, 2018 and December 5, 2018. According to the statistics, at the beginning of 2018 there were 28 156 inhabitants in Rezekne city (Rēzeknes pilsētas ..., 2018). To ensure validity and representativeness of the survey results, the required size of the sample was calculated. At a confidence level of 95%, the required number of respondents is 379 (Raosoft..., 2018). Four hundred thirty eight respondents were surveyed, which was sufficient to assert with a 95% probability that the survey data obtained are representative and could be used for the research and drawing conclusions.

### **Research results**

Social and demographic characteristics of the respondents: 81.28% women and 18.72% men; 16.89% of the respondents were of age below 24, 31.96% - age 25 to 35, 26.03% - age 36 – 45, 22.83% - age 46 – 60, and 2.28% - 61 and above; 0.46% of the respondents had primary education, 11.87% - secondary education, 9.59% - vocational education, and 78.08% - university level education. Of the respondents, 88.58% were residents of Rezekne city or Rezekne municipality, 11.42% - visitors or guests.

The respondents had to note what Rezekne city catering companies they preferred (it was possible to choose no more than three catering companies). By another question, they were asked to note what catering companies they visited most often (see Fig.1). After processing the survey data, it was concluded that the most visited catering companies were “Ausmena Kebabs”, “La Pizza”, and

“Marijas Kafija”. The authors consider that the respondents' choice was determined by the ability of these particular companies to offer an interesting and high-quality product that was attractive to the customers.

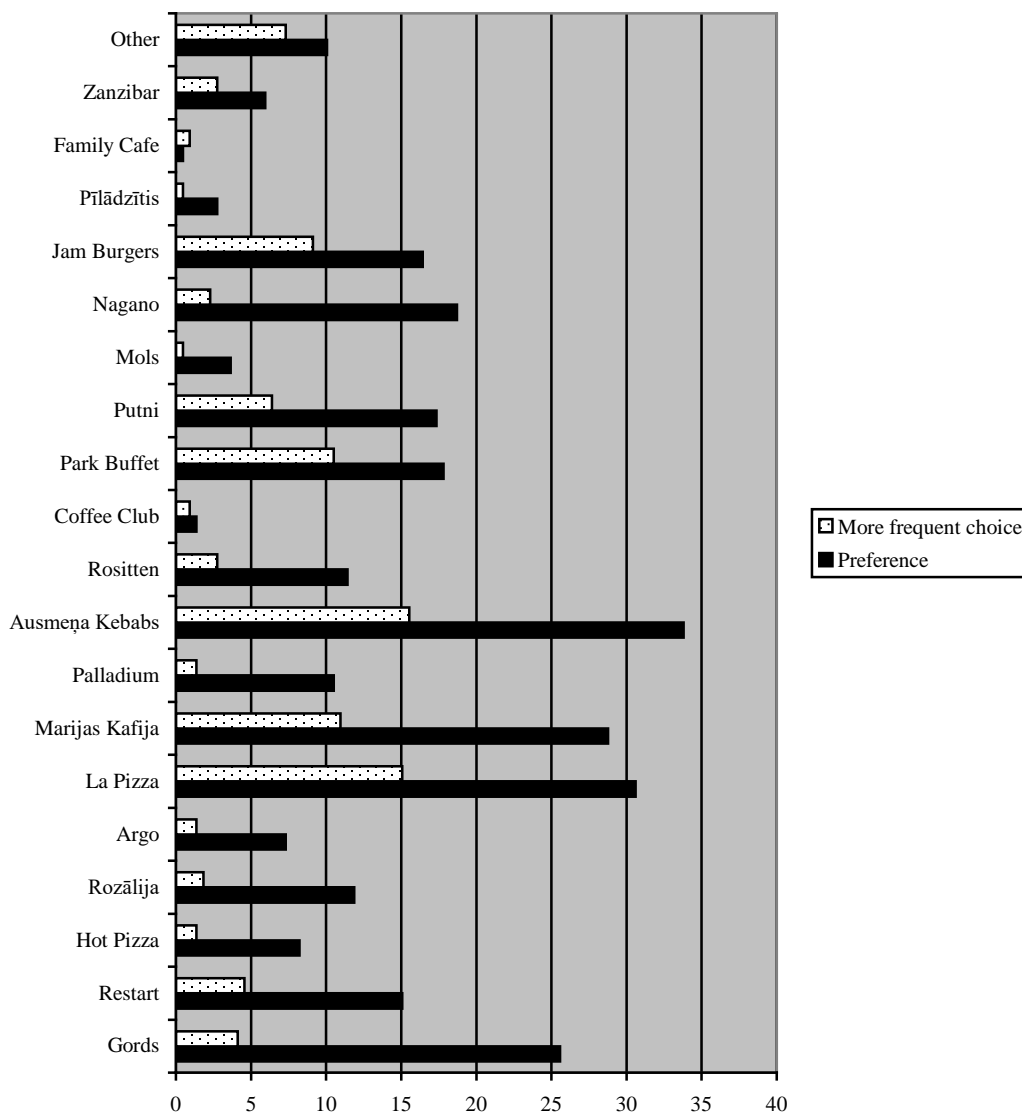


Figure 1 Preferences of Rezekne city catering enterprises by the respondents (compiled by the authors, based on the survey data)

During the research, five criteria were set: location, offer, staff, image, quality of food and drink. In the survey, the criterion "location" means the geographical location of the catering company in the city, as well as the business premises. The criterion "company's image" – the subjective perception of the customers about the company. The criterion "offer" – an assortment offered by the catering company. The criterion "quality of food and drink" – describes the quality of the supply of the company, which is measured in the categories

"tasty", "not tasty". The criterion "staff" describes the visual appearance of the staff (suitability of clothing, cleanliness), attitude (smile, kindness, openness, interest), professionalism (skill to serve clients according to the customer service standards), communication skills (including sales skills).



Figure 2 Criteria influencing the respondents' choice of Rezekne city catering companies, % (compiled by the authors, based on the survey data)

According to the respondents, the most important criteria for choosing the catering company was the quality of food and drinks, as well as the offer.

Table 2 Reasons for visiting a particular Rezekne city diner by the respondents, % (compiled by the authors, based on the survey data)

Catering companies	Reasons to visit					
	Location	Staff	Image	Offer	Quality of food and drinks	Other
Gords	0.91	1.37	0.91	1.37	3.20	-
Restart	0.91	0.46	-	1.83	3.65	-
Hot Pizza	1.37	-	-	0.46	0.46	-
Rozālija	0.46	0.46	0.91	0.91	1.37	-
Argo	0.46	0.46	0.91	0.91	0.91	-
La Pizza	6.39	1.37	0.91	7.76	6.85	-
Marijas Kafija	6.85	3.20	2.74	3.20	8.22	-
Palladium	0.46	-	0.46	0.91	0.91	-
Ausmena Kebabs	3.65	3.65	3.65	7.76	9.59	0.91
Rositten	0.46	0.91	-	0.91	1.83	-
Coffee Club	-	0.46	-	0.46	0.91	-
Park Buffet	4.57	1.83	0.46	3.65	6.39	0.46
Putni	1.83	2.28	2.74	3.20	2.74	-
Mols	-	-	0.46	-	-	-
Nagano	-	0.46	-	0.91	1.37	-
Jam Burgers	5.94	0.91	0.46	5.94	3.65	0.46

Pīlādzītis	0.46	0.46	-	0.46	0.46	-
Family Café	-	0.46	-	-	0.91	-
Zanzibar	0.91	0.91	0.91	1.83	1.37	-
Other	2.28	2.74	0.91	2.74	4.57	1.83

The respondents were asked to name the criteria that influenced their decision to visit a particular Rezekne city diner. Data in Table 2 depict the respondents' answers about Rezekne city catering enterprises distributed by the reasons motivating to choose the services of the particular diner. According to Table 2, the competitive advantage of each company can be determined. An analysis of the column "Location" shows that for one company (*Hot Pizza*) the location was the main reason for the customers' choice, but for the companies *Jam burgers*, *Pīlādzītis* it was just one of the customers' selection criteria. While analysing the location of both enterprises, it could be noticed that there were business organizations and offices in the close vicinity that determined the customers' choice in favour of these caterers. By analysing the column "Staff", it could be concluded that, in general, this indicator was evaluated relatively low for all companies. This means that the companies should pay more attention to the staff and, hence, the customer service, staff visual appearance, professionalism and accuracy of employees. An analysis of the column "Image" shows that only for the *Mols* it was the ultimate criterion for the customer's choice of the services of this company. The authors believe this was related both to the interior design of the restaurant (works of Latgalian artisans and painters not just served as interior elements, they could be purchased as well) and to the name of the company, which corresponded to the dialect used in the region, and location (historical street in downtown, building that was a cultural heritage monument). The services of this company were demanded especially when foreign visitors arrived. An analysis of the column "Offer" shows that for two companies (*La Pizza*, *Putni*) this was the main criterion for the customers' decision to choose the services of these companies. At the beginning, *La Pizza* offered its customers only pizzas, later the assortment was supplemented with pastries and organizing catering for parties and events. *Putni* were renowned for their sophisticated pastry and confectionery – macarons, and this was a unique offer in Rezekne. An analyses of the column "Quality of food and drinks" allowed concluding that the customers chose the catering services of many companies (*Gords*, *Restart*, *Rozālija*, *Marijas Kafija*, *Ausmena Kebabs*, *Rositten*, *Park Buffet*, *Coffee Club*, *Nagano*, and *Family Cafe*) for the quality of food and drink. Some respondents had mentioned other reasons such as price levels, family friendly and children friendly as well.



## **Conclusions and/or recommendations**

Demand for the services provided by the catering companies increases, and this means that the level of competition increases as well. Efficient and cost-effective catering business completely depends on its customers. The better the catering company will meet the needs of its customers, the more successfully it will operate. Successful customer service requires a significant contribution to the preparation work developing customer service standards that precisely specifies the duties of each employee, describes the flows, the order of technical service, etc.

The main conclusion made by authors during this research – criteria which influence customer choice depend on the kind of catering company – is it restaurant where you can go with business partners, spend evening with friends or family or simple cafe where you can eat your dinner during break.

The authors believe that only the catering company, which knows its customers, can successfully organize processes, the interior, a menu, staff, etc.

## **Summary**

Increase of the number of catering businesses is driven by the growing demand, since more and more people choose eating outside. This is encouraged both by the rising welfare level and by a shift of the paradigm manifesting the diner as a place to socialize. Catering companies have to provide high-quality food and drink and customer service. In catering business, customers recognize and understand very well if they do receive a quality service or not. However, from the perspective of the company, it is important to identify the main reasons why the customers choose a particular eating-place. The aim of the paper is to explore the criteria influencing customers' choice and to test these criteria by applying them to Rezekne city catering companies. A food industry product consists of material product; immaterial product; the customer cannot be certain in advance if the service meets his/her needs, until he/she has tried or consumed the product and the catering service (food, atmosphere, service level, etc.) as a whole cannot be produced and, if not immediately consumed, be stored.

As a result, it has been concluded that there are many criteria reviewed in the theoretical literature that could help a company to determine the criteria influencing customers' choice. The paper is written within the framework of the RTA scientific grant "Quality Assessment of Rezekne City Catering Companies". Within the grant project, the expert questionnaire had been developed to carry out a quality assessment of Rezekne city catering enterprises. Consequently, the authors had an interest to explore the reasons motivating the customers to choose a particular Rezekne city catering company according five criteria: location, offer, quality of food and drinks, company's image, and staff. As a result, the authors conclude that the most important

criteria among the respondents was the quality of food and drink, as well as the offer, though, the evaluation varies depending on the particular company's specifics.

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