



# New Product Development for Food Restaurant: Competitive Advantage for Food Entrepreneurs

Adisak Suvittawat\*, Thitima Maneenuam, Thananphat Bunliang

School of Management Technology, Suranaree University of Technology, Thailand

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## Abstract

The objective of this research is finding the variables which effect on new product development variables and customer satisfaction of new product development for food restaurant by using marketing mix model in Nakhonnayok Province of Thailand. The results find that product perspectives, Mean product perspective is 4.28 and S.D=0.66. Based on the food taste is important, food quantity affecting purchasing decision, beautiful containers of food and food safety is important. Mean price perspective is 4.12 and S.D=0.74. Based on price is a factor in making a purchase decision, food quantity is a worthiness, food quality with reasonable price and price is acceptable. Mean of place perspective is 3.94 and S.D=0.73. Based on comfortable travel location, leisure environmental location, the restaurant decoration is beautiful and restaurant has internet access. Mean of promotion perspective is 3.71 and S.D=0.85. Based on restaurant has online advertising, restaurant has regular promotions, service while customer use the service and restaurant provides customer experience. The results of customer satisfaction for new product development are Mean=4.17 and S.D=0.67 Mean product perspective is 4.18 and S.D=0.67. Based on the taste of chicken meat, side dishes are appropriate, food quantity is appropriate and good food decoration. Mean price perspective is 4.30 and S.D=0.63. Based on price is a factor in making a purchase decision, food quantity is a worthiness, food quality with reasonable price and price is acceptable. Mean of place perspective is 4.22 and S.D=0.63. Based on comfortable travel location, leisure environmental location, the restaurant decoration is beautiful and restaurant has internet access. Mean of promotion perspective is 3.98 and S.D=0.76. Based on restaurant has online advertising, this menu has regular promotions, service while customer use the service and this menu provides customer experience.

**Keywords:** Customer satisfaction, Food entrepreneur, New product development

## 1 Introduction

Food and beverage industries in Thailand are considered as a growing business as tourism businesses have increased and the growing of people who are concerning on their health which makes a growing of health food. The new product development is very important for food business entrepreneurs to keep their competitive advantages because the needed of customers always change. The increasing demands of organic food from customers, food service entrepreneurs need to add more options of organic food menus therefor new product development is still crucial for food service entrepreneurs to keep their competitive advantages.

Currently, intense competitions in food business make the small food entrepreneurs change their business strategies such as food shop expansions and new brand creations to complete with the big food companies. Even their food shop expansions, the small food service entrepreneurs are facing

the sales declined since the customers move to others the new food shops where give them more food choices. At this situation, the revenues of food service entrepreneurs decline. Food service entrepreneurs are attempting to develop new business strategies; many entrepreneurs adopt the fix price strategies and cost management strategies for business operations. Some food entrepreneurs prefer to operate the same menus with the pioneers but they need to give more sales promotions for sales volume increasing that make theirs sale revenue decreasing.

Currently, customers prefer to have food for their health such as vegetable, fruits and cereals, which considered as an organic food. The healthy foods become to customers' choices for their health and customers prefer to eat them. As customer behaviors changed, the healthy food entrepreneurs have more opportunities for healthy food menus offering and customers are willing to pay higher prices since they are concerning for their health.

New product development becomes the key success factor for food entrepreneurs. New product development refers to continuous develop new menus, new food formula changed and raw material changed. Food entrepreneurs need

**Corresponding author:** Adisak Suvittawat, School of Management Technology, Suranaree University of Technology, Thailand. E-mail: [adisak@sut.ac.th](mailto:adisak@sut.ac.th).

to identify their objectives for new product development before they are going for new product developments since different new product development objectives give the different new target customers. Basically, new product development objectives come from the customer needs and feedback.

## 2 Literature reviews

### 2.1 Product perspective

Currently, consumers are more interested in the relationship between food and health; some consumers have high motives of food choices and decision making for purchasing. Food categories have a high influence on consumers' motivation of their eating due to more choices for customers. The motivations come from many dimensions such as preferences, hungers and costs. The motivations help marketers and product developers to promote better eating products (10). The different characteristics of the lids are shape difference and have the influence on perceived of customers and satisfaction. The researcher suggests that the designers who create the lids need to satisfy the needs and preferences of customers which specific characteristics (6). Products and brands always chose by consumers not only for functional benefits, however for their emotional benefits. Consumers seek emotional benefits through their desired identities and avoid communicate on undesired identities then more producers need to find the ways for consumers' feedback for their new product developments. The emotional benefits apply to food choices and food choices refer to the personal characteristics and pervasive belief, food service entrepreneurs provide more food choices for consumers, will have an opportunity to satisfy consumers (3). Color has an effect to many aspects of consumer perceptions since consumers perceive food colored as a delight food. The food and drink background color served affects both consumer's perception and consumption behavior. It is very important for food service entrepreneurs on introducing various special desire of consumers as it helps to improve sales performance (14).

### 2.2 Price perspective

Food industry always believe that food purchases come from magic menu prices then prices always directly communicate food values and qualities to consumers. Price sensitive market relates with sales volume due to acceptable price for consumers give the high sale volume. The consumers will purchase the low-prices food items when the highest priced food items equal or exceed the lower priced food items by one-half items (1). Price plays an important role in contributing luxury hotel revenue and price promotion affects actual customer purchasing on luxury hotel, more customers search for hotel price promotion, as it will give them the attractive prices. The user generated content (UGC) relates to amenity and location of hotel, has a high influence on customer purchasing that price promotion when the UGC of food and staff relationship (13). Many business organizations are using trade-in programs to encourage consumer's repeat buying products such as dynamic pricings and preannounced pricing strategies to encourage consumer's

repeat purchasing products. Pricing strategies has an incentive for product selling to new customers. However, sufficient strategies such as innovation incremental value improves product selling to old customers and the organizations are better off adopt the preannounced pricing strategies (5). Beer market in German traditionally declined that related to many reasons such as demographic change or health awareness concerning. Since the beer market is changing, the market needs to really understand the consumer related variables for precise marketing strategy creations. Customer segmentation gives the influence on beer purchasing decision and attributes of beer, beer type, price, and beer origin are important for beer selections and purchasing by consumers (8).

### 2.3 Distribution perspective

Location is a fundamental hotel attribute that has directly impact on prices, market shares, hotel revenues, customer experiences. It is very difficult for hotel relocation when hotel establishes since the rebuilding cost is definitely very high. Location property constitutes have been fixed, but services, cleanliness and interior design are flexible and varied which based on operational targets (7). Online Travel Agency (OTA) websites encourage to bring new customers to the hotel and OTAs have the revenues from commission basis. Hotel operators expect that customers return for hotel booking through hotel websites directly instead of OTAs websites. However, it compete each other between OTAs websites and hotel websites as OTAs attract new and returning customers through websites service quality, while hotels attract customers through perceived value. Thus OTAs websites and hotel websites compete each other for customer's future returns (2). Healthy Corner Store Initiatives (HCSIs) are food access strategy which have the objectives to improve food environments through food stores expanding. Food access is a dimension of food security that refers to individual health and household economic issues within the different geographic scenarios. Food available is related to culturally appropriate food, fresh food and affordable prices which sold in different types of food shops (9).

### 2.4 Promotion perspective

Carefully design the vessel beverage, the food service venues need to consider as it served has an impact on the consumer experiences. Therefore the food service entrepreneurs should be aware when developing beverage vessel since it has the relationship between perceptions of restaurant quality and beverage vessel (4). Reading incentivized electronic word-of-mouth (eWOM) through social media, internet influence consumers' purchasing products or services as the internet, and social media are popular channels for consumers' communication with other consumers. For eWOM effective enhancing, the resorts need to develop alternative methods to encourage consumers to distribute eWOM to other consumers (15). Manufacture open the online selling channel to compete with retailer or wholesaler, the effective way needs to utilize the coordination of O2O (online to offline) distributions and higher profit ratio. Manufacture's financial support on reward points to the

retailer improves the O2O competition and profit ratio (11). The in-store sales promotion is a tool for manufactures in developing in-store relationships with consumers. Non-monetary promotion practices provide more relational benefits than price based promotion practices as sales promotions give the brand willingness to develop relationships during in-store service encounters. Sales promotion programs are the tools for influencing consumer-brand relationship within the supermarket retail context (12).

### 3 Methodology

This is an exploratory research which focuses on new product establishment and customer satisfaction with new product development by using the marketing mix model. This research primarily explored the degree to which each key elements of the marketing mix model influence customer's need for new product development and customer's satisfaction.

This research employed the quantitative data gathering method through the use of questionnaires. Number of sample is 398 samples for new product requirements and 400 samples for customer's satisfaction evaluation. Secondary data were drawn from various literature reviews, which were further confirmed by the findings of this research.

This research methodically started with a review of related literature. Based on the literature review, various parameters and measurements of key success related factors were created, with the need to consult with supervisors and experts, prior to conducting the initial surveys with the entrepreneurs. The measures were certainly applied to the results of the final survey. The survey results were analyzed using a mean and SD model. Conclusions were drawn from the study's findings.

The exploratory research model of this study was focused on the Dummy food restaurant at Nakhonnayok province, Thailand, who are currently doing the food business. The questionnaire was divided into 4 parts, which depends on the research parameter measurements.

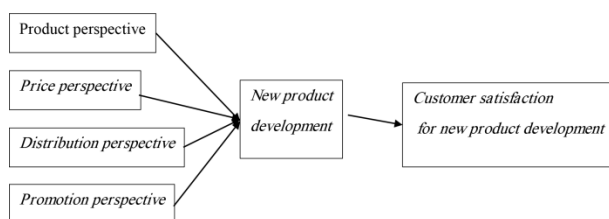


Figure1: Conceptual framework

From conceptual framework, product perspective, price perspective, distribution perspective and promotion perspective variables have been constructed for independent variables which influence on new product development and customer satisfaction for new product development. Four variables have direct influenced on new product development and new product which developed has direct influenced on customer's satisfaction variable.

### 4 Results and Findings

Table 1 shows the mean and S.D results of the marketing mix variables: product, price, place, and promotion perspectives. The results showed that the customer responses were in the agreed level in which the mean=4.01 and S.D=0.74. Mean product perspective is 4.28 and S.D=0.66. Based on the food taste is important, food quantity affecting purchasing decision, beautiful containers of food and food safety is important. Mean price perspective is 4.12 and S.D=0.74. Based on price is a factor in making a purchase decision, food quantity is a worthiness, food quality with reasonable price and price is acceptable. Mean of place perspective is 3.94 and S.D=0.73.

Table 1: Customer viewpoints on food menus and restaurant

| Variables                                          | Mean        | S.D.        | Results         |
|----------------------------------------------------|-------------|-------------|-----------------|
| <b>Product perspective</b>                         |             |             |                 |
| 1. Food taste is important                         | 4.73        | 0.50        | Strongly agreed |
| 2. Food quantity affecting purchasing decision     | 4.36        | 0.59        | Agreed          |
| 3. Beautiful containers of food                    | 4.04        | 0.83        | Agreed          |
| 4. Food safety is important                        | 4.00        | 0.73        | Agreed          |
| <b>Average</b>                                     | <b>4.28</b> | <b>0.66</b> | <b>Agreed</b>   |
| <b>Price perspective</b>                           |             |             |                 |
| 1. Price is a factor in making a purchase decision | 4.29        | 0.61        | Agreed          |
| 2. Food quantity is a worthiness                   | 4.26        | 0.67        | Agreed          |
| 3. Food quality with reasonable price              | 4.18        | 0.82        | Agreed          |
| 4. Price is acceptable                             | 3.75        | 0.87        | Agreed          |
| <b>Average</b>                                     | <b>4.12</b> | <b>0.74</b> | <b>Agreed</b>   |
| <b>Distribution perspective</b>                    |             |             |                 |
| 1. Comfortable travel location                     | 4.11        | 0.65        | Agreed          |
| 2. Leisure environmental location                  | 4.08        | 0.73        | Agreed          |
| 3. The restaurant is beautiful                     | 4.03        | 0.72        | Agreed          |
| 4. Restaurant has an internet access               | 3.54        | 0.84        | Agreed          |
| <b>Average</b>                                     | <b>3.94</b> | <b>0.73</b> | <b>Agreed</b>   |
| <b>Promotion</b>                                   |             |             |                 |
| 1. Restaurant has online advertising               | 3.96        | 0.79        | Agreed          |
| 2. Restaurant regular promotions                   | 3.80        | 0.79        | Agreed          |
| 3. Service while customer use the service          | 4.03        | 0.87        | Agreed          |
| 4. Provides customer experience                    | 3.05        | 0.96        | Agreed          |
| <b>Average</b>                                     | <b>3.71</b> | <b>0.85</b> | <b>Agreed</b>   |
| <b>Total</b>                                       | <b>4.01</b> | <b>0.74</b> | <b>Agreed</b>   |

Based on comfortable travel location, leisure environmental location, the restaurant decoration is beautiful and restaurant has internet access. Mean of promotion perspective is 3.71 and S.D=0.85. Based on restaurant has online advertising, restaurant has regular promotions, service while customer use the service and restaurant provides customer experience.

Table 2 shows the mean and S.D results of the marketing mix variables for new menu satisfaction: product, price, place, and promotion perspectives. The results showed that the customer responses were in the agreed level in which the mean=4.17 and S.D=0.67. Mean product perspective is 4.18 and S.D=0.67. Based on the taste of chicken meat, side dishes are appropriate, food quantity is appropriate and good food decoration. Mean price perspective is 4.30 and S.D=0.63.

Based on price is a factor in making a purchase decision, food quantity is a worthiness, food quality with reasonable price and price is acceptable. Mean of place perspective is 4.22 and S.D=0.63. Based on comfortable travel location, leisure environmental location, the restaurant decoration is beautiful and restaurant has internet access. Mean of promotion perspective is 3.98 and S.D=0.76. Based on restaurant has online advertising, this menu has regular promotions, service while customer use the service and this menu provides customer experience.

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Table 2: Customer satisfaction with new chicken menu creation

| Variables                                         | Mean        | S.D.        | Results       |
|---------------------------------------------------|-------------|-------------|---------------|
| <b>Product perspective</b>                        |             |             |               |
| 1. The taste of chicken meat                      | 4.53        | 0.62        | Agreed        |
| 2. Side dishes are appropriate                    | 4.12        | 0.57        | Agreed        |
| 3. Food quantity is appropriate                   | 4.10        | 0.82        | Agreed        |
| 4. Good food decoration                           | 3.98        | 0.69        | Agreed        |
| <b>Average</b>                                    | <b>4.18</b> | <b>0.67</b> | <b>Agreed</b> |
| <b>Price perspective</b>                          |             |             |               |
| 1.Price is a factor in making a purchase decision | 4.41        | 0.62        | Agreed        |
| 2.Food quantity is a worthiness                   | 4.46        | 0.54        | Agreed        |
| 3.Food quality with reasonable price              | 4.31        | 0.74        | Agreed        |
| 4.Price is acceptable                             | 4.05        | 0.63        | Agreed        |
| <b>Average</b>                                    | <b>4.30</b> | <b>0.63</b> | <b>Agreed</b> |
| <b>Distribution perspective</b>                   |             |             |               |
| 1. Comfortable travel location                    | 4.51        | 0.61        | Agreed        |
| 2. Leisure environmental location                 | 4.31        | 0.58        | Agreed        |
| 3.The restaurant is beautiful                     | 4.07        | 0.72        | Agreed        |
| 4.Restaurant has an internet access               | 4.00        | 0.63        | Agreed        |
| <b>Average</b>                                    | <b>4.22</b> | <b>0.63</b> | <b>Agreed</b> |
| <b>Promotion</b>                                  |             |             |               |
| 1.Resturant has a new menu of online advertising  | 4.21        | 0.83        | Agreed        |
| 2.This menu has the regular promotions            | 3.77        | 0.75        | Agreed        |
| 3.Service while customer use the service          | 4.32        | 0.72        | Agreed        |
| 4.This menu provides customer experience          | 3.63        | 0.76        | Agreed        |
| <b>Average</b>                                    | <b>3.98</b> | <b>0.76</b> | <b>Agreed</b> |
| <b>Total average</b>                              | <b>4.17</b> | <b>0.67</b> | <b>Agreed</b> |

## 5 Conclusions

### 5.1 New product development variable

Based on the results, new product development and customer satisfaction of new menus have many perspectives such as product, price, distribution, promotion. For product perspectives of new product development, food taste is important, food quantity is affecting purchase decision, beautiful food containers and food safety is important are considered by customers for new product requirements. Price perspectives consist of price is a factor in making a purchase decision, food quantity is a worthiness, food quality with reasonable price and price is acceptable. Distribution perspectives consist of comfortable travel location, leisure environmental location, restaurant is beautiful and restaurant has an internet access. Promotion perspectives consist of restaurant has online advertising, restaurant has regular promotions, and service while customer use the service and restaurant provides customer experience.

### 5.2 Customer satisfaction for new product development variable

Based on the results, new product development and customer satisfaction of new menu have many perspectives such as product, price, distribution, promotion. For product perspectives of new product development, food taste is important, food quantity is affecting purchase decision, beautiful food containers and food safety is important are considered by customers for new product requirements. Price perspectives consist of price is a factor in making a purchase decision, food quantity is a worthiness, food quality with reasonable price and price is acceptable. Distribution perspectives consist of comfortable travel location, leisure environmental location, restaurant is beautiful and restaurant has an internet access. Promotion perspectives consist of restaurant has online advertising, restaurant has regular promotions, and service while customer use the service and restaurant provides customer experience.

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