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DETERMINANTS OF CONSUMER PREFERENCES IN ADDIS ABABA RESTAURANTS

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Abstract:
This study was proposed to explore the determinants of consumer preferences in Addis Ababa restaurants. Using consumer behavior literatures and theories it was hypothesized that disposable income, price, quality, hygiene practices, friendliness of restaurant staff, safety of food and range or menu variety are important determinants of consumer choice for restaurants. Primary data were generated from 265 customers of 55 restaurants randomly selected with the use of questionnaire of which 258 of the questionnaire ended usable. The non parametric hypothesis testing statistical tool, chi – square tests, and measures of variation were used for statistical analysis purposes. The anticipation of the researcher was that the hypothesis testing results would be significant in parallel with the hypothesized facts. The findings of the research suggest that income has insignificant impact up on quality price trade of among consumers of different income categories. Other hypothesis associated with price, quality, friendliness of restaurant staff, quick table service and range or menu varieties are found to be statistically significant. Over all, the research results suggest that restaurateurs should design marketing strategy that integrates the attributes used in this study to satisfy the needs and wants of their customers and differentiation of their products and services on the basis of the variables scored as they are significant considerations by consumers.

Key words: consumer preferences, determinants, deposable income, price, quality.

Introduction

The theory of consumer can be summarized by the following sentence: “consumers choose the best bundle of goods they can afford” *(Varian, H. 1999).* Economists pursue their analyses by building models of economic phenomena. Models are simplified representations of the reality that focus on some (few) essential features while disregarding some other (less relevant) issues. When modeling the economic behavior of human beings, normally economists use a framework built upon two main principles: firstly, Consumers try to choose the best patterns of consumption they can afford; producers seek the cheapest way to produce commodities and try to sell them at a price that maximizes the reward they obtain from their activity. Secondly, Prices adjust until the amounts people demand of some commodity is equal to amounts supplied *(Salando and. Harrison, 1997).*

Common in most multiple-cue studies in consumer behavior is the conception that consumer perceptions, whether they be perceived risk, quality or value for the money, etc. are important because they will ultimately influence the consumer choice of a product or brand. The rational assumption is that product perceptions are formed just prior to or during the consumers’ evaluations of different product or brand alternatives. The

consumer choice process literature, however, indicates that alternative evaluations of products or brands represent but one step, even if an important step, in the consumer choice decision process. For a product such as a car, consumer choice decisions are likely to be more elaborate than for products that are generally less costly and less complicated (*Engel et al., 1990; Howard and Sheth, 1969).*

According to Meyer et al (1971, 1973) income has a more predictive power over social classes in explaining expenditure patterns for low-priced packaged goods and cosmetics and semi-durable and durable goods, plus selected services, such as clothing, furniture, appliances and travel. *Mihić and Čulina (2006)* argued that this conclusion related only to the criteria of usage/non-usage, while social class was of more significance when observing frequency of usage or purchase.

The present paper focuses on the determinants of consumer preferences for restaurants in Addis Ababa city. The principal research question is: How income, price, product and service quality, service time efficiency do, clearly established determinants of restaurant choice *(Lewis (1981), Auty (1992), Jacoby, Olson, and Haddock 1973, June and Smith (1987), GeorgeCurasi, Bellenger, and Danny* (2003), *Zenithal 1982),* affect consumers' preferences and choices? Furthermore, how are preferences and choices altered when consumers are prompted to consider the price and quality of products/services of restaurants, widely used promotional techniques? Which of the variables considered by customers (quality, price, food variety, waiting time for service, frienliness of restaurant staff) are the dominant determinants of restaurant choice shall be identified in this study. The purpose of this study is, therefore, to examine these issues, there by providing owners and potential investors as well as policy makers with new insights in to the manner in which such factors as disposable income, product price and quality influence consumers' preferences in the hospitality industry. In Ethiopian context, little has been written on consumer choice in a hospitality industry. Therefore, the paper will fill the gap through analysis of consumer response in restaurant choice focusing on those inferences to be drawn from assessments of the factors consumers' rate as determinants in such choice. The major limitation encountered as an obstacle for completion of this research paper is problem of fund to finance the cost involved in data collection and acquisition of the necessary materials.

Conceptual Background and Research Hypothesis

A substantial amount of research has explored the major determinants of consumer preferences of which the major once are: standard of living/disposable income, price, quality, supply situation and cultural factors *(see: J. Kinsey (1988), Jacoby and Olson (1985), Harper (1975), Baker (1985), Julian Erden Ying and Ana Valenzuela (2004), and Sethurman (1992).* Baker (1985) concluded that consumer behavior in developing countries may diverge from the developed world situation because of the difference in income level, supply of goods and cultural impacts.

Many purchase decisions can be conceptualized as an optimization problem in which the Consumer's objective is to get the best for one's money, or what economists regard as "maximizing utility." But what does "get the best for your money" mean? If all the options in a choice set are perceived to have the same level of benefits, then the answer is simply to select the lowest priced alternative. However, few purchase decisions are this simple; most choice options differ in terms of both price and perceived

benefits. In response to such a situation, the customer may simply choose the option which offers the highest level of perceived benefits. However, one may choose the option which offers the highest benefit-to-cost ratio, a commonly used definition of product value *(Hauser and Shugan* 1983).

The poorer the economic outlook of the consumers the more important small luxury of the flavored soft drinks or perfumed soap *(see: J. Kinsey 1988, kotler, 2005). J. Kinsey (1988)* argued that Consumers in developing countries are more likely to benefit from a wider selection of lower prices but higher quality goods. *Kotler,* in his conclusion which supplements this argument Stated that, price is still the major determinant of buyers' choice in poorer nations, among poorer groups although non-price factors have became more important in recent decades.

Consumers' relative sensitivity to price is higher in developing economies than in developed economies; where as relative sensitivity is higher to quality in developed nations than in developing countries *(Julian Erden Ying and Ana Valenzuela, 2004). Sethurman (1992),* however, in his consumer brand choice study in US concluded that although consumers may choose store brands because of the price advantage, high quality seems to be more important than lower price in determining store brand success.

Williams and Jan Windebank (2001), drawing on empirical evidence from several UK cities, of lower income populations concluded that in the realm of goods acquisition, these consumers want new goods from formal retail outlets but, due to economic necessity, their first option but second choice is often to acquire them informally or second-hand. In the sphere of consumer services, however, informal modes of provision are frequently preferred by these populations and actively chosen over formal consumer services.

Slocum and Matthews (1970 and 1972) updated an earlier study and conclude that income was at least as important as social class in predicting type of credit card usage, i.e. neither variable was superior. Another study *(Kuehl 1972)* also shows that both variables, income and social class, are positively related to brand identification. Namely, adolescents with high earnings and in the upper class were able to identify more brands than other adolescents. A very comprehensive and valuable research was conducted by *Schaninger (1981)* in the analysis of both usage/non-usage criteria as well as frequency of use data for a large variety of products. In his study, he came to the following conclusions: (1) Income is more important than social class in explaining the consumption of low social value products and services that are not related to class symbols, but require substantial expenditures (major kitchen and laundry appliances and recreational vehicles). Income also better determines the purchase frequency for soft drinks, mixers and distilled alcohol, i.e. alcoholic beverages; (2) Social class is a better predictor than income in areas that do not involve high dollar expenditures, but reflect an underlying lifestyle, values, (e.g. concern with health and body, drinking imported and domestic wines) or homemaker role differences, not captured by income Furthermore, social class is superior for understanding the purchase of highly visible, symbolic, and expensive goods, such as living room furniture; and (3) The combination of social class and income is generally superior for highly visible products that require moderate or substantial expenditure and also serve as class-linked symbols (clothing, automobiles, television sets). Contemporary marketing and consumer behavior literature often refers to the results of Schaninger's study and generalizes the

presented conclusions (*Mihić and Čulina ,2006)*.

Different literature identified customers have different reasons for patronizing restaurants. *GeorgeCurasi, Bellenger and Danny (2003)* identified about 14 factors as possible reasons for selecting a particular restaurant of which the availability of senior-citizen discounts, comfortable places to socialize, proximity to the respondents' homes or workplace can be cited as the major factors. Peer recommendation availability of items suitable to their health needs, fast check-out registers, special assistance services, and familiar items on the menu are also an important patronage motive, with 44.4 percent of the sample citing this factor.

According to GeorgeCurasi, Bellenger and Danny (2003), the mature person's household income relates to his or her perceptions of the importance of several reasons they patronize restaurants. Ease of locating items on the menu becomes less important with increasing income, and so too does discounts offered to people over a certain age. Preferences for method of payment for meals differs between mature adults with incomes between $20,000 and $50,000 and those with incomes $50,000 or more, with a larger percentage of the high-income group (12.1 percent), in comparison to the low-income group (5.7 percent), placing more importance on payment method. Not having to wait in line to pay one's bill is twice as important to mature Americans with incomes less than $50,000 as it is to those with higher incomes, suggesting that low income mature adults may patronize low-price restaurants or buffets where payment of the dinner bill takes place at the cash register. On the other hand, familiarity with items on the restaurant menu is twice as important to mature adults with incomes $50,000 or more (11 percent) than it is to those with annual household incomes below $50,000. Education is a relatively weak predictor of the mature person's perception of the importance of patronage factors in the case of restaurants. Nearly 28 percent of those without any college experience place importance on the ease of locating items on the menu, in comparison to just over 18 percent of those with some higher education experience. Lines at the cash registers also become less important with increasing education, again reflecting (perhaps) preferences for different types of restaurants.

For higher income class people, literatures in consumer behavior for restaurants apparently revealed that the significance of product and service quality as having priority over the other attributes of the product are well documented *(see: Creyer and Ross, Jr. 1997, Bartman 1984, Dardis and Hrozencik 1985; Lave and Bradley 1980,. David Bonilla and Tim Foxon, 2007).*

Creyer and Ross, Jr. (1997) concluded that the utility of a change of one unit of quality depends on how the consumer values quality and price. An increase in quality of some small amount, relative to the increase in price, might be of considerable utility to some consumers. Similarly, some consumers may want the highest quality product that they can obtain. For both kinds of consumers, provision of a value index might mask how to achieve their “true” objective.

Lewis (1981) in his consumers’ restaurant choice survey considered five factors: food quality; menu variety; price; atmosphere; and convenience factors. The importance of these attributes varied according to the type of restaurant, which in Lewis' case was a category united with food type: family/popular; atmosphere; and gourmet. In all three instances, however, food quality was found to be the most important consideration influencing restaurant selection by consumers. Auty's study more closely follows the distinct pattern set out by *June and Smith (1987).* From a pilot

questionnaire (n = 40) conducted in a northern English city, a variety of choice factors in the restaurant decision process were collected and then collapsed into ten categories: food type; food quality; value for money; image and atmosphere; location; speed of service; recommended; new experience; opening hours; and facilities for children. To see if the type of restaurant chosen varied according to dining occasion, Auty also elicited four such occasions from the pilot: a celebration (e.g. birthday); a social occasion; convenience/need for a quick meal; and business meal(*A. Clark and C. Wood, 2002)*

This paper bases its root on the theories of consumer preferences in developing economies*(Joanna K. (1988), Kotler(2005), Julian Erden Ying and Ana Valenzuela (2004), Baker (1985)* as Ethiopia is among the least developed nations of the globe. Hence, the researcher argues:

Hypothesis 1 (H1) Consumer's choice of trade off between quality and price in their restaurant choice decision is determined by the level of the disposable income of the consumers.

Hypothesis 2 (H2). When there is no discrimination in the perceived quality of products and services offered by restaurants, consumers prefer low priced restaurants.

Hypothesis 3 (H3). Given that there exits parity in price for products or services offered by restaurants, consumers prefer restaurants of better quality of products and services.

Hypothesis 4 (H4). Restaurants that offer foods at low price are preferred over those that do not offer food at low price if customers are not prompted consider other attributes of restaurants

Variation in price of restaurants along with the variation in their quality and other attributes will pose the problem of affordability. In such situation lower and middle income consumers will be forced to appreciate lower luxury lower priced restaurants because of their limited purchasing power. As a result, lower and middle income consumers will forgo their quality preferences for lower prices. For higher income class people, affordability might not be their concern because of their strong purchasing power. *Hauser and Shugan (1983)* also argued that, if all the options in a choice set are perceived to have the same level of benefits, then consumers select the lowest priced alternative. However, few purchase decisions are this simple; most choice options differ in terms of both price and perceived benefits. In response to such a situation, the customer may simply choose the option which offers the highest level of perceived benefits.

Literatures in hospitality management and consumer behavior concluded that range of or type of food offered (see: *June and smith, 1987)* and intangible factors other than service in restaurant selection *(see: Lewis (1981), Auty (1992).* are among the major determinants of consumer choice for restaurants**.** *June and Smith (1987)* using conjoint analysis on a sample of 50 affluent upper middle-class professionals in their survey concluded that the range or type of food (type of food being inferred from the type of establishment quoted in relation to customer loyalty) along with the quality of food were the key determinants of restaurant choice/customer loyalty in this study. *Lewis (1981) and Autiy (1992)* argued that intangible factors such as "friendliness of staff'' are among key determinants of consumer choice of restaurants.

A. Clark and C. Wood (1999), however, concluded that intangible factors although considered to be ``very

satisfactory'' relative to preferred establishments by slightly over 50 per cent, was not one of the five factors included in generic reasons for restaurant choice. The friendliness of staff appears to be a function of customer loyalty rather than a cause of it, supporting the hypothesis that tangible rather than intangible factors are more significant in gaining customer loyalty. This is also evident from looking at those who claimed they were ``not loyal'' to the place in which they most regularly dined.

Hypothesis 5 (H_5) Restaurants having friendly restaurant personnel/staff are preferred by consumers than those restaurants whose staff are not friendly

Hypothesis 6 (H6) Restaurants that provide various range of or type of foods and services are preferred over those restaurants that do not provide variety ranges of products and services

According to *Richarme and Colias (2007)* the length of wait time for restaurant service is among those factors that determines consumers' preference of restaurants. *Christopher (1999)* also argued that lead time is among the major determinants of consumers preferences for service sector businesses in general. Customers are sensitive to the service time for delivery of the products or services in service businesses and hence service business managers need to give due attention to this variable to run useful business. From these theories the following hypothesis is developed:

Hypothesis 7 (H7) Restaurants that provide quick table service are preferred by customers over those restaurants that do not provide quick table services

Materials and Methodology

Data Collection

The sources of data for the current study were the survey of consumers from three sub cities of Addis Ababa: Arada Sub City, Bole Sub City and Kirkos Sub City selected judgmentally as representative based on the historical set of the city and the record of restaurant establishments. Primary data were garnered from customers of 55 of the restaurant businesses in the city of Addis Ababa selected randomly, 12 of the 234 from Bole sub city, 20 of the 408 from Arada sub city and 23 of the 465 from Kirkos sub city *(Source : Addis Ababa City Administration Trade and Industry Bureau as of March 2008)*. The researcher collected primary data from 265 individuals chosen randomly from clients of the restaurants incorporated to the sample with the use of questionnaire *(the most reliable instrument of data collection for quantitative research and hypothesis testing (see: Schiff Man 1997, Creswell 2002)* administered by the researcher. To maintain the reliability of the data, the researcher provided proper insight about the purpose of the study to the individuals from whom data were collected.

Definition and Operationalization of Variables

Independent variable relating to disposable income*:* The log of monthly income after taxes was used as the measure of the independent variable representing disposable income in this study because the researcher believes that purchase probabilities are more likely affected by percentage differences in income than by absolute differences. Accordingly, Consumers were grouped in to three fundamental classes depending on their level of income. That is, low income class (lower than or equal to Br 2000 per month), middle income class (Br 2001 to Br 5,000 and high income class (Br 5,001 and more).

Because of the fact that there is no standardized categorization of social class based on the disposable income so far in Ethiopia, the researcher judgmentally established the above measurement with due consideration of the employment income in the nation**.**

Independent variable relating to price*:* is the exchange value in monetary terms that the restaurant users should pay for a meal service. Price was operationalzed in terms of its interaction with quality *(Kotler 2005).* According to *kotler*, purchase decisions are based on how consumers perceive price and what they consider the current actual price not the marketers stated price, and consumers have lower price threshold below which prices signal inferior or unacceptable quality, as well as upper threshold above which prices are prohibitive and seen as not worth the money. The researcher used similar method to estimate the price preference of consumers. Participants were asked the lowest price threshold they consider as an indicator of inferior or unacceptable quality and maximum upper threshold above which prices are prohibitive and seen as not worth the money. Finally, the two items were averaged and centered.

Independent variable relating to quality: is attributable to the food and service quality, food safety and nutritional values and hygiene matters. Four questions were used to measure the consumers' restaurant quality preferences: (1) Does food and service quality influence your restaurant choice decision? (2) Does food safety affect your restaurant choice? (3) Does food taste affect your restaurant choice? (4) Does hygiene matters influence your restaurant choice? Customers were requested to rate the variables on five scale measurement: very strongly agree (5), strongly agree (4), agree (3), slightly agree (2) and disagree (1). *Diamantopoulos and Winklehholefer (2001)* suggested the use of averaging if multivariate factors are used for measurement of a variable. Using this approach, I treated these questions as formative indicators of restaurant quality and average them to create observed variable.

Dependent variable**:** Preference is operationalized by the consumers' choice restaurants based on such attributes as quality, price, food variety, restaurant staff frienliness and waiting time as well as in trading off of better quality for lower prices and higher prices for better quality.

Independent variables relating to waiting time**:** is the maximum length of minutes that the customers are willing to wait for the delivery of their orders in restaurants. Accordingly, respondents were asked the maximum length of minutes they are willing to wait for service and then averaged to determine a viable variable.

Independent variable relating to menu or food variety: - is the range or type of products and services offered by restaurants to customers. It is measured with the use of likert scale of five factors. Accordingly, respondents were asked whether they are satisfied with the range of products and services from restaurants. Very good (5), good (4), satisfactory (3), slightly satisfactory (2) and unsatisfactory (1). The scores were averaged to determine the weighted average score.

Control Variables

Three control Variables; - Restaurant business image, restaurant size, and the impact of cultural beliefs on consumers' preferences were controlled to consider the effect of the independent variables on preferences.

Restaurant image*:* is operationalzed by the market share of the restaurants in the hospitality industry in the city of Addis Ababa

Culture*:* is operationalized by the values and beliefs of the society in which the consumers are grown up. *J. Kinsey (1988)* concluded that in urban areas of developing countries the

cultural considerations as determinants of consumers' preferences lose their significance. The researcher argues that cultural affairs such as religion may impact the customers' choice of foods but not of restaurants so long they can be offered the type of food they need. Therefore, the researcher considered culture as a control variable.

Restaurant size: is operationalzed by the size of the number of restaurant personnel or staff

Statistical Analysis

Non parametric statistical analysis was used for testing the hypothesis. The use of this statistical approach is justifiable because of the fact that there is no economically segregated income grouping in a standardized manner so far in Ethiopia and the researcher judgmentally grouped the sample in to there income classes for analysis purposes. The non-normal distribution which might result from such classification would lead in to the violations of the fundamental assumptions of parametric distributions. Hence, the researcher used the chi-square(X^2) statistical tests of independence at 95% confidence level for testing the hypothesis. *Adem Kedir (2005) and Siegel (1956)* suggest the use of chi-square tests as appropriate when the results can be presented in a more than two-by-two matrix.

The chi-square statistics which measures how much the observed cell counts in a two way table diverge from the expected cell count is calculated as follows (*Adem Kedir, 2005)*.

$$X^2 = \sum \frac{(Oi-Ei)^2}{Ei}$$

where, O =observed sample count

E = expected sample count

$$\text{Expected count } (E_i) = \frac{\text{Row Total(r) X Column Total(c)}}{}$$

Sample size (n)

The Hypothesis testing will be significant if the calculated X^2 exceeds the theoretical $X^2(r-1)(c-1)$ at the specified level of significance (i.e. 95% confidence level).

Descriptive analysis was also applied with the use of measures of variation (i.e. standard deviation) and statistical ratios/percentages where appropriate along with the chi-square tests for the purpose of data analysis and interpretations. The measure of variation/ standard deviation was calculated as follows:

$$\delta^2 = \sum(X-\mu)^2/n-1$$ ***Where,***

δ^2= variance of the independent variable of the sample population (i.e. disposable income).

δ= standard deviation of the independent variable of the sample population (i.e. disposable income).

n = the total number of samples

X = the sample variable value

μ = the average of the variable values for the sample size

Results and Discussions

Descriptive Statistics

The study resulted in a total of 258 usable questionnaires out of 265. The respondents' demographic data are shown in Table I. The gender distribution of respondents was 25.97 percent female and 74.03 percent male. Concerning the age distribution, a majority of the respondents fell between the ages of 26 and 40 with 64.73 percent of the total. 83.33 percent of the respondents were in the age group 10-40. The majority of the respondents are frequent users of restaurant services (i.e. 62.02%) and the rest are infrequent users of restaurant services (table 1).

Table 1

Respondents' ages, sex and restaurant usage frequency distribution

Variables		Frequency	Percentage
Sex	Male	191	74.03%
	Female	67	25.97%
	Total	***258***	***100%***
Restaurant usage pattern	Frequently	160	62.02%
	Infrequently	98	37.98%
	Total	***258***	***100%***
Age	10-25	48	18.60%
	26-40	167	64.73%
	>40	43	16.67%
	Total	***258***	***100%***

Source: analysis of questionnaire

Results for Categorical Variables

The income distribution of respondents is described in Table 2. Respondents reported their income in Ethiopian birr. Accordingly, the analysis of the data amassed indicates 50 %of the respondents had an annual income falling in the range Br 0.00 to Br 2,000.00. 39.54% were found to have a monthly income ranging from Br 2001 to maximum of Br 5000, and 10.46% of respondents monthly income is greater than or equals to Br 5001.

Table 2

Respondents' personal income distribution

Income category (in Br)	***Frequency***	***Total income (in Br)***	***Average income (in Br)***	***Standard deviations (in Br)***
<= *2000*	129 (50%)	157053.35	1,217.50	578.654
2001-5000	102 (39.54%)	337,932.50	3,313.064	775.474
>=50001	27 (10.46%)	217,319	8,048.85	3,079.41
Total	258 (100%)			

Source: analysis of questionnaire

The income distribution of consumers surveyed for this study, as shown in Table 2 exhibits significant variation. This clearly pin points that there exists considerable income inequality among the restaurant users from which data was garnered. The variation is very significant for consumers classified as high-income people in this study followed by the middle-income group.

The average price that consumers are willing to pay for a meal service with low perceived quality is Br 13.84 and the average maximum price that consumers are willing to pay for a meal service with very high perceived quality is Br 32.54 (see: Table 3).

Table 3

Respondents' price considerations in interaction with quality and willingness to wait for arrival of orders

Attributes	Maximum Average	Minimum Average
Price that customers are willing to pay in consideration of quality	Br 32.54	Br 13.84
Time for which customers are willing to wait for arrival of order	23.46 minutes	8.77 minutes

Source: analysis of questionnaire

The maximum average time that consumers are willing to wait for arrival of their orders for table service is 23.44 minutes. And on average customers generally consider 8.77 minutes as the quickest time for arrival of orders for table service(see: Table 3)..

The variables considered as measures of restaurant quality table 4 had significant implications up on quality of restaurants from customers' perspectives. All the attributes are rated closer weighted average values except for food safety that scored the maximum rating followed by sanitation and hygiene practices of the restaurants. The 4.549 over all weighted average score implies that the attributes used for measurement of restaurant quality are significant considerations by customers for the fact that the score value exceeds the average cut off point which is in fact 3.00 by far. Studies in restaurant choice revealed that clean tables make all the difference (*Harris 2004, Sandelman & Associates* 1999).

Table 4

Scale score for attributes used as measures of restaurant quality

Attributes	Very strongly agree (5)	strongly agree (4)	Agree (3)	slightly agree (2)	Disagree (1)	Total	Weighted average
Does food quality affect your restaurant choice?	165*5 =825	72*4 =288	9*3 =27	12*2 =24	3*1 =3	=1140	***=4.426***
Does food safety affect your restaurant choice?	216*5 =1080	30*4 =120	7*3 =21	5*2 =10	0*1 =0	=1231	***=4.771***
Does restaurant sanitation and hygiene affect your restaurant choice?	180*5 =900	48*4 =192	21*3 =63	9*2 =18	0*1 =0	=1173	***=4.547***
Does food taste affect your restaurant choice?	161*5 =805	58*4 =232	33*3 =99	6*2 =12	0*1 =0	=1148	***=4.450***
Total weighted average							***=4.549***

Source: analysis of questionnaire

The weighted average score for menu variety determined above reveals that menu variety has implications on customers' satisfaction from services provided by restaurants. That is customers consider menu variety as a variable that impacts their restaurant choice. This inference is because of the fact that the weighted average score is greater than 3.00; which is the acceptable cut off average for the likert scale measurement used. The 3.903 weighted average score implies that customers rate the sufficiency of menu variety above average cut off point and aggregate bases.

Table 5

Scale score for measurement of menu variety of restaurants

Attributes	Very good (5)	good (4)	satisfactory (3)	Slightly satisfactory (2)	Unsatisfactory (1)	Total	Weighted average
Availability of menu variety	109*5 =545	101*4 =404	18*3 =54	14*2 =28	16*1 =16	=1007	***=3.903***

Source: analysis of questionnaire

Results for Tests of Hypothesis

Hypothesis 1 (H1) Consumer's choice of trade off between quality and price in their restaurant choice decision is determined by the level of the disposable income of the consumers.

Table 6

Hypothesis 1 (H1)

Income Category	***Price- quality trade off affects restaurant choice***		
	Yes	***No***	***Total***
<=2000	109(101)	20(28)	129(129)
2000 - 5000	82(79.86)	20(22.14)	102(102)
>=5001	12(21.14)	15(5.86)	27(27)
Total	203(203)	55(55)	258(258)

Source: analysis of questionnaire

Chi Squared =21.312
Degrees of freedom = 2
P < 0.05 not significant

In contrary to the expectation the results of testing hypothesis 1 (H1) is statistically insignificant at 0.05 level of significance. This finding reveals that there exists no difference between consumers with different after tax personal income category with respect to trade-off of quality for price. It is an important outcome for restaurant owners and supervisors who are curious about cost quality trade of politics as a base of competition. this finding suggests that restaurateur can differentiate their products and services quality based on quality argued by *R. David (1997)* that firms should pursue a strategy of differentiation in case consumers are insensitive to price. Literatures in rational consumer choice theory argued that consumers with low income purchase low priced products with trade off of quality than do the high

income class people. Hence, this finding is inconsistent with *Yurko Anna (2008)* when income inequality is very high, the top quality producer chooses to serve only the rich segment of the market, and the low price elasticity of demand of these consumers allows him to charge a higher price, *Broda and J.Romalis (2008)* analysis of consumption data indicates that people with low incomes are more likely than those with high incomes to buy inexpensive, low-quality goods,*Valentino Piana (2001)* current income is the most relevant determinant of consumption. *Simonson and Tiversky (1992*) suggested that the quality and the performance of the product is the purpose of the purchase where as price is commonly perceived more as a constraint on the quality that can b obtained.

Hypothesis 2 (H2). When there is no discrimination in the perceived quality of products and services offered by restaurants, consumers prefer low priced restaurants.

Table 7

Hypothesis 2 (H2)

Quality of restaurants same	***Choice is for low priced restaurants***		
	Yes	***No***	***Total***
Yes	20(20.47)	10(9.53)	30
No	156(155.53)	72(72.47)	228
Total	176	82	258

Source: analysis of questionnaire

Chi Square=0.04
Degrees of freedom=1
P > 0.05, results are significant

As hypothesized the results of tests for hypothesis 2 (H2) is statistically significant at 0.05 levels. This finding reveals that consumers prefer low priced restaurants when they believe that the quality of products and services offered by different restaurants are perceived to be congruent. It underscores that consumers are economically rational in their choice of restaurants and are not willing to pay high price for the same perceived quality if they do have the opportunity to enjoy the service with lower price. *(Monroe, 1989)* argued that the price of the items on the menu can also greatly influence customers because price has the capability of attracting or repelling them, (*Lewis and Shoemaker, 1997)* concluded price functions as an indicator of quality. When establishing prices for a restaurant, an internal reference price is defined as a price (or price scale) in buyers' memory that serves as a basis for judging or comparing actual prices *(Grewal* et al*., 1998).* This indicates that the price offering for the restaurant needs to be in accord with what the market expects to pay by avoiding negative deviation (i.e. when actual price is higher than the expected price).

Hypothesis 3 (H3). Given that there exits parity in price for products or services offered by restaurants, consumers prefer restaurants of better quality of products and services.

Table 8

Hypothesis 3 (H3)

The same price for similar type of products or services	***Choice is for high perceived quality restaurants***		
	Yes	***No***	***Total***
Yes	47(46.26)	7(7.74)	54(54)
No	174(174.74)	30(29.26)	204(204)
Total	221(221)	37(37)	258(258)

Source: analysis of questionnaire

Chi Square = 0.1
Degrees of freedom = 1
P > 0.05, results are significant

The results from testing hypothesis 3 (H3) offers support at 0.05 level of significance. As suggested in the hypothesized fact consumers choice of restaurants is in favor of those with high perceived quality provided that the restaurants charge the same prices for similar types of products and services. This finding is consistent with *Yurko Anna (2008)* argued the consumers are perfectly informed of the products' characteristics and have the same ranking over the products, preferring higher quality products to inferior ones. Thus, if prices were the same, the consumers would all choose to buy the top quality good. *Jaksa Jack Kivela (1997)* also supported this argument concluding that image and atmosphere were found to be the most critical factors in the final choice between restaurants which were similar and food quality and food types were the most important variables of restaurant choice.

Hypothesis 4 (H4). Restaurants that offer foods at low price are preferred over those that do not offer food at low price if customers are not prompted consider other attributes of restaurants

Table 9

Hypothesis 4 (H4)

Low price offer from restaurants	***Restaurant choice decision for low priced restaurants***		
	Yes	***No***	***Total***
Yes	32(36.628)	13(8.372)	45(45)
No	177(173.372)	36(39.628)	213(213)
Total	209(210)	49(49)	258(258)

Source: analysis of questionnaire

Chi square = 2.34
Degrees of freedom = 1
P > 0.05, results are significant

Congruent with the expectations, the results of testing hypothesis 4 (H4) is statistically significant at 0.05 level of significance. This finding reveals that restaurant users if not prompted to consider other attributes of the restaurants generally tends to prefer low priced restaurants.

Hypothesis 5 (H_5) Restaurants having friendly restaurant personnel/staff are preferred by consumers than those restaurants whose staff are not friendly

Table 10

Hypothesis 5 (H5)

Friendly restaurant staff in restaurants	***Choice is for restaurants with friendly restaurant staff***		
	Yes	***No***	***Total***
Yes	164(165.349)	16(14.651)	180(180)
No	73(71.652)	5(6.348)	78(78)
Total	237(237)	21	258

Source: analysis of questionnaire

Chi Square = 0.45
Degrees of freedom = 1
P > 0.05, results are significant

As expected, the result of testing hypothesis 5 (h5) is found to be statistically significant at 0.05 level of significance. The result suggests that those restaurants employing friendly staff for restaurant services are preferred by customers' dinning at restaurants. Literatures in consumer restaurant choice behavior concluded that customers need smile service and ambience or atmosphere created by the restaurants, *Green State* and *Penn State (1997)* Service with a smile is more than a catch phrase. *Finkelstein (1989)* argues that the restaurateur has long accepted atmosphere as a feature of dining out, equal in importance and sometimes more important than the food itself [and that] the ambience of the restaurant has little to do with the consumption of foods but a great deal to do with the preparation of the diner's expectations and experiences and his/her subsequent responsiveness to the transactions of dining out This argument is also strongly supported by *Bitner's (1992)*.

Hypothesis 6 (H6) Restaurants that provide various range of or type of foods and services are preferred over those restaurants that do not provide variety ranges of products and services

Table 11

Hypothesis 6 (H6)

Menu variety sufficiently available	***Choice is for restaurants with menu variety***		
	Yes	***No***	***Total***
Yes	185 (182.651)	19(21.35)	180(180)
No	46(48.349)	8(5.650)	78(78)
Total	231(231)	27(27)	258(258)

Source: analysis of questionnaire

Chi Squared = 1.38
Degrees of freedom = 1
P > 0.05, results are significant

The results from testing hypothesis 6 (H6) offers support at 0.05 level of significance. As suggested in the hypothesis, consumers' choice of restaurants is in favor of those with high menu variety than those with low menu variety in comparative terms.

Hypothesis 7 (H7) Restaurants that provide quick table service are preferred by customers over those restaurants that do not provide quick table services

Table 12

Hypothesis 7 (H7)

Quick table service available	***Choice is for restaurants that provide quick table service***		
	Yes	***No***	***Total***
Yes	128 (125.058)	7 (9.942)	135(135)
No	111 (113.94)	12 (9.08)	123(123)
Total	239(239)	19(19)	258(258)

Source: analysis of questionnaire

Chi Square = 1.95
Degrees of freedom = 1
P > 0.05, results are significant

The results from testing hypothesis 7 (H7) is statistically significant at 0.05 level of significance. This finding reveals that consumers prefer restaurants that provide quick table service for dinning over those restaurants which are not efficient in delivering quick table services. This finding is similar to *Auty (1992)* concluded speed of service is among those attributes that affect consumers choice of restaurants in a study about restaurant segmentation in the UK along with the following attributes; food type(menu variety), food quality, value for Money, image and atmosphere, location, recommended, new experience. This *Richarme and Colias (2007)* the length of wait time for restaurant service is among those factors that determine consumers' preference of restaurants and *Christopher (1999)* also argued that customers are sensitive to the service time for delivery of the products or services in service businesses and hence service business managers need to give due attention to this variable to run useful business.

From Table 13 arguably the result can be concluded that quality, quick table service and friendliness of restaurant staff are prominent attributes over price and menu variety for consumers' restaurant choice decisions. Quality practice of restaurants seems to be the most determinant factor with the maximum weighted average score. However, the other attributes: price and range or type of food offered are also important considerations for that the weighted average scores exceed 3.00; the cut off average score. Ecumenically speaking, this finding suggests that restaurateurs should design their marketing strategy integrating all the above attributes so that their products and services can satisfy customers need and wants because the difference in the weighted average scores are not significant to suggest differentiation. This finding is consistent with the conclusions of Lewis *(1981) and Auty (1992).* Lewis (1981) considered five factors: food quality; menu variety; price; atmosphere; and convenience factors.

Table 13

Scale score for attributes used as measures of restaurant choice

Attributes	Very strongly agree (5)	strongly agree (4)	Agree (3)	Slightly agree (2)	Disagree (1)	Total	Weighted average
Does quality affect your restaurant choice?	177*5 =885	63*4 =252	12*3 =24	6*2 =12	0*1 =0	=1163	***=4.508***
Does price offer affect your restaurant choice?	105*5 =525	82*4 =328	41*3 =123	30*2 =60	0*1 =0	=1036	***=4.016***
Does food and service variety affect your restaurant choice?	99*5 =495	95*4 =380	43*3 =129	15*2 =30	6*1 =6	=1040	***=4.031***
Does quick table service affect your restaurant choice?	110*5 =550	116*4 =464	30*3 =90	0*2 =0	3*1 =3	=1107	***=4.291***
Does friendliness of restaurant staff affect your restaurant choice?	117*5 =585	80*4 =320	40*3 =120	17*2 =34	4*1 =4	=1063	***=4.120***
Total weighted average							***=4.194***

Source: analysis of questionnaire

Further Comments from Respondents

Consumer were asked for general comments on the current service of restaurants and pointed out critical problems they observed. Here the following are summarized as the major ones:

- Inconsistency in service and food qualities offered
- Poor on spot customer compliant handling
- Poor hygiene and sanitation practices (attributable to tables, utensils, attendants, cooking rooms and even to the meals served).
- Poor responsiveness to customer needs and wants
- Lack of trained attendants

Further research in the area of the correlation between income level and price quality trade of is suggested by the research. The correlation was found to be insignificant in this stud. The researcher is skeptic whether this is the actual consumers' behavior or attributable to under reported personal income by the respondents. The out come deviates from rational economic choice theory. To this end, a comprehensive study with large number of sample and a different approach for measurement of personal income can be explored to augment this outcome or disprove it in scientific way with scientific approach of enquiry. Personal income can measured with the use of total monthly expenditures so as to reduce the behavioral matters for involved in disclosure of accurate personal income. More number of restaurant attributes can be considered as determinants of consumer restaurant choices.

Conclusions and Recommendations

Conclusions

This study was meant to explore the determinants of consumer preferences in Addis Ababa restaurants. Using consumer behavior literatures and theories it was hypothesized that disposable income, price, quality, hygiene practices, friendliness of restaurant staff, safety of food and range or menu variety are important determinants of consumer choice for restaurants. The hypotheses were tested with the data gathered from 258 respondents applying the non parametric hypothesis testing statistical tool, chi –square tests, and the following conclusions were generated.

The analysis of the data result (H1) reveals that differences in income among consumers in different income categories has no significant impact in the decision of trade off between quality and price of the restaurants in their restaurant choice. It seems that holistically consumers' of restaurant products and services are sensitive to quality losses than to price losses.

The results of the tests of the hypothesis indicates that quality, quick table service, friendliness of restaurant staff, price and range or type of food offered appears to be the key determinant of the restaurant choice set. That is consumers prefer low priced restaurants when they are not prompted to consider other attributes of restaurants. Restaurants that offer large variety of menu options, exercises good quality practices, provide quick table service and hire friendly restaurant personnel are preferred by customers.

Quality, quick table service and friendliness of restaurant staff are found to be important discriminatory attributes for selection or rejection of restaurants over price and menu variety. The finding pin points that these variables are prominent in restaurant choice decisions. Perceived restaurant quality is the most important variables for most customers surveyed for this study. While restaurant quality appeared to be the most important variable for restaurant selection, price/ cost of meal service, quick table service, friendliness of restaurant staff, and range or type of food offered are seems equally important considerations (See: Table XII).

Recommendations

These results suggest that restaurants in Addis Ababa should not only compete on the basis of quality, but also on other attributes identified by the study as important determinants of consumer restaurant choices. Restaurateurs and owners of the businesses should focus on designing marketing strategy that integrates all the above attributes so that their products and services can satisfy customers' needs and wants. Differentiation strategy is also possible because the attributes used in this study are

plausibly significant to suggest differentiation strategy.

Over all, these findings suggest restaurants that provide quality products and services quickly with their table based services with the use of smart marketers/attendants at fair price shall be competent businesses.

In conclusion, restaurateurs' marketing strategies in Addis Ababa hospitality industry should hand appropriate emphasis to those restaurant attributes that has sound effect up on consumers' choice decision, being as an important determinant.

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