

**AN ASSESSMENT OF THE INFLUENCE OF SERVICE MARKETING MIX
ON CUSTOMER CHOICE OF RESTAURANT IN KUMASI.**

By

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DECLARATION

I hereby declare that this submission is my own work towards the Masters of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

To my grandmother, Abena Pomaah for her support throughout my academic life.

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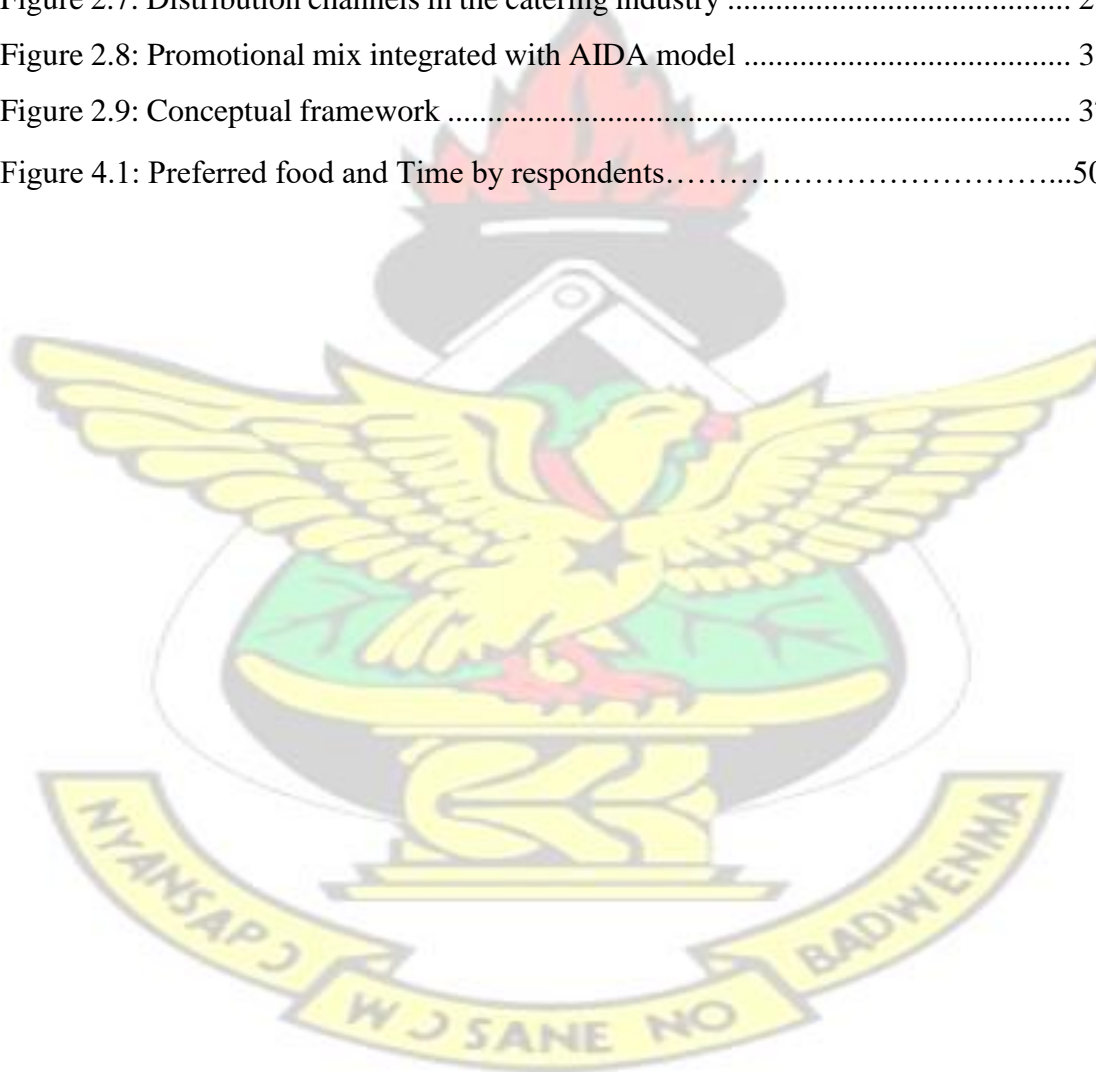


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ABSTRACT

The study focuses on influence of service marketing mix on customers' choice of registered restaurants in the Kumasi Metropolis. Nine service marketing mix attributes have been identified by many scholars but the study focused on 7ps, including product, price, place, process, promotion, people and physical evidence. The study used both qualitative and quantitative research approaches and primary data were collected through administration of questionnaire to 293 customers of five registered restaurants in the Kumasi Metropolis. The restaurants were stratified into grade 1, grade 2 and grade 3 restaurants and 1 restaurant was selected from grade 1, 2 restaurants were from grade 2 and 3 each. The data collected were analyzed with the use of Statistical Package for Social Sciences (SPSS) and Chi-square and Pearson's Correlation Coefficient were used to test independency and relationship of service marketing mix and customer choice. The study found that majority (25.7%, 56.7%, 52.9%) of respondents from grade 1,2,3 respectively attended restaurants daily, once a month and 1-2 times per month respectively. It was also found that greater percentage (23.1%, 50%, 43.2%) of the respondents from grade 1,2,3 respectively preferred eating from restaurants on week days, weekends and Any day respectively. Process ($\chi^2=96.465$; $p<0.01$) had the greatest influence on customer's decision to repeat purchase. All other attributes, except place significantly influence decision to repeat purchase. The study recommended that restaurant operators should limit investment on opening of many branches but they should think of making the existing ones more accessible using signage to direct customers. Restaurants operators should increase their investment on the extended 3p's (process, people and physical evidence), especially process by ensuring speedy delivery of service, home delivery and having opening and closing time consistent with customers' life style.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Today the restaurant industry in Ghana is booming particularly due to the demographic changes over the years. The industry GDP growth has increase from Gh200.9m in 2011 to 353.7m in 2012 (Ghana Statistical Service, 2012). The increasing rate of corporate women has neutralized the traditional role of most women which is cooking making it inevitable to depend on restaurant for their meals. This has raised the attractiveness of the industry resulting in fierce competition making customers powerful with very low switching cost (Porter, 1980). This has made the traditional marketing mix insufficient to influence customers' choice of restaurant, hence the focus on Service marketing mix (Roy and Khan, 2015).

Marketing as a philosophy in business is probably as old as human civilization (Moore and Reid, 2008; Minowa and Witkowski, 2009). Many years ago, marketing revolutionized the world economy, since then, it has been developing rapidly and now the entire businesses in the world are highly depending on marketing activities and philosophy for their success (Kotler and Armstrong, 2010).

Marketing is the management process responsible for identifying, anticipating and providing customer requirements profitable (CIM, 2009). According to CIM definition marketing ensures mutual satisfaction of the customer and the organization implementing marketing decisions. This shows that with marketing the survival and continuity of a business can be assured in a long term which is the prime focus of every organization. Mahmood and Khan, (2014) postulated that, marketers try to shape customer perception towards their firm to influence the purchasing decisions by

implementing various controllable elements of marketing mix i.e. product, price, place, promotion, people, process, physical evidence. Mahmood et al considered the service marketing mix as a tool to shape perception whilst McCarthy (1964) was interested in the traditional marketing mix. It can be observed that McCarthy was looking at it from product marketing perspective whilst Mahmood and Khan were from the service marketing perspective. Previously, many researchers measured the relationship between 7Ps and customer perception (Roy and Kan, 2015) customer perception (Mahmood and Khan, 2014) customer loyalty (Al-Debi and Mustafa 2014), competitive advantage (Al-Muala and Al-Qurnch 2012), customer satisfaction (Sarker et al. 2012) consumer behavior (Kombenjammas and Lertrattananon, 2011), in different service sectors like banking, tourism, hotel service, cooperatives etc. Hence the focus of this study is to investigate the influence of services marketing mix on customer choice of restaurants.

1.2 Problem Statement

There are many important factors that influence customer choice of restaurants, but the bottom line is customer needs. The number one priority of any organization should be the satisfaction of customers' needs since it triggers future choice. (Baig and Batavia, 2014). There is no standard marketing mix for all organizations even those in the same industry that satisfy customer needs (Akroush, 2006). He further argued that marketing mix elements that works for one company may fail for another which is a challenge to marketers. Marketing activities should begin with a clear recognition of factors influencing customer needs and then develop effective marketing mix to satisfy those needs better than competitors (Dixit, 2004). With this, restaurant operators can attract and retain customers as well as predicting future services and opportunities. It was argued that the elements of the service marketing mix can alter a firm's competitive

position (Goi, 2009; Roy and Khan, 2015). This poses challenge to restaurant operators to design appealing marketing mix that can influence customer's choice hence limited study on it.

Even, a study by Roy et al (2015) found that there is a high degree of dissatisfaction with the traditional marketing mix (4Ps) which suggest a gap in the marketing mix applicability in organizations especially the service industry hence this study.

The problem of the study lies with the need to investigate whether service marketing mix influence customer choice of restaurants as well as which element(s) of the service marketing mix is/are significant in influencing the choice of restaurants.

1.3 Objectives of the Study

1.3.1 Main objective

To find out the influence of Service Marketing Mix on customer choice of restaurants in Kumasi.

1.3.2 Specific objectives

- To assess customers' restaurant attendance behavior on choice of restaurant in the Kumasi Metropolis.
- To assess customer's perception on service marketing mix of registered restaurants in the Kumasi Metropolis.
- To examine the influence of each service marketing mix variable on customers' choice of repeat purchase in the Kumasi Metropolis.

1.4 Research Questions

- What are the customers' behaviours on choice of restaurant in the Kumasi Metropolis?
- What are customer's perceptions on service marketing mix of registered restaurants in the Kumasi Metropolis?
- What is the influence of each service marketing mix variable on customers' choice of repeat purchase in the Kumasi Metropolis?

1.5 Significance of the Study

The study clearly identifies the various elements in the service marketing mix that are important to the restaurant industry. The study will further establish the relationship between the various elements of service marketing mix and customer choice of restaurants. This effort should provide information on customer behavior leading to best practices of restaurant operators in Ghana and beyond.

It is expected that the research will serve as reference material to open up further research study for researchers and students. This will contribute massively to knowledge in the society thereby improving academic excellence.

Again the study will enable investors to understand which element in the service marketing mix that is significant to customers in the restaurant industry so as to invest heavily on that element to achieve their marketing and corporate objectives.

The study will also enable regulators of the industry to align their regulations on elements of the service marketing mix that is significant to customers which will be enforced on the restaurant operators.

The information in the research report should also enable restaurant operators to better design their service marketing mix to focus on customer choice criteria to ensure effective resource allocation. Finally industry players will be knowledgeable on which element of the service marketing mix is significant to customer choice of restaurants so as to plan their resources profitably.

1.6 Scope of the Study

The study deals with the customer perspective of the service marketing mix. This means that the study did not consider responses of management or owners of restaurants. The scope covers registered restaurants in the Kumasi Metropolis in the Ashanti Region of Ghana. The study conceptually considered 7ps of service marketing mix and these were product, price, place, promotion, people, process and physical evidence and how they influence customer choice. Customer choice defined in the study as repeat purchase (that is willingness of customers to buy again from a restaurant upon awareness of the said service marketing mix).

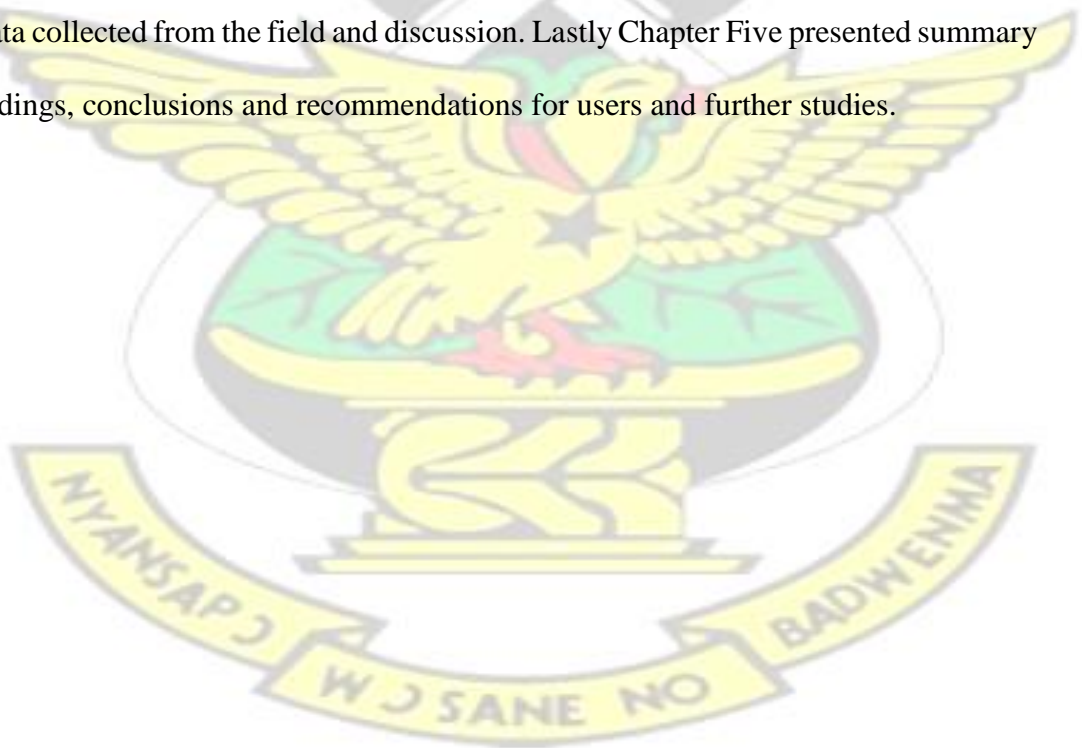
1.7 Overview of Methodology

Qualitative and quantitative research approaches were utilized by the researcher for the study. Data were collected from primary sources through administration of questionnaire to customers of registered restaurants in the Kumasi Metropolis. The restaurants were stratified into grade 1, grade 2 and grade 3 restaurants and five restaurants were selected; 1 from grade 1, 2 from grade 2 and 2 from grade 3. The respondents were purposively selected and customers who have been coming to the restaurants to the past three months were considered. In all 293 respondents were covered. The data collected were analyzed with the use of Statistical Package for

Social Sciences (SPSS) and Chi-square and Pearson's Correlation Coefficient were used to test the independency and relationship of the service marketing mix and customer choice of restaurant.

1.8 Organization of the Study

This study is made up of five chapters. The first chapter which is the introduction presents to readers the research background, problem statement, research objectives, research questions and hypothesis, significance of the study, scope of the study as well as overview of methodology. Chapter Two which is the literature review will present the theoretical framework of the study. Chapter Three explains the research procedure that was followed in collecting data for the study. Qualitative and Quantitative research approaches were employed for this study. The Fourth chapter presents the analysis of the data collected from the field and discussion. Lastly Chapter Five presented summary of findings, conclusions and recommendations for users and further studies.



CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

Marketing is very much a part of our daily lives; it is seen all around us, as all try to persuade other people to buy our ideas than others. Marketing actually makes organizations known to the public through the design of an appealing marketing mix since each element of the marketing mix communicate customer value. It also gives organization's competitive strength which is crucial in a competitive industry. This chapter is essential because, it sharpens readers understanding of the concepts and development process of Service Marketing mix design and its importance. Again the unique distinctions of product and service marketing were explored. It also brings to the fore issues that need to be considered when designing effective marketing mix in the service industry to maximize customer value at a profit. This chapter further explores the 7P's of marketing that are important to the restaurant operators.

2.2 The Concept of Marketing

In the past, marketing was defined within the narrow context of advertising or selling which was very myopic and non integrative enough to fulfill the challenges in the business environment today. The American Marketing Association (AMA) saw marketing in the 1930's as "the performance of business activities that directs the flow of goods and services from producers to consumers" (American Marketing Association, 2008). This definition focused on the traditional perspective of marketing where marketing was basically selling and distribution. This definition saw marketing as 'sales

oriented' as the focus was on the sales and not the customer. Hence customers' were persuaded through hard selling approach to buy product or service.

Kotler and Keller (2009) defined marketing as an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relations in ways that offer mutual satisfaction. This definition focused on customers as well as other stakeholders. Kotler et al,(2009) viewed marketing as the activities that ensure creating, communicating and delivering of value to customers as well as being socially responsibly at a profit. This definition explicitly demonstrated concern for social responsibility which is an integral part of marketing which was not highlighted by AMA (2008) definition of marketing. Both definitions by AMA (2008) and Kotler et al (2009) emphasized on customer value which is the expectation of every customer. Hence AMA and Kotler et al holds the same belief that marketing ensures customer value. In essence marketing should be consumer-oriented in order to tailor marketing programmes and activities to the needs and wants of customers. Organizations that are customer-oriented investigate into customers' needs and wants before producing their product or services. From this perspective, the ultimate goal of marketing is therefore to create and retain profitable customers by delighting them. It is worth noting that the goal of retaining profitable customers is particularly challenging in the service industry including restaurant. This is because quality of services provided at restaurants is quit subjective and difficult to meet all customers' preferences with specific product and service. Again many variables play role in determining service quality which may not manifest in the tangible product. In a pure service, firm's customers are co-creator of value (Palmer et al., 2011). This perspective considers how customers influence value creation.

Dixit (2004) argued that for being successful and effective on marketing, it is important to identify the customers' needs and then design products or services to meet those needs better than competitors. Management commitment and support to staff development is crucial to equip them to deliver superior customer service, he added. He also suggested that organizations should be long term focused in order to meet the changing needs of customers. Dixit argument supports internal marketing concept which has been promoted by Ahmed and Rafiq(2003).

Marketing has also been defined as management process responsible for identifying, anticipating and satisfying customer requirements profitably (CIM, 2009). This definition by CIM shows that marketing is a function for all managers not only marketing managers and officers. It further suggests that it should be seen as an integrative activity not a distinct activity from the other management functions. CIM further stated that “every product we buy, every store we visit, every message we receive, every choice we make in our consumer society has been shaped by marketing”. The researcher believes that marketing principles are sources for competitive advantage which is a weapon in a competitive marketplace.

Today despite the intensity of competition, marketing knowledge and skills have not been highly considered by both public and private sectors (CIM 2009). This suggests that gap exist in the knowledge and skills of marketing both private and public organizations which this study seeks to close. CIM believes that businesses that have survived during economic recessions are strongly due to commitment to marketing philosophy. Marketing definition by CIM (2009) suggests mutual benefits as an objective of marketing which is consistent with Kotler and Keller (2009) who emphasize on mutual satisfaction as a marketing goal. In essence marketing should be

focusing on win-win satisfaction of the customer as well as the organization. This presupposes that integrative marketing can be useful in achieving the goals of marketing.

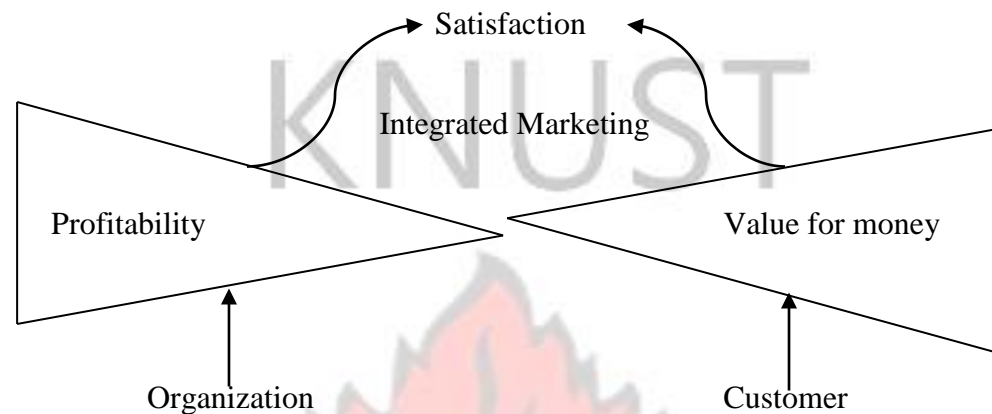


Figure 2.1: Integrated marketing model

Source: Modified from (Tan et al, 2009, pp.3)

2.3 Product Marketing vs. Service Marketing

The focus of the marketing concept is to satisfy customer's demands, and these demands can be in the form of physical products or services. Services marketing had received limited recognition in the field of academic until 1970 where many academia of marketing started writing on it (Hoffman et al, 2011). Products can be referred to as objects, devices or things that can be seen and touch whilst services are performance, actions and experiences which lack tangibility (Kotler and Keller, 2009). Tan et al(2009) argued that marketing is basically taught in connection with tangible products, however, the growing interest of investors to enter into the service industry has made selling of services an integral component of marketing concept. In Ghana, the service sector constitutes higher proportion of GDP of GH¢3285.1m as against GH¢893.4m and GH¢1786.7m for agriculture and industry respectively (Ghana Statistical Service, 2012). It is very important to establish that sometimes there is a pure product, pure

services and combination of products and services being sold by an organization. Tan et al(2009) said that in hospitality industry, there is absolutely tangible benefits tied to the performance or experience enjoyed by the customer. For example, the food and beverage are considered as tangible elements in the restaurant industry.

Hoffman et al (2011) was with the view that the marketing of services was not different from that of product. They said, that was the reason why service marketing was not growing in the academic society. Tan et al (2009) argued contrary that the marketing of services differ from that of product hence marketing practices in both sectors differs. The unique differences of services that distinguish it from products have been reviewed below;

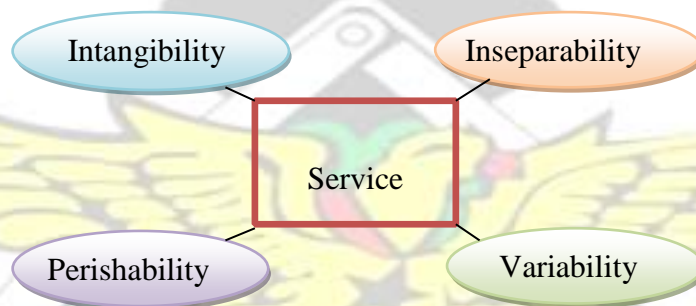


Figure 2.2: Characteristics of services

Source: Researcher's own construct (2015)

2.3.1 Intangibility

Mei (2011) posits that services are mostly intangible and they are viewed as an activity rather than tangible item. However, he admitted that some services have tangible elements like physical facilities, equipments and personnel. Kotler (2003) argued that intangibility of services refers to the lack of physical evidence which is common in the situation of a product. This makes quality evaluation complex in services than product.

The tangible cues of product provide indicators for measuring quality thereby quality evaluation easier in product than services. Hoffman et al

(2011) defined intangibility as a “distinguishing characteristics of services that makes them unable to be touched or sensed in the same manner as physical goods. The level of intangibility of services has been suggested by researchers as a criteria for differentiating products from services Levit,1981;Zeithaml et al,2006).Zeithaml et al suggested that the degree of intangibility of services has implication on service marketing since it makes evaluation of quality complex. Intangibility is the inability of a service to be accessible through the five senses that is, it cannot be seen, touched, tasted, smelled and heard (Kotler, 2003). In essence, customer’s ability to measure quality before purchase is greater in products than services. Therefore new buyers of services mostly rely on the advocates of existing customers of the service organization therefore loyal customers are crucial to the service organizations.

2.3.2 Inseparability

A service delivery often cannot be offered without the present of both consumer and provider (Palmer, 2011). He further argued that the simultaneous delivery and consumption of services makes it differ from products. This is in support to Onkvisit and Shaw (1991) who argued that co-customers affect the quality of service delivery which is not the case of products. Hoffman et al (2011) said that inseparability is the most important characteristics of services which distinct it from products. Whilst services consumption and delivery occurs simultaneously, products are produced, purchased and later consumed. This makes evaluation of products quality easier to be done before purchases. Service organizations are expected to tangibilize the intangibility of services to minimize perceived risk (Kotler, 2003).

2.3.3 Heterogeneity

Zeithaml et al (2006) said it reflects the tendency for lack of standardization in the service provision which is not true in the case of product. For product, standardization is common and poses relatively no challenge to customer satisfaction. Onkvisit and Shaw (1991) argued that the service delivery by two different people will differ in terms of quality and satisfaction. They further said that even a particular service provider may deliver a service at different quality level at different times or situation. They also argued that this offer service organizations the opportunity to offer flexible and customized service. Hoffman et al(2011) posit that heterogeneity of services refers to the changes in the service delivery from one person to another, one service transaction to another and also same person but different times or situation. A critical challenge to service organizations is training and development of staff to improve consistency of quality service delivery. In a case of product, there is greater standardization which minimizes customers perceive risk (Hoffman et al, 2011).

2.3.4 Perishability

Unlike products that are mostly manufactured, stored, distributed to middlemen and later purchase for consumption by customers. Services cannot be stored for future use argued by Onkvisit and Shaw (1991). This suggests that services time is key indicator of service perishability. This implies that service organizations require parttime personnel so as to support permanent staff during excess demand (Zeithaml et al, 2006). Unlike product where excess supply can be sold later, in a case of services, the organization loses the value of the surplus. This affects the application of the marketing mix elements in the service industry.

2.4 The concept of Marketing Mix

The marketing mix may be defined as controllable variables that the organization can manipulate to meet customer requirements profitably both in the short and long term (McCarthy,1964). The components of the marketing mix should be altered holistically in meeting changing needs of customers without specific emphasis on one or two element. The marketing mix is therefore a set of levers which an organization can manipulate to achieve set objectives such as profitability, market share, customer satisfaction and survival (Pour et al,2013). The marketing mix is considered one of the key principles of marketing which holds the foundation of every marketing strategy (Ziethaml et al, 2006). Akroush (2011) revealed that the traditional marketing mix theory is a fundamental requirement for creating and sustaining relationships with customers mostly in the marketing of product today.

Ergen (2011) posits that “marketing mix” is the mixture of activities that are use to achieve a particular market needs. Therefore, marketing mix cannot be used distinctively to inform marketing planning process. Hence unify set of marketing mix is needed to develop a strong marketing strategy to achieve competitive advantage. Therefore, marketing mix is seen as a set of inseparable tools, which inform marketing planning.

Borden originally considered 12 elements of the marketing mix namely: product planning; pricing; branding; channels of distribution; personal selling; advertising; promotions; packaging; display; servicing; physical handling; and fact finding and analysis (Goi 2009). Goi,(2009) suggested that marketing variables should be divided into two parts: the offering (product, packaging, brand, price and service) and the methods and tools (distribution channels, personal selling, advertising, sales promotion

and publicity). McCarthy (1964) refined Borden's idea further and defined the marketing mix "as a combination of all of the factors at a marketing manager's command to satisfy the target market" as echoed in (Goi,2009). McCarthy regrouped Borden's 12 elements to four elements or 4Ps, namely product, price, promotion and place at a marketing manager's command to meet the target market's needs currently. He further suggested that amendment of the marketing mix is needed when the target market characteristics changes. He also said that 4P's elements are controllable by the organization but the external environments must also be considered as well as the target market.

The idea behind marketing mix design was to create a model in order to build a framework that integrates wide range of marketing activities. It is used to organize organization's marketing tasks into subgroups: price, promotion, place and product (Kotler, 2003). Kotler further argued that marketing mix is a tactical way to control and arrange companies' marketing actions. Kotler's argument was limited to only product marketing and is seen as not been service oriented.

Moreover, the traditional marketing mix has been criticized by a number of services marketing scholars from different perspectives (Zeithaml et al,2006;). Since then additional Ps such as People, Process and physical evidence have been introduced by Bitner(1990) as echoed in Goi(2009). The addition of the 3P's has change the composition from 4P's to 7P's popularly known as Service Marketing Mix. The core objective of a marketing mix is to design a blend of actions to influence customer's choice. Kotler et al (2010) argued that the knowledge of marketing mix is fundamental to the planning of business actions and the marketing mix aims at matching supply and demand in the market place. Kotler et al (2010) argument was in support to Cox (2004)

who said that marketing mix must be design to meet customer demands by adjusting the discrepancies between supply and demand. This suggests that marketing mix can be used to manage demand and supply fluctuation which is a challenge in the service industry due to the perishability of services.

Yelkur (2000) established a model that examines the likely effect of the marketing mix elements on the customer's choice of a service. He argued that customers' experience a service through the blend of the marketing mix that also influence their satisfaction. These elements, according to Yelkur, are place, physical evidence, people, and process. Yelkur (2000) further argued that these elements alongside the product, price and distribution elements have a potential to affect customer satisfaction. However, Mahmood and Khan (2014) established that price, promotion, people and physical evidence significantly influence customer perception. The researcher believes that Service Marketing mix is indispensable in the marketing strategy development of service organizations specifically restaurant operators since it enables suitable organization of marketing actions. Hence the components of the Service Marketing Mix have been explored below.

Promotion

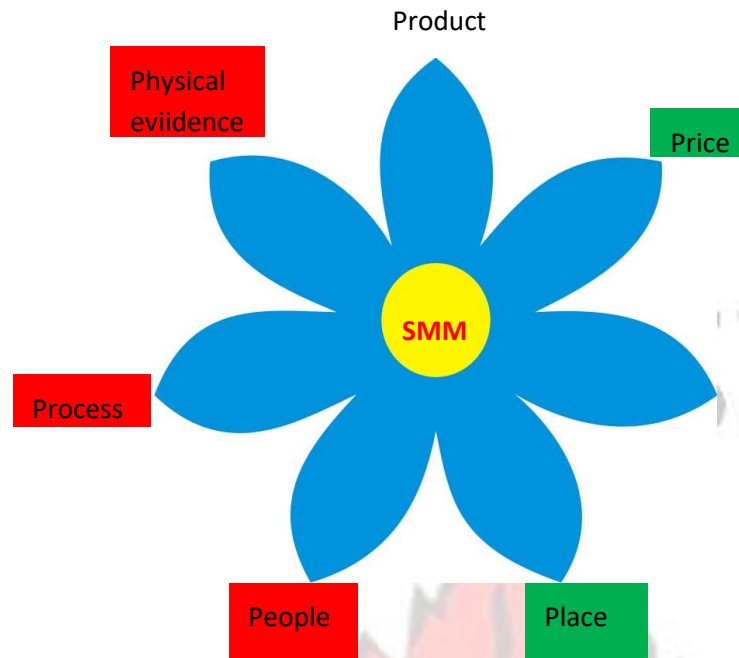


Figure 2.3: Service Marketing Mix

Source: Researchers own construct,(2015)

2.4.1 The concept of Product/Service

Product is defined by Kotler and Armstrong (2010) as any tangible or intangible benefit that is offered to a market for attention and acquisition that satisfy a need. They further argued that product is made up of tangible and intangible benefits. The tangible benefits are mostly called product whilst the intangible ones are also called services. Services are “form of product that consists of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything (Kotler et al, 2010). On the other hand goods can be explained as tangible benefits offered for sale by an organization which is easier to measure quality and results in ownership. Product and service are interchangeably use in the service industry (Preko2014). Khan and Mahmood (2014) argued that product is characterized by quality, design, features, brand name, product width and length. Service Product has also been defined as the bundle of experience and performance designed to meet customers’ requirements

higher than competitors (Akroush, 2011). This definition is limited to only service organization therefore lacks generalization which cannot be applicable in the product marketing as compared to Kotler and Armstrong (2010) whose definition is broader in scope. Ferrell and Hartline (2005) stated that the product is the core of the marketing mix strategy. This is because without product there is no need for pricing, promotion and distribution. However, organizations can differentiate themselves from the competition through extended benefits of their services like helpful and polite personnel (Khan and Mahmood, 2014). Products or services are made up of three components which create unique benefit to the customer. This includes core product, actual product and augmented product which has been depicted in figure 2.4 below (Kotler and Armstrong, 2010)

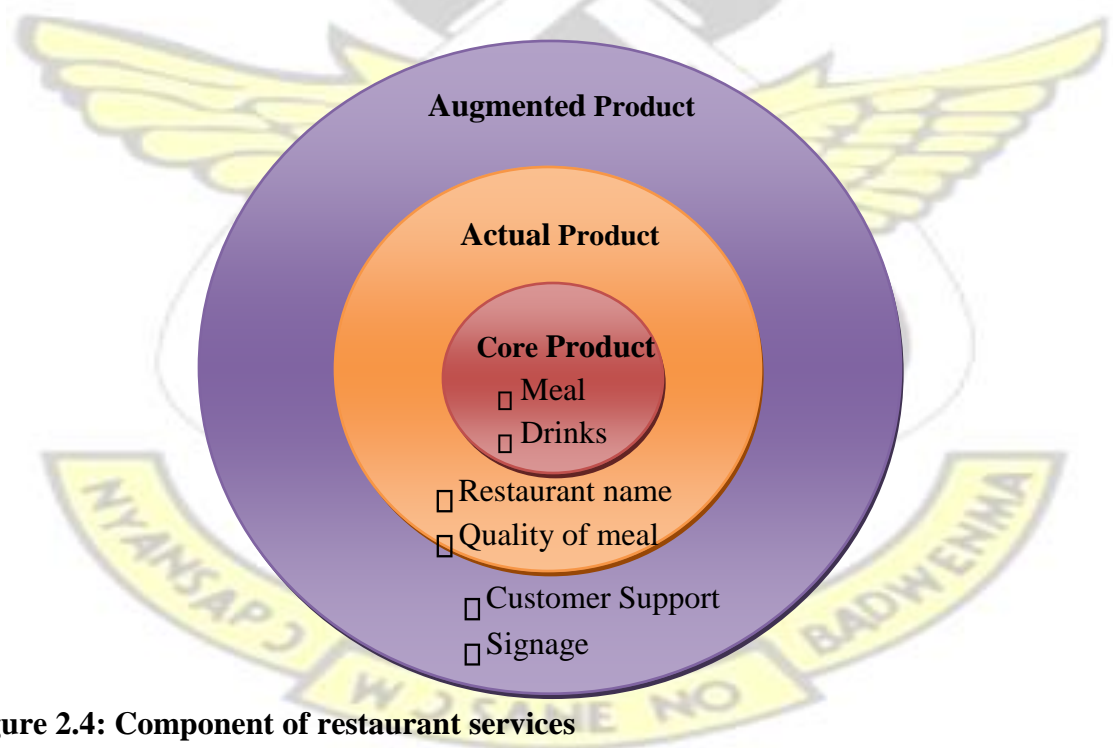


Figure 2.4: Component of restaurant services

Source: Modified from Kotler and Armstrong (2010, pp.250)

The core product is the functional benefits of a product and it is seen as a collection of physiological-technical qualities (Kotler and Armstrong, 2010). They further argued

that marketers are supposed to understand what basic problem the product seeks to solve. The core customer value in the restaurant industry is food or drink. Customers expect more than, core benefits, hence other components such as actual and augmented product become necessary.

The actual product consists of all attributes that assist in delivering the core product such as modern furnishings, packaging, washrooms, quality and brand name (Kotler et al, 2010). The actual product in the restaurant services may includes clean floor and tables, furnishing, cutlery sets and relative degree of quietness. The actual product must appeal to the five senses of customers to influence their choice.

The augmented product is a competitive tool including additional consumer services and benefits built around the core and actual product such as warranty service, home delivery service, and credit (Kotler et al 2010). The augmented product in the restaurant services include car park, catchy ambience, entertainment facilities like TV and radio. Product elements explored in the study include packaging, branding and product life cycle.

2.4.1.1 The concept of Packaging

Packaging is the voice of the product, as well as a silence salesman. It is the product's first sales pitch, which is of key importance for its market positioning. It gives on the performance of the product (Kotler et al, 2010). Adam and Ali (2014) argued that a package does much more than containing a product – it is an advertising tool. They further stated that organizations should consider the culture of customers in designing package. They concluded that, packaging actually serves many purposes, ranging from product protection to attracting customers' attention. It is also a selling tool that should

promote and sell the product by attracting customers' attention, defining product's identity, and providing information, ensuring safe use, and protecting the product.

2.4.1.2 The concept of Branding

Branding may be termed as giving name, symbol, logo, trademark and combination of all to create a unique positioning of the product. Kotler and Keller (2009) argued that developing brand strategies requires careful attention to brand elements selection and image building in the service industry. They further admitted that branding a service is a complex task than product due to the intangibility nature of services. The intangibility of services influence branding decisions, they added. Since service consumption occurs at where the delivery is taking place. This makes the location and the personnel critical in developing branding decisions. According to Kotler and Keller, (2009) branding helps buyers in many ways, for example, it measures the quality. It also gives the organization several advantages, for example easy to process orders and track down problems, as well as means of advertisement to customers, for example signal information and help consumers to decide. The selection of a brand name is a challenging task and many factors need to be considered, the brand need to communicate product benefits, fit into the target market and to the marketing strategies. Branding also projects image with a product and create perception of quality in the minds of customers. Kotler and Armstrong (2010) suggested that advertising campaigns help to establish brand equity which is an intangible asset to organizations. They however, admitted that brand equity cannot be maintained by adverts but rather brand experience. In the restaurant industry brands are mostly maintained by consistent quality delivery.

2.2.1.3 The Product Life Cycle concept and Marketing Mix Strategy

Products life cycle model assumes that products are like human beings and go through life stages (Spencer, 2009). He also believes that not all products are able to pass through all the stages as in the case of human beings. Conventionally products pass through four stages (Spencer 2009). Bowie et al, (2004) argued in support with Spencer that product goes through four stages in their lifetime.

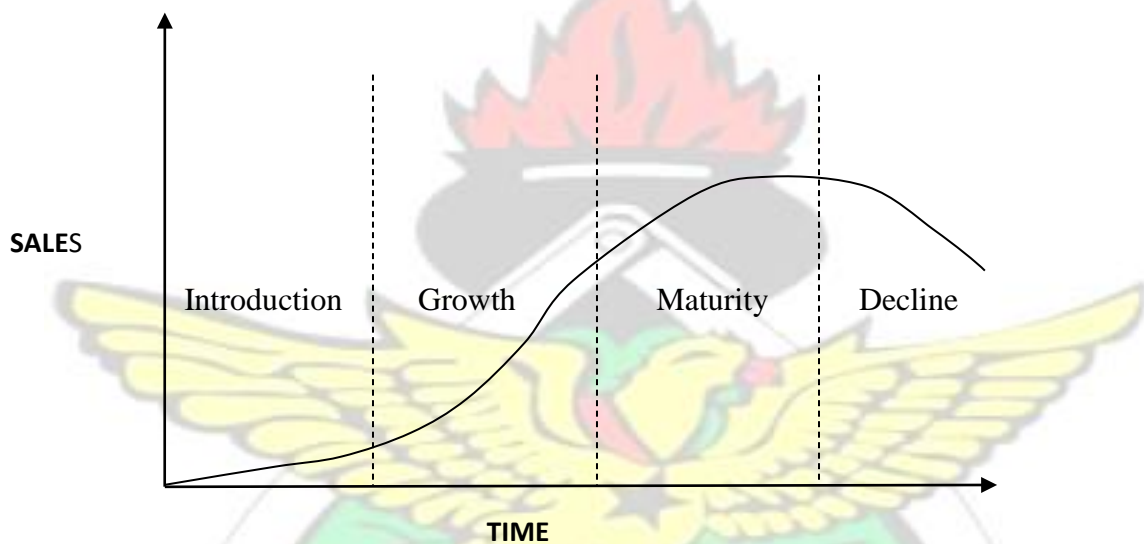


Figure 2.5: Product Life Cycle

Source: Bowie and Buttle (2004; pp.122)

The introduction stage is characterized by lower sales revenue and profit especially in a highly competitive market; it requires informative advertisement to create awareness of customers. (Kotler et al 2010). Penetration pricing is recommended when competition is keen.

During the growth stage, awareness increases and uncertainties reduces giving rise to sales revenue and profit. Communication emphasizes on product benefits and uniqueness to encourage more patronage (Kurtz and Boone, 2006).

At the maturity stage sales grow rapidly and competition intensifies due to higher demand. Here sales promotion to induce purchase is required. Revitalizing and repackaging is required to sustain existing customers. Heavy investment is required because the product is a star.

At the decline stage, sales decline due to changes in taste. Consequently, the firm's profit falls creating the need for new product replacement. Cannon, Perreault and McCarthy (2008) argued that renovations, new facilities, new product are required to sustain in the market which are strategies for declining product or service.

2.4.2 The concept of Price

Service Price is defined as the practices and policies service organizations follow in determine value for exchange (Akroush,2011). Price is the monetary value place on a product direct and indirect cost in addition to profit (Tan et al, 2009). Pricing can make or unmake a business. Example If a price cannot meet the cost of producing the product, then loss will occur and eventually go out of business if it continues, however, if the price is too high than customers can afford the business is likely to fold up (Tan et al,2009). Kotler(2003) argued that pricing is still more of an art than a science. He believes that there is no rigid approach to pricing; the best approach depends on the objective of pricing and other influential factors. He also argued that prices can be changed anytime there is the need. Restaurant services perishability by their very nature means that restaurant operators must put in much effort to obtain maximum usage or occupancy to maximize revenue.

Peter and Donnelly (2007) found in their study that price is the factor in which customers focus more than other attributes while making purchase decisions in the

developing countries like Ghana. Mahmood et al,(2014) found that before a customer repeat purchase from a service provider, the customer will consider past experiences in terms of value for money. This presupposes that past experience influence customer choice which is consistent with Kotler et al (2010) who said that repeat purchase highly depend on past experience. This means that pricing decision is very critical when designing marketing mix for a service organization. Bowie et al, (2004) said that Price is a key measure of quality, especially service industry where there are no tangible cues to measure quality. If a high quality gourmet restaurant was routinely to offer cheap menus, or continually promoting budget lunch, customers would be confused and suspect that the product quality offered was not genuine. Customer value is measured by the difference between costs incurred (cash, time, effort) and benefits enjoyed (food, beverage, service, entertainment, atmosphere, experience).

Bowie et al, (2004) argued that price is the easiest variable of the marketing mix to change, however, it is the most difficult to implement. This was supported by Kotler et al (2009) who said that price is one of the most adjustable elements and it can be modified easily compared to modification of product features, distribution channels and promotional activities. Bowie et al, (2004) posit that price includes both financial and non financial sacrifices, such as time, energy and effort. He believes that monetary price is not the only composition of price in the service industry. In the restaurant industry customers especially affluent ones are more concern with time they spent before they are served (Bowie et al, (2004). ‘Time is money’ is an appropriate expression for these affluent customers. Issues discussed here include pricing objectives, pricing strategies and factors influencing pricing decisions.

2.4.2.1 The Objectives of Pricing

Pricing objectives depends on many factors including, marketing objectives, corporate goal and other related factors. It means that not all firms aim at profit maximization (Kotler et al, 2010). They further said that price objective should ensure long term survival of the organization. Pricing objectives should be SMART – Specific, Measurable, Achievable, Realistic, and Time bound (Kotler et al, 2010). Pricing objectives can be classified into the following categories: marketing-orientated, financial-orientated, and competitor-orientated. (Bowie et al, 2004)

Marketing-orientated pricing objectives aims at setting price that can influence customers' decision as well as encourage trial or repeat purchases. Restaurant operators pursuing value for money' objective examines customers' perception of price. This enables better price to be set that guarantee value for money.

Financial-orientated pricing objectives focus on financial objectives rather than marketing-orientated objectives (Bowie et al, 2004). Profit-orientated pricing objectives set price that can aid in maximizing profitability. This involves cost cutting approach, skimming pricing, economies of scale and staff efficiency.

Competitor-orientated pricing objectives are very common in the hospitality industry. It is common to find out competitors' published and quoted prices; and many do. With this organizations expect their prices to follow industry players especially the market leader. The risk here is that cost levels may not be the same and can result into higher or lower price that may affect customer decision.

2.4.2.2 The concept of Pricing Strategies

In order to achieve pricing objectives, organizations are responsible to a winning pricing strategy. There are three types of pricing strategies Skimming, Penetration, and Competitive pricing strategy (Kurtz and Boone, 2006)

Skimming pricing involves setting relatively higher price to maximize returns in a shorter period in order to recoup investment. Kotler et al (2009) argued that the strategy is ideal when competition is less, differentiated product and also when introducing new product into the market. “Some customers are used to choose higher prices more frequently because of the perception of price in relation to quality (Gautan et al, 2011).

Penetration pricing strategy seeks to set relatively lower price for a product to stimulate quick entry in a highly saturated market (Bowie et al, 2004). He holds a view that offering relatively lower price will help attract price sensitive customers. He believes that these customers are mostly driven by affordability not quality therefore the cheaper the service the higher the demand.

Competitive pricing is an approach where a company set price with reference to competitors pricing policy (Bowie et al, 2004). In an intensive competitive industry, prices are set based on the industry average price mostly when the product offered is a commodity (Kurtz and Boone 2006). They further argued that a change in the price by a competitor triggers other players to also change theirs.

2.4.2.3 Factors that Influence Price

According to Bowie et al, (2004) factors influencing pricing can be grouped into two; namely internal and external. Whilst internal factors are closer to the company and can be influenced by management, the external factors are strictly uncontrollable therefore

environmental scanning is needed to identify external factors that may affect pricing. The customers' demand, the cost function, and competitors' prices are the most major considerations in setting price. (Kotler and Keller, 2009)

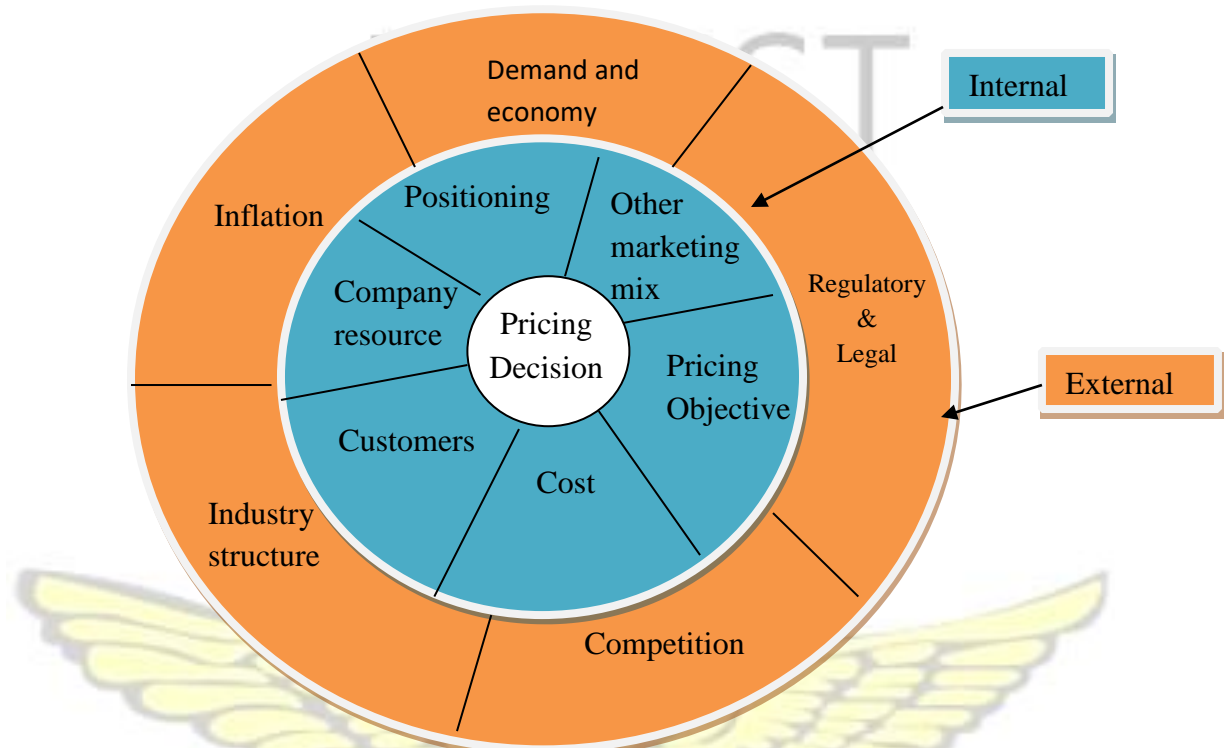


Figure 2.6: Factors influencing pricing decisions

Source: Modified from Bowie et al (2004; pp.153)

Price objectives basically influence the setting of a price and the strategy to adopt to realize the objectives (Bowie et al, 2004). Marketers are required to understand what the company wants to achieve with its price and set price metrics in relation to the objectives. Another factor is cost; A major consideration of pricing decision is the sacrifices made in producing and marketing the product or service. Marketers need to understand the nature of the costs in hospitality products (Kotler, Bowen and Markens, 2010). They argued that fixed cost component is always higher than the variable cost, therefore prices are highly influenced by fixed cost in the catering industry. Moreover, company's resources influence the pricing decision of an organization. With strong

resource base organizations can tolerate short-term losses during the launch of a new product hence, penetration strategy can be employed.

Kotler and Armstrong (2010) argued that positioning strategy of an organization informs its pricing decision. Finally customer's ability to pay for a service can also be considered in making price decision. However it is difficult to set price that can appeal to all customers in a segment but an average price can meet the purchasing power of many customers in the target segment.

Inflation may be termed as the rise in the average price of goods and services, measured over a period of time. Different countries have different rates of inflation; developing countries generally experience a higher rate of inflation than more developed countries. In countries with high inflation rates, like Ghana which is 17.1% will considerably affect prices of restaurants services (Ghana Statistical Service, June 2015). A country's domestic inflation rate affects the entire businesses and customers ability to pay (Buttle, 2004). Again industry structure which involves cost structure, capacity of the industry, number of the players also shape pricing decision in the service sector (Bowie et al, 2004). He argued that these factors influence competition and customer's power over a firm which is critical influence on price. The effect of competition on price has been examined by Porter five forces namely, threat of new entrants, threat of substitute, bargaining power of customers, bargaining power of suppliers and competitive rivalry (Porter 1980) as echoed in Kotler and Keller (2009). Legal/regulatory policies such as taxation policies, like Value Added Tax (VAT) surely increases cost and subsequently transfer into higher prices. Demand is also another important factor to consider when making pricing decision. In setting price the relationship between price and demand must be established to serve as a yardstick (Kotler, Bowen, Maken, 2010). They further argued that demand fluctuations should be

closely monitored by marketers in the service industry since services cannot be stored. This is in consistent with Bowie et al, (2004) who argued that level of demand predicts prices in the service industry than manufacturing. He further stated that overcapacity' will suffer from intense price competition therefore service providers should match their supply against demand which requires effective forecasting.

2.4.3 The concept of Place/Distribution

Place is where an organization selects to locate its product or service so that its target consumers can easily get access to it. In the restaurant industry, one would often hear the expression of “location, location, location” which is key to the organization success (Tan et al, 2009). Convenience of location plays very important role on customer choice regarding restaurant services. A distribution channel (or place) has been defined by Kotler and Keller (2009) as the set of organization’s activities involve transfer of goods or services to the final consumer. Kotler and Armstrong (2010) posit that distribution systems are basically series of activities to move products from the provider to the consumer which is in consistent with (Kotler and Keller, 2009). In the restaurant industry there exist food brokers (agent) who find customers or create demand for a product offered by the Restaurant operator (Kotler, Bowen and Makens, 2010). Distribution channel can be categorized into two in the restaurant industry; direct and indirect. With the direct the producer (cook) offers the meal to the customer without any waiter/waitress. However in the case of the indirect distribution there are intermediaries who assist in getting the meal to the customer.

They may include waiter/waitress and messenger.

Indirect



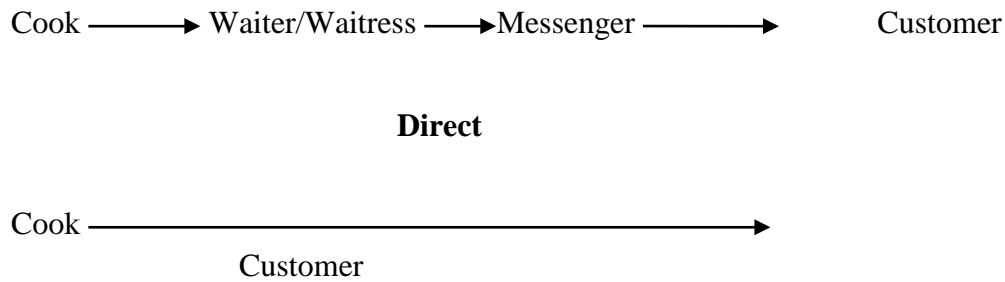


Figure 2.7: Distribution channels in the catering industry

Source: Researcher's own construct (2015)

2.4.3.1 The Functions of Distribution Channel

The channel members between the producer (cook) and the customer performs variety of function which contribute to the choice of customers towards a particular restaurant. Kotler ,Bowen and Makens(2010) identified the following functions of the channel members; information gathering, promotion, negotiation, physical distribution. Information gathering involves interviewing customers and observing them to gain knowledge about their level of satisfaction and future needs. Promotion involves spreading persuasive message about the offer. This can be done on a personal level, being an ambassador for the service builds customer confidence. Negotiation on the price is very important before services are rendered, therefore channel members own a duty to build consensus over the price before delivery takes place. Physical distribution is process of serving the customer; here channel members expect to be smart and neat to raise the appetite of the customer (Bowie et al, 2004).

2.4.4 The concept of Promotion/Marketing Communications

Service Promotion is the extent to which a service organization uses promotional activities and elements to initiate a dialogue with target market for a measurable response (Bitner, 1992; Amis et al., 1999; Ennew, Banerjee, and Li, 2000) as echoed in (Akroush, 2011). The product or service offered by organizations becomes useless if it

is unknown to customers. Customers buy what they know therefore organizations can influence customer's choice through effective and persuasive communication. The behavior and choice of customers in the restaurant industry can be influenced by effective promotional campaign (Bowie, 2007). Kotler and Armstrong (2010) argued that Promotion is the act of making customers aware of the product or services, and what can be done to help them. Promotion mix consists of the mixture of advertising, personal selling, sales promotion, public relations and direct marketing tools (Mahmood et al,2014). Cannon et al(2008) argued that objectives of promotion/marketing communications are differentiating, reminding, informing, and persuading which is in consistent with Kurt et al(2006) who said that Promotion aims at informing, persuading, and influencing the consumer's purchase decision. The promotional mix and AIDA Model has been reviewed.

2.4.4.1 The concept of Promotional Mix and AIDA Model

The promotional mix according to the Chartered Institute of Marketing, (2009) is a term used to describe the set of tools that businesses (Restaurants) can use to communicate to its customers effectively the benefits of its products/services. Gabriel, (2005) also commented that there is no point of creating the value without communicating it to the customers. The AIDA model is a framework that measures effectiveness of promotional mix.

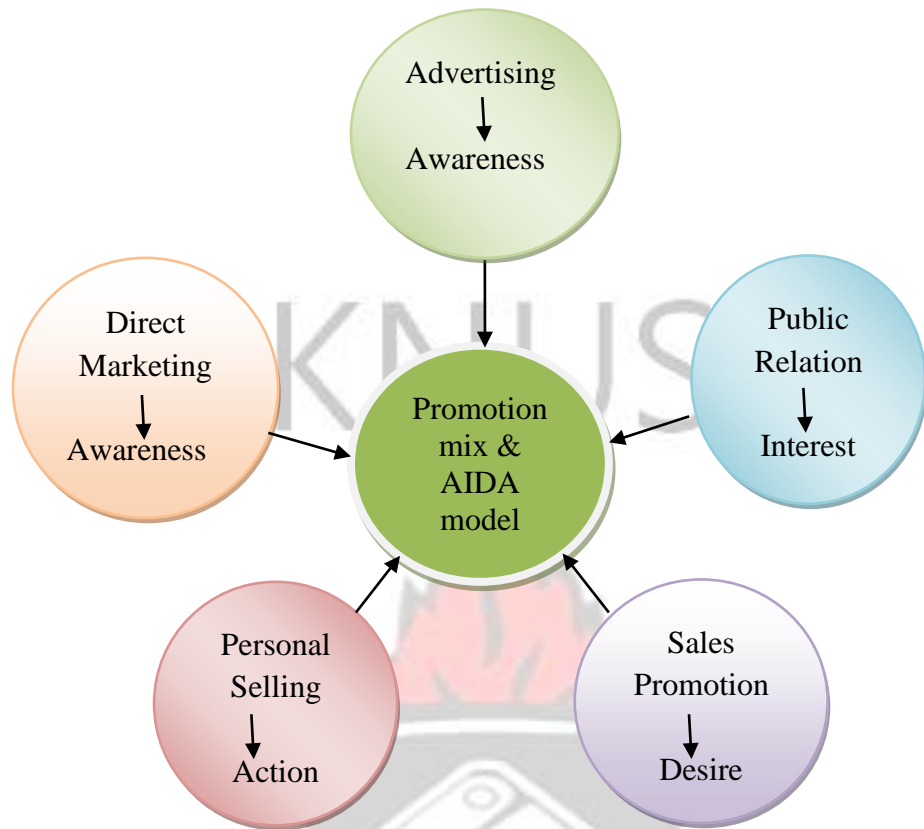


Figure 2.8: Promotional mix integrated with AIDA model

Source: Researcher's own construct, 2015

Advertising is any paid form of non-personal presentation of ideas, goods, or services by an identified sponsor. (Cannon et al., 2008). They further argued that advertising is the main form of mass selling. Today television, outdoor, radio, internet, transport and newspapers are the most media types used by organization for advertisement. Social media such as WhatsApp, Facebook, Twitter, Skype, and others are use nowadays to promote social issues and commercial activities. Tan et al., (2009) argued that the communication use to target audience which is paid for by hospitality companies. However the medium for the advertising highly rest on promotional budget, target audience and product type

Public relation is any unpaid form of non-personal presentation of ideas, goods, or services. (Kotler, 2003) It is also explained as the communication that results from

activities organized by organizations which are not directly paid for as in the case of advertisement. These include press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events.(Tan et al,2009) argued that public relations is all about building and sustaining good relationship with all the public. Public relation aims at defending positive image and reputation.

Tan et al (2009) defined sales promotion as a short term inducement to motivate an immediate purchase of a product or service. Sales promotion tools include offering discounts, coupons, contests and sweepstakes, free samples, and premiums. Some restaurants may have the “Happy Hour dining Buffet” where diners can enjoy the all-you-can-eat-and-drink beverages for a special price. These activities aim at persuading customers through excitement created among the customers (Tan et al, 2009). Cannon et al (2008) argued that a company can implement a sales promotion for their employees or its own sales force by organizing contests, bonuses, meetings, and trainings. Their argument of sales promotion is internally focus whilst Tan et al (2009) definition is externally focused.

Personal Selling is an interpersonal approach where a sales person persuades a prospective buyer to purchase product or service (Kotler, Bowen and Makens,2010). They further argued that personal selling is mostly use to persuade corporate clients in the hospitality industry. The key motive behind personal selling is action or purchase by potential buyer. This tool is interactive which allow potential customers to ask questions and seek for clarifications before purchase (Tan et al,2009).

Direct Marketing may be defined as interactions with selected customers’ aid in delivering customized services. It enhances immediate response and strengthened relationship through direct mail, telephone, e-mail, and internet. Kotler, Bowen and

Makens(2010).Customers personal information is pre-requisite to facilitate direct marketing.

2.4.5 The concept of People

People are the most significant “P” that distinguish product and service marketing (Ergen, 2011). In the case of restaurants people can be classified as customer interface personnel including waitresses and waiters and non customer interface personnel including cooks, supervisors, cashiers and others. Although Ivy and Naude(2004) claim that people are not highly influential element in the context of prospective customers. Disagreement was raised by Hollensen (2010), and Brassington (2006), who argued that services depends on the people who deliver them, as they directly involve in the customer experience of the service. Bowie et al, (2004) also commented that it takes happy employees to make a customer happy. Armando (2005) supported that customer satisfaction largely rest on the quality of service provider encounter. Receiving customer with smiling face, friendliness, politeness, understanding customers' problems, and others have positive effect on customer choice (Mahmood and Khan,2014). Their argument was in support with Jones and Dent (1994) who found that a smiling face has a valuable effect on customer choice. Hence training, motivation, empowerment are essential tools to create and maintain winning employees which can improve customer satisfaction.

2.4.6 The concept of Process

Surprisingly, process has been introduced in a relatively short and quick fashion in various literatures despite of its highly significant influence on purchase behavior in the service industry (Akroush, 2011; Preko et al, 2014). It is also highly important in the study of customer choice. Akroush (2011) examined service process as a series of

interrelated pattern for a successful service delivery at a maximum convenient. All these explanations focus on service delivery approach that maximizes customer experience. Mahmood et al (2014) argued that service plan and training are needed to guarantee consistency and quality of service. The significance of process in restaurant marketing strategy depends on value chain concept (Preko et al, 2014). Value chain basically stresses on all the interdependent activities involve in the creation of value to customers. Today technology has significantly shape service delivery (Mahmood et al,2014). They further argued that advance technology has resulted in reduced costs, value creation and differentiated services for customers. Processes may be of little concern to customers of manufactured products (Akroush, 2011); however, they are of great concern to services. Brassington, (2006), argued that control measures like Total Quality Management (TQM) are needed to improve service quality and consistency.

2.4.7 The concept of Physical Evidence

Akroush(2011) posits that physical evidence constitute all tangible elements that provides friendly atmosphere in the service environment. This is mostly overlooked by most service organizations, he added. There is greater uncertainty in the purchase of a service because of the intangibility but the uncertainty can be reduced when there are tangible elements to tangibilize the intangibility (Kotler, 2003). Physical evidence mix include upkeep of premises and interior decor, neat walls and ceilings, clean floor space and signage, temperature, personal artifacts to enhance customer experience. Mahmood and Khan, 2014) argued that physical environment helps to distinguish a service provider from competitors hence influence customer choice. It involves all tangible cues that support the delivery of the service. Basically, it refers to the physical environment where the service experience takes place.

2.5 The concept of Customer Choice

In order to understand why customers choose one restaurant over others, Marketers must first of all have the knowledge of significant factors influencing consumer choice (Muniady, Al- Mamu; Permarupan. & Zainol 2014).). Solomon, Marshal and Stuart, (2008,) posit that customer choice involves critical evaluation of alternatives based on reasonable criteria to aid in a better selection that maximize satisfaction. Customer choice is psychological behavior that involves the process individuals follow to buy, what they choose to buy, where they prefer to buy it, why, and when they buy it (Muniady et al, 2014).

The concept of choice that is call consumer buyer behavior by Kotler and Fox (1995) studies how customers select, buy, use and dispose of product to meet their expectations and what factors affect this behavior(Kotler and Armstrong, 2008). However there is some literature concerning consumer buyer behavior in hospitality, among the models of consumer buyer behavior that are used in the context of customer choice are Cabrera and Nasa (2000) and Vrontis et al(2007). There are also studies that have preferred not to use the term consumer behavior but rather customer choice Ball et al(2000) and White(2007)

Indeed, the intensive competition in the restaurant industry coupled with similar services offered by restaurants has made it critically important for restaurants operators to identify significant marketing mix elements that influence customer choice. The buyer's black box contains the buyer characteristics and the decision process, which, in turn, determine the buyer's response to marketing variables (Belch and Belch, 2007).

Before a customer chooses a restaurant to buy from, he or she may go through several stages in order to fulfill his/her needs. Initially the customer recognized the need to buy,

which is triggered by internal and external stimuli, for example the aroma of a soup can trigger the need to buy which is external whilst hunger being internal stimuli can trigger a need to buy. After that the customer then searches for information on the products and services that can solve that need. Belch and Belch (2007) argue that customers undertake both an internal and external search. These sources of information include personal sources, commercial sources, public sources and personal experience. The relevant internal psychological process that is associated with an information search is perception. Perception involves the mechanism where people collect, organizes, assesses and interprets information to create a meaningful picture of an object (Kotler et al, 2010). After that the customer compares brands and products that are in the consideration set. The criteria may include price, location, quality, staff, perceived risk and many more. Marketing effort of an organization can increase the likelihood that a particular restaurant is part of the customer's consideration set. Consumers then choose from the alternatives that can fulfill their functional and emotional needs. Customer finally undertakes post-purchase evaluation which influences their decision to repeat purchase or not.

It is however, important for marketing managers to understand what benefits consumers are seeking and, therefore, significant criteria of their choice (Kotler et al, 2010). Maringe(2006) argues that the best way to gain market knowledge is to have a clear understanding of the choice and decision making process of potential customers.

Other factors other than controllable variable that influence consumer choice are personal factors, beliefs and values, sub-culture, motivation, ethnicity, family, social class, reference groups, lifestyle and perception (Kotler et al, 2010). Age, income and gender affects customer buying behavior as identified by Korgaokar(1999) in his studies of demographic variables of consumers. Lijun Wu (2001) also concluded that

age, gender, education and income of consumers serves as internal influence of consumers' choice

Independent Variable

Dependent Variable

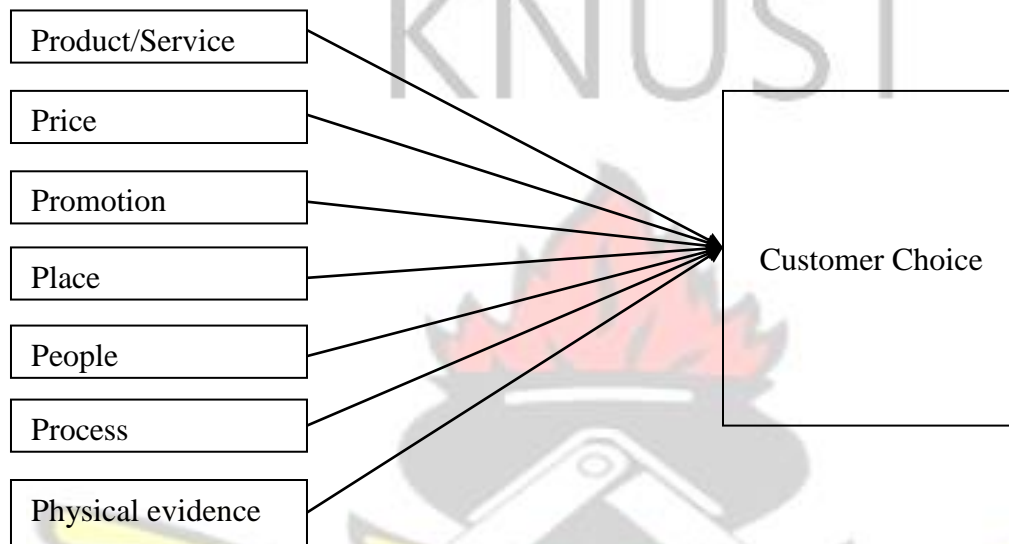


Figure 2.9: Conceptual framework

Source: Researcher's own construct (2015).

CHAPTER 3

METHODOLOGY

3.1 Research Design

The study used both qualitative and quantitative research methods. Creswell and Clark (2007) noted that a mixture of research design is employed in many studies such as this because; it balances the strength and weakness of both qualitative and quantitative research methods. Gray (2010) explained that each method compensates for the weaknesses of the other one, but rather than becoming one-all-encompassing super method, the dissimilar methods stay dependent, and work side by side. This goes with the assertion that mixture of research methods allow for effective triangulation of data (Cohen, Manion and Morrison, 2011). Cohen et al emphasized that triangulation can focus on a single case in which the same people finish a questionnaire and are also interviewed.

The use of both qualitative and quantitative methods creates best opportunity to answer the research questions of this study since answers emanate from many sources (Gray, 2010). The study relied on customers of registered restaurants in the Kumasi Metropolis, hence responses emanated from more than one registered restaurant. The qualitative method which makes use of questionnaire or interview guide or both addresses the research questions on customers' perception on price, product or service, promotion, place, people, process and physical environment of registered restaurants in the metropolis. The quantitative method to gather data on the relationship between each market mix variable and customers' choice of grade of restaurant in the metropolis. Denscombe (2008) noted that questionnaire or interview allow the researcher to ascertain a clear picture of information, an accurate measurement of data and evidence

that support the subject matter. The researcher made use of questionnaire to gather all the necessary data from the customers for qualitative and quantitative analyses.

3.2 Sources of Data

The study made use of primary data. The data were collected from customers of registered restaurants in the Kumasi Metropolis through questionnaire administration. The specific primary data included customers' purchasing decision behavior, customers' perception of service marketing mix of restaurants and influence of service marketing mix on repeat purchase.

3.3 Unit of Analysis

The unit of analysis of this study was individual customers selected from five restaurants in the Kumasi Metropolis. The five restaurants represent registered restaurants in the Kumasi Metropolis while the individual customers represent people who buy from registered restaurants.

3.4 Population and Sample Frame

The study chose Kumasi Metropolis because of its unique centrality as a traversing point from all parts of the country, which makes it a special place for many to migrate to. Kumasi has 69 registered restaurants. The study however targeted customers of five registered restaurants in the metropolis as given in Table 3.1. The target number of Customers from five registered restaurant was 1092.

Table 3.1: Target Population of the Study

Restaurants	Grade	No. of customers per day(Average)	Location
Jofel Catering Services Ltd.	1	211	Dichemso
McKeown Catering Services	2	235	Asokwa,

Sanbra Restaurant	2	264	Adum
Estilie Catering Services	3	147	S.M.S-KATH
It's my kitchen Restaurant	3	235	Stadium
Total	-	1092	-

Source: Management of Selected Registered Restaurant (2015)

3.5 Sample Size

In finding the sample size of respondents, a mathematical approach was adapted from Gomez and Jones, 2010. In all 293 customers were selected from all the five selected restaurants and this is shown below:

$$n = N / (1 + Ne^2) \text{ [Gomez and Jones, 2010]}$$

n = sample size for customers. N =

population for respondents e = Level of

precision (5% margin of error).

$$\text{Sample size} = 1092 / (1 + 1092 * 0.05^2) = 293$$

The researcher further used proportional representation to identify number of respondents for each restaurant (see Table 3.2).

Table 3.2: Number of Respondents from each Restaurant

Restaurants	Grade	No. of customers per day (Average)	Sample Size
Jofel Catering Services Ltd.	1	211	57
Number of respondents from Grade 1		211	57
McKeown Catering Services	2	235	63
Sanbra Restaurant	2	264	71
Number of respondents from Grade 2	-	499	134
Estilie Catering Services	3	147	39
It's my kitchen Restaurant	3	235	63
Number of respondents from Grade 3	-	382	102
Grant Total	-	1092	293

Source: Management of Selected Registered Restaurant (2015)

3.6 Sampling technique.

Sampling is essential in this study because of financial and time constraint to gather data from a whole population (Agyedu, 1999). The study employed convenient sampling method, purposive sampling method and stratified sampling method. The study conveniently selected five registered restaurants in the Kumasi Metropolis. The registered restaurants were stratified into grade, in accordance with classification of restaurants by Ghana Tourist Authority, Ashanti region. The restaurants were stratified into grade 1 restaurants, grade 2 restaurants and grade 3 restaurants. The selected registered restaurants were Jofel Catering Services Ltd. (Grade 1), McKeown Catering Services (Grade 2), Sanbra Restaurant (Grade 2), Estilie Catering Services (Grade 3) and It's My Kitchen Restaurant (Grade 3). Stratified sampling is most representative of a population and this increased efficiency and reliability of analysis (Collis and Hussey, 2009). With the use of stratified sampling technique, respondents from each grade of restaurant were considered.

Within each restaurant, the researcher purposively sampled customers who had indepth knowledge about product, price, place, promotion, physical evidence, people and process pertaining to the restaurant. The study thus selected customers who have been eating from the restaurants for the past three months.

3.7 Data Collection Instrument

The study used questionnaire to collect the necessary data from the study areas. Questionnaire is a form prepared and distributed to secure responses to certain questions (Creswell, 2013). Kumar (2005) defined questionnaire as a “written list of questions, the answers to which are recorded by respondents. In questionnaires, respondents read the questions, interpret what is expected and then write down the answers”. The study used questionnaire because it is less costly in terms of time and money, it is convenient

and easy to analyze (Gray, 2009). Gray further noted that questionnaire has weaknesses, among some are:

1. Application is limited. A major disadvantage is that only those able to read or write can complete one.
2. Response rate is low. Questionnaires are often not sent back or completed by respondents.
3. There is a self-selecting bias. I.e. not all those in receipt of the questionnaire will return it.
4. A lack of opportunity to clarify issues may mean that the questionnaire is misinterpreted.
5. The response to a question may influenced by the response to other questions. As respondents can read all the questions before question may be affected by their knowledge of other questions.
6. It is possible to consult other people –i.e. in mailed questionnaires respondents may engage with other people ahead of responding.
7. A response can often not be supplemented with other information.

Given the large volume of data considered in evaluating the research questions, it is believed that questionnaires offer the best methodology, allowing the researcher to analyze these large data sets quickly, in the form of closed-ended and open-ended questions. The questionnaires were administered to customers of registered restaurants in the Kumasi Metropolis.

The questionnaire had three (3) sections. Section I was on personal data, containing four (4) items including sex, age, income level and educational level. The personal data was important since it helped to know demographic characteristics of the customers which would form the basis for discussion in the study. Section II in the questionnaire dealt

with customer choice and involved 5 questions. Section III covered service marketing mix, focusing on four (4) items on product, three (3) items on price, two (2) items on place, three (3) items on promotion, three (3) items on people, three (3) items on process and three (3) items on physical environment. In all, section III contained 21 questions.

The questions in the questionnaire were both close-ended and open-ended. The closeended questions provided alternative responses to a question, for which respondents ticked the appropriate one. The responses were in the form of Likert Scale ranging from strongly disagree (1) to strongly agree (5). The open –ended questions offered opportunity for the respondents to provide necessary explanation to some chosen alternative to some close-ended questions and provide other information not captured in the close-ended questions.

3.8 Pilot Testing

The research instrument was pretested in Laspamas at Asafo in the Ashanti Region of Ghana. The pretesting was done to identify errors in question formulation and unclarity of questions to amend them. The researcher in the course of pretesting identified that three questions under service marketing mix were not clear. All errors and unclear questions were corrected.

The questionnaire was pretested on fifteen (15) customers who have been buying food from the Laspamas. The questionnaire was pretested at the premises of the restaurant.

3.9 Data Analysis

The data collected were analyzed with quantitative method. The quantitative method was used to analyze the primary data through administration of questionnaire. The primary data were edited, coded and entered into Statistical Package for Social

Scientists (SPSS), version 16.0. Descriptive statistics such as percentages, frequency and cross tabulation were used and they were presented in the form of tables and histogram.

The study employed Likert Scale ranging from 1 (strongly disagree) to 5 (strongly agree). The study further used the Likert Scale responses to compute weighted average responses for each statement and decision rule was given for respondents' agreement or disagreement as shown in Table 3.3.

Table 3.3: Likert Scale

Responses	Scoring	Weighted Average Range	Implication
Strongly Disagree	1	1.0-1.49	Respondents' disagreement to a statement
Disagree	2	1.50-2.49,	Respondents' disagreement to a statement
Indifferent	3	2.50-3.49	Respondents' disagreement to a statement
Agree	4	3.50, -4.49	Respondents' agreement to a statement
Strongly Agree	5	4.50-5.50	Respondents' agreement to a statement

Source: Authors' Own Construct (2015)

Chi-square (χ^2) tests were performed to know the independence of the customers' choice and service marketing mix elements. Moreover Pearson correlation coefficient was used to show correlation of service marketing mix element(s) on customers' choice of restaurant.

3.10 Profile of Restaurant industry in the Kumasi Metropolis

The Kumasi Metropolis is centrally located in the Ashanti Region of Ghana. Its unique central position makes it accessible from all corners of the country. It is the second largest city in the country with many restaurants (KMA, 2013). The fast growing of the Metropolis with an estimated population of 1,222,814 and an annual growth rate of

about 5.4% (Ghana Statistical Service,2012). Statistically the registered restaurants in the metropolis are 69 (Ghana Tourist Authority-Ashanti region, 2015).

The industry had received greater attention due to relatively higher contribution to the Ghanaian economy. The restaurant industry is a constituent of the hospitality industry and employs a number of different types of employees, from chefs and waiters to managers and bartenders. The restaurant industry is the industry of professional restaurants, bars, and other food service providers that allow customers to enter, order food, and eat on the premises or take away. A restaurant can be termed as a business which prepares and serves food and drinks to customers in exchange for money, either paid before the meal or after the meal. Meals can be served and eaten on the premises, but many restaurants also offer take-out and food delivery services. Restaurants may differ greatly in food offering, physical environment, service delivery, pricing and means of delivery.



CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

The chapter presents and discusses the data collected from the field. The data were collected from customers of registered restaurants in the Kumasi Metropolis, through administration of questionnaire to 293 customers of five different restaurants. The analysis is done in accordance with the methodology of the study and research objectives specified in chapter one. The objectives of the study are customers' restaurants attendance behavior, customers' perception of service marketing mix of restaurants and their influence on customers' decision to repeat purchase from a particular restaurant. The study however, first analyses the characteristics of respondents to form the basis of the discussion. The response rate of the study was 100% which means that the researcher obtained all the 293 questionnaires administered.

4.2 Characteristics of Respondents

Characteristics of respondents considered in this study were gender, age, educational attainment and monthly income level as indicated in Table 4.1.

Table 4.1: Characteristics of Respondents and Grade of Restaurant

Characteristics	Category	Total	Grade 1	Grade 2	Grade 3	p-value
Gender	Male	222(75.8)	47(21.2%)	97(43.7%)	78(35.1%)	0.325
	Female	71(24.2%)	10(14.1%)	37(52.1%)	24(33.8%)	
	Total	293 (100%)	57 (19.5%)	134 (45.7%)	102 (35.1%)	

Age	18-25 years	161(54.9)	29(18.0%)	80(49.7%)	52(32.3%)	0.001
	26-35 years	108(36.9)	24(22.4%)	47(43.5%)	37(34.3%)	
	36-45 years	8(2.7)	2(25%)	0(0.0%)	6(75.0%)	
	46-55 years	9(3.1)	2(22.2%)	7(77.8%)	0(0.0)	
	>55 years	7(2.4)	0(0.0%)	0(0.0%)	7(100%)	
	Total	293(100.0%)	57(19.5%)	134(45.7%)	102(34.8%)	
Education	No formal education	64(21.8)	11(17.2%)	44(68.8%)	9(14.1%)	0.000
	Basic education	54(18.4)	19(35.2%)	15(27.8%)	20(37.0%)	
	94(32.1)	15(16.0%)	47(50.0%)	32(34.0%)		
	Secondary	81(27.6)	12(14.8%)	28(34.6%)	41(50.6%)	
	Tertiary	293(100.0%)	57 (19.5%)	134(45.7%)	102(34.8%)	
	Total					
Monthly income level	≤ GH¢500	111(37.9)	15(13.5)	55(49.5)	41(36.9)	0.002
	501-1000	50(17.0)	13(26.0)	30(60.0)	7(14.0)	
	1001-1500	45(15.4)	14(31.1)	12(26.7)	19(42.2)	
	>1500	87(29.7)	15(17.2)	37(42.5)	35(40.2)	
	Total	293(100.0%)	57 (19.5%)	134(45.7%)	102(34.8%)	

Source: Field Data (2015); Chi-square Test, significant at 5%

Table 4.1 shows that male customers outnumbered the female customers of registered restaurants in Kumasi Metropolis. Out of 293 respondents, 222 (75.8%) were males and the remaining 71 (24.2%) were females. Male customers dominated in grade 1 and 3 restaurants whilst the female dominated in grade 2 restaurants. The gender differences with respect to grade of restaurant were not statistically significant. This means that gender does not influence choice of restaurant ($p=0.325$). This is in contradiction with Evans et al (2009) who concluded that gender influence choice of restaurants.

The youth preferred eating from restaurants than the aging as 161 (54.9%) respondents were between 18 years and 25 years, 108 (36.9%) were between 26 years and 35 years, 8 (2.7%) were between 36 years and 45 years, 9 (3.1%) were between 46 years and 55 years and 7 (2.4%) were above 55 years. The older people preferred grade 2 and 3 restaurants than the youth and this is statistically significant ($p=0.001$). This is due to

income level as income in the study significantly influenced ($p=0.002$) choice of grade of restaurant. Older people have worked for many years and accumulated income over the years and have income to spend (Evans et al., 2009).

Respondents with tertiary education dominated with 114 (38.9%). This was followed by secondary (24.9%), basic education (23.9%) and no formal education (12.3%).

Respondents with lower education (up to secondary school) dominated in grade 1 and 2 restaurants but those with higher education dominated in grade 3 restaurants and this was significant ($p<0.01$). This means that one's level of education is a significant factor in determining the grade of restaurant to buy food. This implies that restaurants in the metropolis have most of their customer enlightened to read from the menu list. This suggests that restaurants owners can provide menu list to avoid excessive roaming about of customers to request food and save time as well. These customers per their level of education could easily switch to competing restaurants due to their high level of exposure. Age, income and gender affects customer buying behavior as identified by Korgaokar(1999) in his studies of demographic variables of consumers. Lijun Wu (2001) also concluded that age, gender, education and income of consumers serves as internal influence of consumers' choice. This study also confirms that age is an influential factor in the choice of restaurant grade.

4.3 Customers' Restaurants Attendance Behaviour

The sub section focuses on the frequency with which customers attend restaurants and the period the customers attend restaurants. Chi-square test was performed to test the independence of these variables and the grade of restaurants in the Kumasi Metropolis and the results are shown in Table 4.2.

Table 4.2: Chi-square of Independence of Grade of Restaurants and Attendance Behaviour

Variables		Grade 1	Grade 2	Grade 3	Total	p-value
Frequency of eating from restaurants	Daily	9(25.7%)	17(48.6%)	9(25.7%)	35(100.0%)	0.015
	1-2 times per week	36(22.8%)	74(46.8%)	48(30.4%)	158(100.0%)	
	1-2 times per month	7(10.0%)	26(37.1%)	37(52.9%)	70(100.0%)	
	Once a month	5(16.7%)	17(56.7%)	8(26.7%)	30(100.0%)	
Day of purchase	Weekdays	21(23.1%)	37(40.7%)	33(36.3%)	91(100.0%)	0.440
	Weekend	29(18.4%)	79(50.0%)	50(31.6%)	158(100.0%)	
	Any day	7(15.9%)	18(40.9%)	19(43.2%)	44(100.0%)	

Source: Field Data (2015). Chi square Test is Significant at 5%

From the Table 4.2, 9(25.7%), 17(48.6%) and 9(25.7%) of respondents who attend restaurant daily visited grade 1, grade 2 and grade 3 restaurants respectively. Those who attended restaurants 1-2 times per month, attended grade 1 restaurant (10.0%), grade 2 restaurants (37.1%) and restaurants (52.9%). Those who attended restaurants ones a month, attended grade 1 (16.7%), grade 2 restaurants (56.7%) and grade restaurants (26.7%). Those who attended restaurants daily and 1-2 times a month, preferred grade 2 restaurants more than others and this is significant ($p=0.015$) meaning frequency of buying from restaurant has a relationship with grade of restaurant.

Table 4.2 however shows that period of attending restaurants, either weekend or weekday did not significant relate to a grade of restaurants in the Kumasi Metropolis ($p=0.440$). This implies that whether someone goes to restaurant during Weekend, Week day or Any day does not relate to the grade of restaurants.

The respondents' responses on their preferred time and food are shown in Figure 4.1.

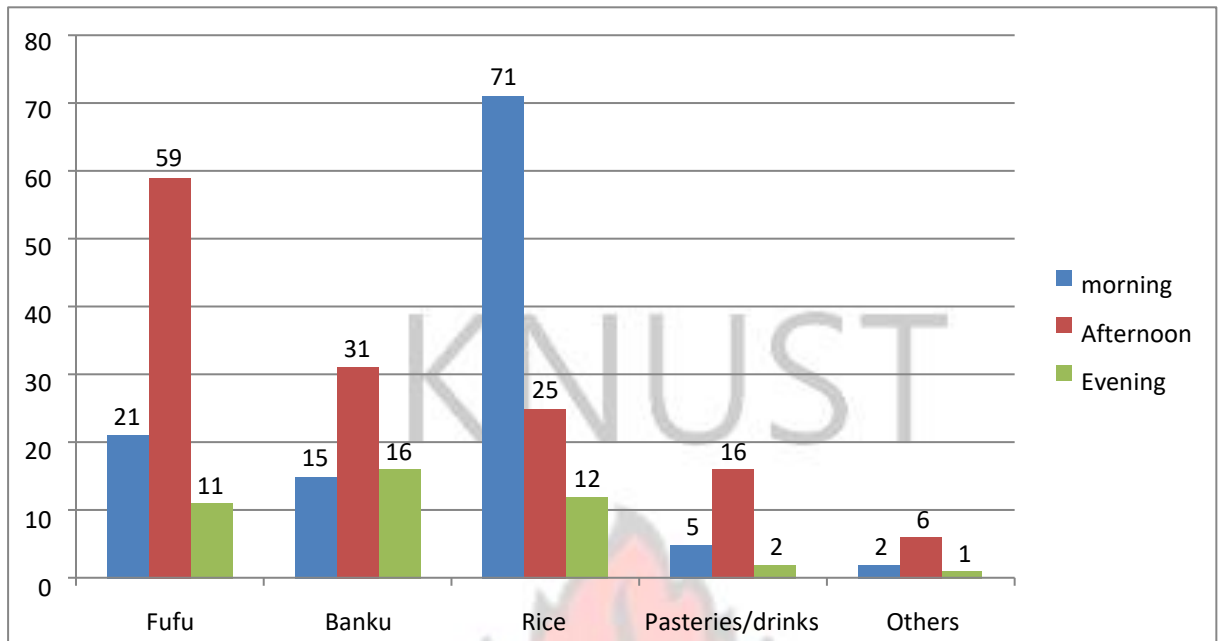


Figure 4.1: Preferred Food and Time by customers Source: Field Data (2015)

Figure 4.1 shows that out of 293 respondents, 91(31.1%), 108 (36.9%), 62 (21.2%), 23 (7.8%) and 9(3.0%) preferred fufu, rice, banku, pastries and or drinks and other food respectively. Out of 91 respondents who preferred fufu, 21(23.1%), 59 (64.8%) and 11 (12.1%) preferred eating it in the morning, afternoon and evening respectively. The preferred time for bank was the morning (24.2%), afternoon (50.0%) and evening (25.8%). Preferred time for rice was morning (65.7%), afternoon (23.1%) and evening (11.2%). Respondents, who preferred pastries/drinks, preferred it in the morning (21.7%), afternoon (69.6%) and evening (8.7%). Others include food like “dzihuo”, “abete”, “apesi”, “kenkey”, gari and beans. A good number of respondents preferred eating fufu and banku in the morning and this suggests that life style of people with reference to eating time of some traditional foods are gradually changing. The restaurants owners have to study the changing trend of eating time to attract and maintain customers.

4.4 Customers' Decision to repeat Purchase

The responses on customers of each restaurant decision to repeat purchase are shown in Table 4.3.

Table 4.3: Customers' Decision to repeat Purchase and Grade of Restaurants

Grade of restaurants	No	Yes	Total	Chisquare	pvalue
Grade 1	7(12.3%)	50 (87.7%)	57 (100.0%)	11.972	0.003
Grade 2	50 (37.7%)	84 (62.3%)	134 (100.0%)		
Grade 3	33 (32.4%)	69 (67.6%)	102 (100.0%)		
Total	90 (30.7%)	203 (69.3%)	293(100.0%)		

Source: Field Data (2015), significant level is at 5%

Table 4.3 shows that out of 293 respondents, 203 (69.3%) had decided to repeat purchase in the chosen restaurants but 90 (30.7%) had decided not to repeat purchase. Grade 1 restaurants had highest number of repeat customers and this is statistically significant ($\chi^2 = 11.972$; $p = 0.003$). This implies that the degree of influence of repeat purchase is dependent on the grade of restaurants since different customers may demand different marketing mix strategy (Wright, 1999).

4.5 Service Marketing Mix and Choice of Restaurants

The marketing mix variables considered as known as 7P's; which are product, price, place, promotion, people, process and physical evidence.

4.5.1 Product/ Services of Registered Restaurants

The study under product or service selected four key items and the weighted average responses for each in each grade of restaurant are shown in Table 4.4.

Table 4.4: Weighting Average of Responses of Respondents on Product/Services of Registered Restaurants

Statements	Grade 1	Grade 2	Grade 3	Total
------------	---------	---------	---------	-------

	WA	SD	WA	SD	WA	SD	WA	SD
The food served by the restaurant is tasty.	4.3218	0.88257	3.9551	0.97596	3.6239	1.41864	3.9317	1.18298
The restaurant offer variety of foods.	4.1724	1.12278	3.8315	0.95627	3.3248	1.12824	3.7304	1.13128
The restaurant provides good packaging.	3.9551	.91590	3.9829	1.15208	3.8276	1.05882	3.9283	1.05580
The restaurant has good brand name and image.	3.7586	0.96407	3.2991	1.12392	3.2921	1.43180	3.4334	1.19925

Sources: Field Data (2015), Where WA= Weighted Average, SD= Standard Deviation

Table 4.4 indicates that the respondents agreed that the restaurants served tasty foods (WA=3.9317; SD=1.18298), the restaurants served variety of foods (WA=3.7304; SD=1.13128), restaurants had good packaging of foods (WA=3.9283; SD=1.05580). The respondents however, disagreed that restaurants had good brand or image (WA=3.4334; SD=1.1992). Grade 1 restaurants were rated best in terms of food taste, variety of foods and brand name. However, grade 2 restaurants were rated best in terms of food packaging (see Table 4.4). The implication is that much effort should be given to integrated effort to enhance their brand equity through advertising, service quality, sponsorship and corporate social responsibilities (Kotler and Armstrong (2010). Moreover agreement of the respondents that good packaging is provided by the restaurants shows registered restaurants commitment to packaging which provides many benefits such as advertising and protection (Adam et al, 2014)

4.5.2 Prices of Foods Served by Registered Restaurants

The perception of customers on prices of foods served by the restaurants is weighted in the Table 4.5.

Table 4.5: Weighting Average of Responses of Respondents on Prices of Food Served

Statements	Grade 1		Grade 2		Grade 3		Total	
	WA	SD	WA	SD	WA	SD	WA	SD
The restaurant offers value for money in terms of quality	4.2759	0.78784	3.4786	0.94297	3.9101	0.83449	4.0887	0.87526
The restaurant offers value for money in terms of quantity	3.8966	1.32975	4.0855	0.97023	4.0112	0.88542	3.7745	1.08973
The restaurant offers discount	3.3563	1.34663	3.4274	0.98538	2.5506	1.27039	3.1399	1.24865

Sources: Field Data (2015). Where WA= Weighted Average, SD= Standard Deviation

From Table 4.5, customers of grade 1 restaurants agreed that there is value for money in terms of quality of foods (WA= 4.2759; SD= 0.78784) and value for money in terms of quantity (WA=3.8966; SD=1.32975). They however disagreed that grade 1 restaurants offered discount (WA=3.3563; SD=1.34663). The customers of grade 2 restaurants agreed that there is value for money in terms of quantity of food (WA=4.0855; SD=0.97023). The customers however disagreed that there is value for money in terms of quality (WA=3.4786; SD=0.94297) and availability of discount (WA=3.4274; SD=0.98538). Grade 3 restaurants' customers agreed that there is value for money both in terms of quality of foods (WA=3.9101; SD=0.83449) and quantity of foods (WA=4.0112; 0.88542). The respondents agreed that there is value for money both in terms of quality of food and quantity of foods served by the restaurants. However, the respondents disagreed that restaurants offer discounts. This implies that sales promotion

activities are of limited concern to restaurants in Kumasi as it causes short term inducement to purchase (Tan et al, 2009).

4.5.3 Place of Registered Restaurants

Table 4.6 shows the responses of respondents on items under place as marketing mix variable.

Table 4.6: Weighted Average of Responses of Respondents on place of food served

Statements	Grade 1		Grade 2		Grade 3		Total	
	WA	SD	WA	SD	WA	SD	WA	SD
It is easy and convenient to reach the restaurant	3.3218	1.09432	3.1538	1.20069	3.3371	1.26979	3.2594	1.19113
The restaurant has many branches.	2.1724	1.19307	2.2479	0.98178	2.4607	1.24368	2.2901	1.13225

Sources: Field Data (2015). Where WA= Weighted Average, SD= Standard Deviation

Table 4.6 shows that respondents disagreed that location of restaurants in the metropolis was convenient and easy to access (WA= 3.2594; SD=1.19113 and that restaurants had many branches (WA=2.2901; SD=1.13225). The assumption is that place is not considered as a significant controllable factor by restaurant operators in Kumasi which contradict with Tan et al, 2009) who argued that place (location) is key to organizational success.

4.5.4 Promotion by Registered Restaurants

The study computed weighted averages of responses on statement under promotion as one of the marketing mix variables and the findings are summarized in Table 4.7

Table 4.7: Weighted Average of Responses of Respondents

Statement	Grade 1		Grade 2		Grade 3		Total	
	WA	SD	WA	SD	WA	SD	WA	SD
The restaurant offers redeem voucher.	2.6092	0.9446	2.3761	0.84819	2.4157	1.00915	2.4573	0.93031
The restaurant reward repeat purchase.	2.5172	1.14995	2.3675	1.06349	2.5281	1.38244	2.4608	1.19187

Source: Field Data (2015). Where WA= Weighted Average, SD= Standard Deviation

It can be observed from Table 4.7 that, customers of the registered restaurants disagreed that the restaurants offer redeem voucher (e.g. coupons) (WA=2.4573; SD=0.93031), it rewards repeat purchases (WA=2.4608; SD=1.19187). The implication is that restaurant operators are reluctant to invest in promotional activities which has been strongly argue by (Kurt et al, 2006; Bowie et al, 2007; Cannon et al, 2008) as a tool to influence customer choice.

4.5.5 People Working in Restaurants

The Table 4.8 shows the responses on people in the form of weighted averages.

Table 4.8: Weighting Average of Responses of Respondents on People

Statement	Grade 1		Grade 2		Grade 3		Total	
	WA	SD	WA	SD	WA	SD	WA	SD
The restaurant has courteous and polite staff.	4.1954	0.66190	4.2393	0.86751	4.3483	0.47914	4.2594	0.70780
The restaurant has neatly dressed staff.	4.3793	0.63322	4.2991	0.45985	4.5955	0.49357	4.4130	0.53963
The restaurant has smart staff	4.3333	0.83062	3.7778	0.97478	4.1236	0.87672	4.0478	0.93144

Source: Field Data (2015). Where WA= Weighted Average, SD= Standard Deviation

From the Table 4.8, customers agreed that grade 1 restaurants had courteous and polite staff (WA=4.1954; SD=0.66190), that the restaurants staff neatly dressed (WA=4.3793; SD=0.63322) and smart staff (WA=4.3333; SD=0.83062). Customers agreed that grade 2 restaurants had courteous and polite staff (WA=4.2393;

SD=0.86751), neatly dressed staff (WA=4.2991, SD=0.45985) and smart staff (WA=3.7778; SD=0.97478). The customers agreed that grade 3 restaurants had courteous and polite staff (WA= 4.3483; SD=0.47914), neatly dressed staff (WA=4.5955; SD=0.49357) and staff are smart (WA=4.1236; SD=0.87672). The implication is that people elements are of high concern to restaurants in Kumasi. The nature of services being intangible makes people element crucial in ensuring quality as they are directly involve in the customer experience of the service (Brassington, 2006 and Hollensen, 2010).

4.5.6 Process at the Restaurants

The responses on process at the restaurants are summarized in Table 4.9.

Table 4.9: Weighting Average of Responses of Respondents on Process

Statement	Grade 1		Grade 2		Grade 3		Total	
	WA	SD	WA	SD	WA	SD	WA	SD
The restaurant offers speed delivery of services	4.0920	0.88439	4.0342	0.99075	4.0112	0.91072	4.0444	0.93344
The restaurant offers home delivery.	3.6207	1.08093	3.5641	1.05360	3.6292	1.03772	3.6007	1.05383
The restaurant opens and closes at convenient time	3.7586	1.18091	3.4615	1.02165	3.9551	0.92822	3.6997	1.06239

Source: Field Data (2015). Where WA= Weighted Average, SD= Standard Deviation

From Table 4.9, customers of grade 1 restaurant agreed that the restaurants offered speedy delivery of service (WA=4.0920; SD=0.88439), home delivery (WA=3.6207; SD=1.08093) and open and close at a time consistent with their life style (WA=3.7586; SD=1.18091). The customers of grade 2 agreed the restaurants offered speedy delivery of service (WA=4.0342; 0.99075), home delivery system (WA=3.5641; SD=1.05360). They however disagreed that the restaurants open and close at a time that fit their life

style (WA=3.4615; SD=1.02165) (see Table 4.6). The grade 3 customers agreed that the restaurants offered speedy delivery of service (WA=4.0112; SD=0.91072), home delivery (WA=3.6292; SD=1.03772) and open and close at a time that fit their life style (WA=3.9551; SD=0.92822). The implication is that restaurant operators in Kumasi have strong belief that process is of great concern to customer satisfaction (Akroush, 2011). In conclusion all the grades of registered restaurants in Kumasi do have efficient process in delivering services.

4.5.7 Physical Evidence of Registered Restaurants

The situation of physical evidence in the restaurants from the customers' perspective is given in Table 4.10.

Table 4.10: Weighting Average of Responses of Respondents on Physical Evidence

Statement	Grade 1		Grade 2		Grade 3		Total	
	WA	SD	WA	SD	WA	SD	WA	SD
The restaurant has well decorated environment	3.7126	0.98722	4.0085	0.87588	3.8339	0.86011	3.8737	0.91098
The restaurant has spacious parking space	2.7586	1.44645	2.8376	1.10607	3.5618	1.31387	3.0341	1.32114
The restaurant has open air zone for smokers	2.1279	1.10150	2.0000	1.02554	2.9888	1.38576	2.3413	1.24123

Source: Field Data (2015). Where WA= Weighted Average, SD= Standard Deviation

From Table 4.10, customers of grade 1 that the restaurants had well decorated environment (WA=3.7126; SD=0.98722). They however disagreed that the restaurants had parking space (WA=2.7586; 1.44645) and good open air zone for smokers (WA=2.1279; SD=1.10150). The grade 2 customers agreed that the restaurants had well decorated environment (WA=4.0085; SD=0.87588) but they expressed disagreement on availability of parking space (WA=2.8376; SD=1.10607) and good open air zone for smokers (WA=2.000; SD=1.02554). The grade 3 customers agreed that the

environment is well decorated (WA=3.8339; SD=0.86011), availability of parking space (WA=3.5618; SD=1.31387) but disagreed to good air zone for smokers (WA=2.9888; SD=1.38576). The implication is that open air space for smokers is not considered by all grades of restaurants in Kumasi; however the decoration of the environment was critically important to all the grades of restaurants. Further probing of the respondents also revealed that the restaurant had neat walls, nice floor, good ventilation and signage that are able to tangibilize the intangibility of the service (Kotler, 2003).

4.6 Influence of Service Marketing Mix on Decision to Repeat Purchase

Pearson's correlation coefficient and chi-square tests were used to analyze the influence of the service marketing mix on customer decision to repeat purchase and the results were given in Table 4.11 and Table 4.12 respectively.

Table 4.11: Pearson's Correlation Coefficient of Service Marketing Mix elements and Repeat Purchase

	Product	Price	Place	Promotion	People	Process	Physical evidence.	Repeat purchase
Product	1.000	0.220*	0.138*	0.130*	0.187*	0.197*	0.157*	0.144*
Price		1.00	0.085	0.389*	-0.146*	0.208	0.222	0.178*
Place			1.00	0.017	0.035	-0.071	-0.007	-0.136
Promotion				1.00	0.078	0.298*	0.363*	0.286*
People					1.00	0.514*	0.174*	0.513*
Process						1.00	.417*	0.601*
Physical evidence							1.00	0.509*
Repeat purchase								1.00

Source: Field Data (2015), *Correlation is significant at 0.05 level

From Table 4.11, several service marketing mix variables evidenced significant and strong correlation with customers' decision to repeat purchase. Process ($r=0.601^*$),

people ($r=0.513^*$) and physical evidence ($r=0.509^*$) had strong significant correlation with customers' decision to repeat purchase. However, product, price and promotion had significant but weak correlation with customers' decision to repeat purchase.

Place was not significantly correlated with customers' decision to repeat purchase. This means that as restaurants improve process, people and physical environment, repeat purchases will significantly increase.

To find out whether customers' decision to repeat purchase depends on product, price, place, promotion, people, process and physical evidence, a chi-square test for independence was conducted as shown in Table 4.12.

Table 4.12: Chi-square Test of Service Marketing Mix and Repeat Purchase

Marketing mix element	Categories	Chisquare	P-value
Product		9.673	0.046
	The meal served by the restaurant is tasty	6.921	0.140
	The restaurant offers variety of foods	16.006	0.003
	The restaurant had good packaging of food	6.429	0.169
	The restaurant has good brand name and image	32.401	0.000
Prices		8.233	0.021
	The restaurant offers value for money in terms of quality	10.695	0.030
	The restaurant offers value for money in terms of quantity	5.814	0.121
	The restaurant offers discount	12.548	0.014
Place		4.268	0.234
	It is easy and convenient to reach the restaurant	17.598	0.001
	The restaurant has many branches	7.915	0.095
Promotion		29.564	0.000
	The restaurant offers redeem voucher	2.589	0.459
	The restaurant reward repeat purchases	32.214	0.000
People		31.569	0.000
	The restaurant has courteous and polite staff	18.305	0.000

	The restaurant has neatly dressed staff	16.524	0.000
	The restaurant has smart staff	23.527	0.000
Process		96.465	0.000
	The restaurant offers speed deliver of service	49.247	0.000
	The restaurant offers home delivery	42.689	0.000
	The restaurant opens and closes at convenient time	51.917	0.000
Physical evidence		55.158	0.000
	The restaurant has well decorated environment	40.336	0.000
	The restaurant has spacious parking space	48.668	0.000
	The restaurant has open air zone for smokers	10.332	0.035

Source: Field Data (2015). Chi-square test is significant at 5%

From Table 4.12, product ($\chi^2=9.673$; $p=0.046$), price ($\chi^2=8.233$; $p=0.021$), process ($\chi^2=96.465$; $p<0.01$), promotion ($\chi^2=29.564$; $p<0.01$), people ($\chi^2=31.569$; $p<0.01$), and physical evidence ($\chi^2=55.158$; $p<0.01$) significantly influenced the customers' decision to repeat purchase. However, process had greatest influence on decision to repeat purchase and this was followed by physical evidence, people and promotion. Mahmood and Khan (2014) established that price, promotion, people and physical evidence significantly influence customer perception, indicating important contribution of these four attributes to customers' decision to repeat purchase. They further established among other attribute that place does not significantly influence customer's decision to purchase.

The customers decision to repeat purchase significantly depends on variety of food served ($\chi^2=16.006$; $p=.003$) and brand name ($\chi^2 =32.401$; $p<0.01$), all under product component of marketing mix. Under price, value for money in terms of quality food ($\chi^2 =10.695$; $p=.0030$) and discount ($\chi^2 =12.548$; $p=.0014$) significantly influenced customers' decision to repeat purchase whilst other were not statistically significant. Convenience of reaching restaurant ($\chi^2 =17.598$; $p=0.001$) significantly influenced

decision to repeat purchase. Under promotion, reward for repeat purchases ($\chi^2 = 32.214$; $p < 0.01$) significantly influenced decision to repeat purchase but many branches did not.

All selected items under people; courteous and politeness staff ($p < 0.01$), smartness of staff ($p < 0.01$) and dressing/ appearance of staff ($p < 0.01$) significantly influenced customers decision to repeat purchase in the restaurants. Speedy delivery of service ($p < 0.01$), home delivery ($p < 0.01$) and open and closing time ($p < 0.01$), all under process significantly influenced customers decision to continue purchase from a restaurant. Under physical environment, decorated environment ($p < 0.01$), spacious parking space ($p < 0.01$) and open air zone for smokers ($p = 0.035$) were statistically significant.

The finding of this study contradicts the outcome of a study by Peter and Donnelly (2007) that price is the factor in which customers focus more than other attributes while making purchase decisions in the developing countries like Ghana. Mahmood et al, (2014) found that before a customer repeat purchase from a service provider, the customer will consider past experience in terms of value for their money. Customers however focus more on process at restaurant than any other attributes while making decision to repeat purchase. Akroush (2011) and Preko et al (2014) have noted that process is highly significant attribute in the customers' decision to repeat purchase in the service industry.

The study further analyzed the influence of the composite marketing mix and repeat purchase and the finding is given in Table 4.13.

Table 4.13: Pearson's Correlation Coefficient of Service Marketing Mix and Repeat Purchase

	Service marketing mix	Repeat purchase
Service marketing mix	1.00	0.613*
Repeat purchase		1.00

Source: Field Data (2015). **Correlation is significant at 0.05 level*

The service marketing mix and repeat purchase are strongly positively related with Pearson Correlation Coefficient of 0.613. This implies that improvement in service marketing mix would significantly improve repeat purchase of registered restaurants in the Kumasi Metropolis which is in consistent with Yulker(2000) argument that service marketing mix influence customer choice of service.



CHAPTER 5

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter considers summary of major findings, conclusions, recommendations and suggestions for further studies.

5.2 Summary of Findings

The summary of findings is grouped under the specific objectives of the study as follows:

5.2.1 Customers restaurants attendance behaviour

The study found that majority (25.7%, 56.7%, 52.9%) of respondents from grade 1,2,3 respectively attended restaurants daily, once a month and 1-2 times per month respectively. It was also found that greater percentage (23.1%, 50%, 43.2%) of the respondents from grade 1,2,3 respectively preferred eating from restaurants on week days, weekends and Any day respectively.

Most customers of the restaurants preferred rice (36.9%), fufu (31.1%) and banku (21.2%) and preferred time for fufu was in the afternoon (64.8%) but substantial number of customer preferred to eat fufu in the morning (23.1%).

5.2.2 Customers' perception on Service Marketing Mix at Restaurants The marketing mix variables considered in the study were 7ps which are product, price, place, promotion, people, process, and physical environment.

5.2.2.1 Product of Restaurants

Customers agreed that restaurants served tasty food (WA=3.9317; SD=1.18298) and variety of foods (WA=3.7304; SD=1.13128) with good packaging of foods (WA=3.9283; SD=1.05580) but the disagreed that restaurants had good brand or image (WA=3.4334; SD=1.1992). However, customers of Grade 1 restaurants perceived it to have good brand name or image.

5.2.2.2 Prices of Foods Served by Registered Restaurants

It was realized in the stud that restaurants offered value for money, both in terms of quality and quantity but customers disagreed on availability of discount. Grade 1 restaurants was rated best in terms of value for money in terms of quality of foods (WA= 4.2759; SD= 0.78784) but second to Grade 2 restaurants in terms of value for money for quantity of food served.

5.2.2.3 Place of Registered Restaurants

From the study, the respondents expressed disagreement to the statements that restaurants in the metropolis were convenient and easy to access (WA= 3.2594; SD=1.19113) and they had many branches (WA=2.2901; SD=1.13225).

5.2.2.4 Promotion by Registered Restaurants

It was observed from the study that all grades of restaurants in the metropolis offered redeem voucherd (e.g. coupons) and rewards repeated purchases.

5.2.2.5 People Working in Restaurants

It was found out from the study that all grades of restaurants had courteous and polite staff, neatly dressed staff and smart staff.

5.2.2.6 Process at Restaurants

The respondents agreed that restaurants had speedy services, home delivery services and open and close at convenient time. However, respondents of Grade 2 restaurants disagreed that the restaurants open and close at convenient time (WA=3.4615; SD=1.02165).

5.2.2.7 Physical Evidence of the Restaurants

From the study, customers agreed that restaurants had decorated environment but disagreed on parking space and open air zone for smokers.

5.2.3 Influence of the composite Service Marketing Mix on Decision to Repeat Purchase

The study found that process ($\chi^2=96.465$; $p<0.01$) had the greatest influence on customer's decision to repeat purchase. All other attributes significantly influence decision to repeat purchase except place.

5.3 Conclusions

Marketing mix used by a one organization will differ from the other according to its resources, market conditions and changing needs of clients. The significance of each element in the marketing mix will vary at any one point in time. Decisions cannot be made on one element of the marketing mix without considering its impact on other elements (Low and Kok, 1997). As McCarthy (1964) pointed out that “the number of possible strategies of the marketing mix is infinite focuses on the influence of each services marketing mix on customer choice of registered restaurants in the Kumasi metropolis. From the analysis it was found that six (product, price, promotion, process, people, and physical evidence) out of seven elements of services marketing mixes have

statistically significant relationship with customer choice. That means these elements have positive influence on the customers of the five selected restaurants in the Kumasi metropolis. There was no significant relationship between place and customer decision to repeat purchase. The study indicated that process is the most significant influence on customer decision to repeat purchase from a restaurant. Therefore Place may not be a major concern when choosing restaurant but accessible locations should be given priority by restaurant operators. Speedy delivery of services should be ensured to guarantee repeat purchase. With the help of this study the marketing department of restaurants in the metropolis would be able to understand the influence of service marketing mix on customer choice of restaurants. The findings of the study would help restaurant operators to focus on the marketing mix variables needed to be improved to have a significant positive impact on customers' choice towards restaurants in the metropolis.

5.4 Recommendations

5.4.1 Provide services to meet changing life style of customers

The restaurant operators should provide services to meet the changing life style of customers. In this regard, the restaurants should introduce food like fufu in the morning since some good number of customers has taste for it in the morning. There is the need for the restaurant to periodically conduct survey to know the needs of their customers in order to meet customers' expectations.

5.4.2 Limit investment on place

Restaurant operators should limit investment on opening of many branches as a strategy to be closed to customers since customers decision to repeat purchase is not significantly related to the closeness of the restaurants. However the restaurants

operators should think of making the existing ones more accessible using signage to direct customers.

5.4.3 Improve processes, people and physical evidence

Restaurants operators should increase their investment on the extended 3p's (process, people and physical evidence) as they significantly positively influence customer decision to repeat purchase. The restaurant operators should specifically focus more on speedy delivery of service, home delivery and having opening and closing time consistent with customers' life style. Periodic training and work shop should be conduct for workers of restaurant to equip them to deliver superior customer services.

5.5 Recommendation for further study

Moreover, a countrywide survey among customers can be helpful to get deeper insights of the service marketing mix variables influence of customer choice which would help restaurants to survive and perform better in this fierce competitive industry. At the same time, this model could be used to investigate the influence of the service marketing mix on customer choice of restaurant in Accra metropolis of Ghana.

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APPENDIX: SURVEY QUESTIONNAIRE

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

DEPARTMENT OF MARKETING AND CORPORATE STRATEGY

RESEARCH TOPIC: AN ASSESSMENT OF THE INFLUENCE OF SERVICE
MARKETING MIX ON CUSTOMER CHOICE OF RESTAURANT IN KUMASI

This survey is conducted as part of the MBA in marketing Thesis at the KNUST, Kumasi – Ghana. All responses to the survey will be strictly confidential and your individual responses to this questionnaire will not be exposed to any third parties. Please complete this questionnaire. Thank you for your assistance.

SECTION 1: Personal Information

1. Gender: A) Male [☐] B) Female [☐]
2. Age: A) 18-25 [☐] B) 26 – 35 [☐] C) 36 – 45 [☐] D) 46 – 55 [☐] E) Above 55 [☐]
3. Income Level: A) \leq GH¢500 Per month [☐] B) GH¢501 – GH¢ 1000 per month [☐] C) 1001 – 1500 per month [☐] D) $>$ 1500 per month [☐]
- 4) Education: A) No formal education [☐] B) Basic education [☐] C) Secondary education [☐] D) tertiary education [☐]

SECTION II: Customer choice

In this section, please answer the following questions that best reflect you by using the instruction given in each question.

5. How often do you normally buy from restaurant? Everyday [☐] B) 1-2 times per week [☐] C) 1-2 times per month [☐] D) 1-2 times per year [☐]
6. Which food do you normally buy from restaurants? A) Fufu [☐] B) rice [☐] C) Banku [☐] D) Pastries/ drink [☐] E) other, specify ... []
7. At what time in a day you prefer to eat the food of your choice? A) Morning [☐] B) Afternoon [☐] C) Evening [☐]
8. When do you buy from restaurant? A) Week days [☐] B) week end [☐]

C) any day []

9. Are you willing to buy from the restaurant again? A) Yes [] B) No []

SECTION III: Service marketing Mix

In this section please answer the following questions by ticking the number which best indicates your opinion to what extent you agree with each statement on a scale from 1 to 5

Instruction: the scale means as follows;

1 = strongly disagree (SD), 2 = Disagree (D), 3 =indifferent (I) 4 = Agree (A) and 5 = strongly agree (SA)

No.	Marketing mix attributes	Statements	SD	D	I	A	SA
	Product						
10		The meal served by the restaurant is tasty.					
11		The restaurant offers variety of foods.					
12		The restaurant provides good packaging.					
13		The restaurant has brand name and image.					
	Prices						
14		The restaurant offers value for money in terms of quality.					
15		The restaurant offers value for money in terms of quantity.					
16		The restaurant offers discount.					
	Place						
17		It is easy and convenient to reach the restaurant.					
18		The restaurant has many branches.					
	Promotion						
19		The restaurant offers redeem voucher.					

20		The restaurant reward repeat purchases.					
	People						
21		The restaurant has courteous and polite staff.					
22		The restaurant has neatly dressed staff.					
23		The restaurant has smart staff.					
	Process						
24		The restaurant offers speed deliver of service.					
25		The restaurant offers home delivery.					
26		The restaurant opens and closes at convenient time.					
	Physical environment						
27		The restaurant has well decorated environment.					
28		The restaurant has spacious parking space.					
29		The restaurant has open air zone for smokers.					

30. State any other three factors that influence your decision to repeat purchase at this restaurant?

- i).....
- ii)
- iii)

- End of the questionnaire -
- Thank you for your involvement of cooperation -