

# CONSUMERS' PURCHASING ORIENTATION: AN ALTERNATIVE METHOD IN SEGMENTING THE MALAYSIAN FINE DINING RESTAURANT MARKET

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## ABSTRACT

The hospitality businesses have increasingly adopted a marketing focus in order to thrive in a very competitive business environment. A key element of the marketing concept is that of market segmentation, primarily based on an understanding of the social, economic and psychological location of the consumer. Market segmentation can be considered as one of the cornerstones of marketing management. In the present day scenario of intense competition, organizations can prosper through the development of offers for specific market segments as a result of good market segmentation strategy. This paper presents the result and implications of segmenting the fine dining restaurant market using the consumer's purchasing orientation.

**Keywords:** Market segmentation, fine dining restaurants, consumer purchasing orientation, active consumer, passive consumer

## INTRODUCTION

The rich Malaysian food heritage has enabled the local restaurant industry to flourish. As a result, many travel writers and food critics have hailed Malaysia as a food paradise with a vibrant and diverse foodservice/restaurant industry. Euromonitor International (2008) reported that in 2007, the full-service restaurant sector (of which the fine dining segment is one of the components) continued to be the leading type of foodservice in Malaysia in both numbers of units and in value terms. Today, Malaysia is home to some of the finest fine dining restaurants in the region (Tourism Malaysia, 2005).

Fine dining restaurants can be defined in various ways. Ko (2008) argued that, although the definition of fine dining varied according to different individuals (Harden, 2007) and ranged from fine dining in the traditional French style (Rush,

2006) to dining in an expensive restaurant with excellent food and attentive service (Walker and Lundberg, 2001), fine dining in the traditional sense no longer exists. It is being replaced by the modern concept of fine dining where patrons dine at a well-designed restaurant with excellent food and service, a more casual atmosphere and paying a premium. Thus, fine dining restaurants are “full service restaurants where customers pay a premium for fine food and impeccable service”. Full service restaurants meanwhile, are restaurants that offer fine dining with a wide selection of foods and beverages, and table service (a form of service in restaurants where food/drinks are served to the customer).

The fine dining restaurant segment has gained popularity among Malaysians, especially in such urban areas as the Klang Valley. There are many reasons for this. The high concentration of well to do members of the upper echelons of society, expatriates and tourists, as well as the numerous government and corporate offices in this area, provide a good market for these kinds of establishments. These restaurants are frequented for both business and leisure purposes. On top of that, promotional efforts to popularize these establishments by the relevant authorities are being carried out on an on-going basis.

Despite the fact that this sector of the restaurant business has great economic potential and can be capitalized upon with further improvements, not many empirical studies have been conducted on it in Malaysia. The general literature on restaurant studies has also indicated a deficiency from the perspective of market segmentation despite the fact that market segmentation is a very integral aspect of good business strategy where the needs of consumers have to be fulfilled to the maximum to gain a competitive advantage.

Consumers are people with individual needs, yet segmenting them into groups with similar product needs is a necessity in the foodservice industry (Spears, 1991, Maniam et al., 2002). Consumers may be treated as groups, typically market segments, identified by geo-demographic characteristics and assumed to have common attitudes and behavior (Johns and Pine, 2002). Market segmentation allows marketers to better satisfy the needs of the market (Webb, 2005) prompting researchers to conduct research into segmenting the market into various segments to better understand the consumer market.

Nevertheless, very few have segmented the market by way of the consumers' purchasing orientation, i.e. whether the consumer is an active or passive type, especially within the fine dining restaurant context. Only Ladki (1993) used consumer purchasing orientation, albeit partially, in establishing the relationship between consumer purchasing orientation and satisfaction within the setting of various ethnic restaurants in two cities in the US. Thus this study was conducted to fill the gap, with the goal of classifying consumers' purchasing orientation within the fine dining restaurant market in Malaysia.

## LITERATURE REVIEW

### Market Segmentation

The restaurant segment of the hospitality business has increasingly adopted a marketing focus, based on the marketing concept advocated by Kotler and others since the mid-1950s. In essence, the marketing concept holds that the key task of an organization is to determine the needs and wants of target markets and to adapt the organization to deliver the desired satisfaction more effectively and efficiently than can its competitors. A key element of the marketing concept is that of market segmentation, primarily based on an understanding of the social, economic and, to a limited extent, psychological location of the consumer.

Market segmentation is the desegregation of markets into clusters of buyers with similar preferences (Kotler, 1980; Littler, 1995). Organizations should realize that they are not able to serve all of the customers in the open market as the customers are too numerous, widely scattered or heterogeneous in their demands to be effectively served by a single organization (Williams, 2004). As such, they have to identify those parts of the market that are most attractive to it and this can be achieved in two steps – market segmentation and target marketing. These two aspects have increasingly come to be seen as the cornerstones of the marketing concept (Firat and Schultz, 1997).

Market segmentation works on the basis that at the most detailed level every buyer's requirements are probably distinct in some way (Williams, 2004). However, on the basis of similarities and differences, such unique requirements can be grouped into subclasses. The result is that within a subclass the requirements are more related to each other than are the requirements of the subclasses.

Williams (2004) noted that the advantages segmentation claims to offer to hospitality organizations are numerous and include: (1) allowing an organization to exploit services by better selecting compatible market niches, (2) separating two or more brands of the same company in order to minimize cannibalism, (3) identifying gaps in the market which may represent new market opportunities, (4) encouraging more sharply focused strategies and (5) encouraging customer loyalty as a company's offering is more closely geared to those in a market segment.

### Segmenting hospitality markets

Hospitality researchers have used a variety of techniques and methods to investigate hospitality market segments. Typical hospitality segmentation research has used models, such as stages of change used by MacKay and Fesenmaier (1998) to investigate travel behaviour. This is based on socioeconomic factors overlaid with psychological ones such as motive. Grazin and Olsen (1997), on the other hand, used a form of volume segmentation when investigating customers of fast-food restaurants, segmenting consumers into three categories: non-users, light users and heavy users. Using a form of cluster analysis, Oh and Jeong (1996)

segmented restaurant customers into four lifestyle categories: neat service seekers, convenience seekers, classic diners and indifferent diners. Also using a form of psychological profiling, Williams, Demico and Kotschevar (1997) segmented restaurant customers using age as the main criteria.

Bowen (1998) identified some twenty-eight pieces of hospitality segmentation research, ranging from the needs of Japanese business travellers (Ahmed and Krohn, 1992) through to the positioning of destination resorts (Alford, 1998). And more recently, Yuksel and Yuksel (2002) examined whether tourists could be grouped into distinct sub-segments based on the similarities and differences in benefits that they seek from restaurants. They identified five dining segments among the tourists which they labelled as value seekers, service seekers, adventurous food seekers, atmosphere seekers and healthy food seekers. Each of these segments seeks a different set of benefits from the restaurant.

Williams (2004) noted that each of the segmentation models proposed has criticisms associated with it. He argued that geographic segmentation, while offering a simple framework, can in many ways be seen as too simplistic as it lacks any detailed analysis of hospitality consumer behaviour. In the same vein, Williams (2004) believed that demographic profiling is not refined enough to embrace the diversity of subgroups found in hospitality consumption. The practice of combining geographic and demographic information, rather than making the data more valid, simply compounds the problem identified in each.

Williams (2004) further argued that socioeconomic profiling, which is widely used throughout the hospitality industry due largely to its quasi-scientific nature, is also flawed. First, the models used do not investigate class in any true sociological manner and, second, one would have to question their worth in an era of blurring social class distinction. Whilst noticing that psychographic profiling is popular due to its quasi-scientific flavour, Williams (2004) asserted that it is not proven empirically. He strengthened his claim by emphasizing that no hospitality research has demonstrated a clear causal relationship between lifestyle and purchase behaviour.

Finally, Williams (2004) observed that the benefit model can be seen as too complicated for segmenting hospitality services, as it is clear that hospitality consumers do not seek an identifiable, individual benefit from the services offered. Hospitality consumers seek bundles of benefits from hospitality services, requiring marketers to identify benefit-bundles, an impossibly complex undertaking.

Market segmentation can be considered as one of the cornerstones of marketing management. In the present scenario of intense competition, organizations can prosper through the development of offers for specific market segments as a result of good market segmentation strategy. The process of segmenting and selecting markets makes the allocation of resources more efficient and effective, as resources can be directed at specific, smaller and identifiable groups (Foxhall and Goldsmith, 1994), resulting in increased

sales and profitability. Unfortunately, as can be seen from Williams' (2004) assessment of the various market segmentation adopted by various parties, the key questions that have to be addressed in segmentation issues, such as what are being grouped together to form segments and what process is used to group segments, could be perplexing.

A potentially bewildering range of possibilities exists by which to segment markets. Examples are geographic, demographic, socioeconomic, benefit and volume segmentations as suggested by Frank, Massey and Wind (1972). Each is supported by a wide body of evidence and literature, and as Williams (2004) aptly pointed out, there are some weaknesses as well. In view of this, this study adopted another approach in addressing the market segmentation issue by using consumer purchasing orientation as the market segmentation strategy for the hospitality (restaurant) market. This approach has been used, albeit very infrequently, by other foodservice researchers and has not come under the radar of Williams, or any other critics, for intellectual scrutiny.

### **Consumer purchasing orientation: A market segment**

As cited in Jayawardhena et al. (2007), the marketing literature is replete with research studies that have examined the segmentation of consumer markets from a number of perspectives (Reynolds and Beatty, 1999). While a number of frameworks can be utilized to classify consumers, purchase orientation is theoretically a rich method of classification that offers deep insights into a consumer's psyche (Gehrt et al. 1996; Jayawardhena, 2002). Purchase orientation in this context refers to the general predisposition of consumers towards the act of purchasing (Gehrt et al. 1996).

In an earlier work, Westbrook and Fornell (1979) recognized that individuals vary widely in the importance they place on shopping. They identified four types of shoppers ranging from the "objective" shopper who expends a great deal of effort in obtaining the best possible value for money, to the "non-objective" shopper who expends very little effort on purchasing and relies primarily on personal advice to make decisions. Ladki used Westbrook & Fornell's conceptualization of consumer orientation and renamed the two groups of consumers' as the "active" or "passive" consumer in his study.

Thus according to Ladki (1993), an active consumer is one who spends resources in the acquisition of information related to the product prior to purchase. A passive consumer meanwhile is one who expends little effort in acquiring information about a product prior to purchase, and this consumer relies heavily on word-of-mouth when making a purchase decision. The results of Westbrook and Fornell's (1979) and Ladki's (1993) findings suggest that given a homogenous product, systematic differences in individual purchase efforts exist.

## **RESEARCH METHODOLOGY**

### **Population, Sample and Study Design**

The population for the study comprised all patrons of fine dining restaurants in Malaysia. The sampling frame was thirty fine dining restaurants that participated in the Malaysian International Gourmet Festival (MIGF) 2007, and eight restaurants which agreed to participate in the survey formed the sampling units. The sampling elements were the patrons of the eight sampling units.

In spite of the stringent company policy of not allowing any kind of survey from any outside parties for any reasons, eight of the thirty fine dining restaurants from the sampling frame were willing to compromise a little on the said policy and agreed to participate in the survey on the condition of anonymity. Thus in honoring their request, the names of restaurants could not be published. Suffice to say that all of the restaurants were located within the Klang Valley, with seven of them being one of the restaurant outlets within 5-star rated hotels and one free-standing restaurant within a well-known shopping centre in the city. The types of cuisine served by these restaurants ranged from Classical French, Contemporary-European (Italian/Swiss), Global Cuisine, Pan-Asian and Mediterranean/ Middle-Eastern.

This is a cross-sectional field study with the data collected by means of a self-administered questionnaire over a period of three months commencing mid-October to mid-December 2007. The participating restaurants helped in the distribution and collection of the survey instruments as company policy prevents solicitation of restaurant guests by any outside party for whatever reasons. It was suggested that every fourth patron (systematic sampling) should be requested to participate in the survey. The use of a probability sampling technique could help ensure sample representativeness so that the findings of this study could be generalized with some confidence. The sample size was set at 420 (+ 10) based on the experiential approach of rules of thumb and sample sizes used in similar past studies (Aaker et al., 2005; Malhotra et al. 2002)

### **Questionnaire Design and Analysis**

Consumer purchasing orientation, i.e. whether they are active or passive, was previously measured by Slama (1984) and Ladki (1993). Thus a survey questionnaire consisting of 27 items scored on a 7-point Likert scale (1=strongly disagree, 7=strongly agree) was designed to classify the consumers' into two groups with different purchasing orientation based on the measures used by the two previous researchers. The questionnaire was first pre-tested to see how it works and a small-scale pilot survey was conducted to obtain approximate results before the questionnaire was finalized for distribution. The items measuring consumers' purchasing orientation in the questionnaire were factor analyzed using the Statistical Package for Social Sciences (SPSS 15.0.1) to identify consumer characteristics and subsequently classified into two groups of active and passive

consumers by using the K-Means cluster analysis. Information on the demographic profiles of respondents was also solicited.

## RESULTS

### Response Rate

1200 questionnaires were handed out to the eight participating restaurants. Out of the 494 surveys that were returned, 75 were discarded owing to invalid response (monotonous and many incomplete answers) and were thus excluded from the analyses. This yielded 419 usable questionnaires which resulted in a 35% response rate. Table 1 summarized this result.

**Table 1:** Summary of Overall Response Rate

Descriptions	Number and Percentage
Sample size	1200
Surveys returned	494
Invalid response	75
Useable surveys	419
Percentage of response rate	34.9 %

### Demographic Profile of Respondents

As can be seen from Table 2, there were slightly more male than female respondents, most were tertiary educated married Malays in the 35-44 age group and were in management, academia or business, or were professionals, and had a monthly family income in excess of RM 9,000.00.

**Table 2:** Demographic Profile of Respondents (N = 419)

Variables	Frequency	Percentage	Cumulative %
<b>Gender</b>			
Male	249	59.4	59.4
Female	170	40.6	100.0
<b>Age Group</b>			
18-24	24	5.7	5.7
25-34	120	28.6	34.4
35-44	135	32.2	66.6
45-54	118	28.2	94.7
55-64	17	4.1	98.8
Over 64	5	1.2	100.0

<b>Ethnicity</b> Malay			
Chinese	199	47.5	47.5
Indian	87	20.8	68.3
Others	44	10.5	78.8
	89	21.2	100.0
<b>Marital Status</b>			
Single	110	26.3	26.3
Married	292	69.7	95.9
Divorced	15	3.6	99.5
Widowed	2	0.5	100.0
<b>Educational Level</b>			
Primary	2	0.5	0.5
Secondary	16	3.8	4.3
Diploma	72	17.2	21.5
Bachelor	174	41.5	63.0
Master	127	30.3	93.3
Doctorate	28	6.7	100.0
<b>Occupation</b>			
Professional	106	25.3	25.3
Management	119	28.4	53.7
Academia	56	13.4	67.1
Businessman	55	13.1	80.2
Supervisory	20	4.8	85
Clerical	11	2.6	87.6
Manual	1	0.2	87.8
Retired	3	0.7	88.5
Homemaker	13	3.1	91.6
Student	19	4.5	96.1
Others	16	3.8	100.0
<b>Family Monthly Income</b>			
Less than RM 3,000	45	10.7	10.7
RM 3,001-6,000	113	27.	37.7
RM 6,001-9,000	120	28.6	66.3
More than RM 9,000	141	33.7	100.0

## Reliability Analyses

The reliability analysis for the measure of consumers' purchasing orientation gave a Cronbach's alpha value of 0.918, exceeding the minimum standard for reliability of 0.7 recommended by Nunnally (1978). This result indicates that the measure is highly reliable for measuring the construct. Reliability analysis was also conducted on the items that formed the five factors and the results were shown in Table 6. All exceeded the minimum standard for reliability showing that the measure of each of the factors was also highly reliable.

## Descriptive Summary

Table 3 provides the descriptive summary of the items measuring consumers' purchasing orientation. The means of the items are shown in descending order and the scores ranged from 5.54 to 3.28. The standard deviation ranged from 1.893 to 1.157 indicating a strong consensus of opinion where scores are quite tightly packed around the mean.

**Table 3: Item Statistics (N=419)**

No.	Statements	Mean	Std. Deviation
1	Committed to getting the most from money	5.54	1.406
2	Fact based decisions are important	5.54	1.275
3	Important to be aware of all alternatives	5.27	1.345
4	Restaurant selection process interests me	5.26	1.323
5	Choosing a restaurant is of great interest	5.10	1.335
6	Consumerism issues are relevant	5.00	1.332
7	Change choice of restaurant with negative information	4.92	1.378
8	Pay attention to advertising of restaurant interested in	4.90	1.489
9	Reserve choice with information contrary to perception	4.83	1.348
10	Restaurant selection is of the highest importance	4.78	1.673
11	Food critic's report is relevant	4.69	1.157
12	Don't like to waste time in restaurant selection	4.64	1.550
13	Have preference for one restaurant over others	4.63	1.574
14	Patronize the same restaurant from time to time	4.63	1.517
15	Willing to spend extra time searching for a restaurant	4.45	1.650
16	Not interested in bargain seeking	4.32	1.502
17	Could talk about favourite restaurant for a long time	4.27	1.556
18	Have little/no interest in shopping for a place to eat	3.98	1.585
19	Type of food consumed makes little difference	3.91	1.856
20	Take advantage of coupon offers	3.86	1.735
21	Specials don't excite me	3.82	1.711
22	Most restaurants are alike	3.81	1.599
23	Information on restaurant won't help in decision making	3.80	1.598
24	There's no difference in which restaurant I choose	3.78	1.640
25	Most restaurants are about the same	3.66	1.711
26	Choice of restaurant is of no importance	3.54	1.641
27	Will return to same restaurant after a bad experience	3.28	1.893

### Factor Analysis

Factor analysis was used to condense the information contained in the statements and helped to obtain a relatively smaller number of dimensions that explain most of the variations among consumer purchasing orientation attributes. The ‘data reduction’ procedure in SPSS 15 was used to determine possible underlying factors. The appropriateness of factor analysis for this study was measured by the Kaiser-Meyer-Olkin (KMO) (Kaiser, 1970, 1974) overall measure of sampling adequacy (MSA) and Bartlett’s Test of Sphericity (Bartlett, 1954). Table 4 displays the results of these tests.

**Table 4: KMO and Bartlett’s Test**

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (MSA)		.910
Bartlett’s Test of Sphericity	Approx. Chi-Square	5585.346
	df	351
	Sig.	.000

The KMO value was calculated as 0.910 which surpasses the minimum threshold suggested by Tabachnick and Fidell (2001). The Bartlett’s Test of Sphericity yielded a significant Chi-Square value in testing the significance of the correlation matrix ( $\chi^2 = 5585.35$ ,  $df = 351$ ,  $Sig.=.000$ ). Both tests indicated that factor analysis was appropriate for this study (Hair, Anderson, Tatham and Black, 1998).

### Factor Extraction

**Table 5: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	Percentage	Cumulative %	Total	% of Variance	Cumulative %
1	8.679	32.145	32.145	8.679	32.145	32.145
2	3.825	14.166	46.311	3.825	14.166	46.311
3	1.475	5.462	51.773	1.475	5.462	51.773
4	1.276	4.727	56.500	1.276	4.727	56.500
5	1.017	3.767	60.267	1.017	3.767	60.267
6	.952	3.525	63.792			

7	.867	3.212	67.004			
8	.797	2.951	69.955			
9	.728	2.698	72.653			
10	.664	2.459	75.112			
11	.579	2.146	77.258			
12	.567	2.101	79.359			
13	.551	2.040	81.399			
14	.528	1.957	83.356			
15	.486	1.801	85.157			
16	.474	1.757	86.914			
17	.448	1.660	88.574			
18	.410	1.520	90.094			
19	.402	1.489	91.583			
20	.379	1.402	92.985			
21	.344	1.274	94.258			
22	.313	1.161	95.419			
23	.294	1.089	96.508			
24	.286	1.061	97.569			
25	.259	.960	98.529			
26	.223	.827	99.356			
27	.174	.644	100.000			

Table 5 shows that five (5) factors with eigenvalues above 1.0 were generated, which explained about 60.3% of the total variance (these were **bolded** in the table).

After the viability of the factor analysis was determined, factor extraction was carried out to determine the smallest number of factors that can be used to best represent the interrelations among the set of variables. The Principal Components Analysis (PCA), which according to Pallant (2005) is the most commonly used approach, was used in this study to find a simple solution with as few factors as possible and to explain as much of the variance in the original data set as possible.

The orthogonal (uncorrelated) approach of rotation was also utilized which, according to Tabachnick and Fidell (2001), results in solutions that are easier to interpret and report. Also the factors were rotated using the varimax method, the most commonly used means of orthogonal factor rotation (Allen and Rao, 2000). This method was used as it is the best method to obtain a simple structure, which is a desirable factor pattern characterized by each variable having a single high

loading on one factor and very low loadings on the remaining factors (Allen and Rao, 2000). Only items with a loading of at least 0.4 were considered.

The criteria for the number of factors to be extracted for this section were based on the size of eigenvalues and the percentage of variance explained. Table 5 shown above displays this result. Only factors with eigenvalue equal to or greater than 1 were considered as significant. To ensure practical significance for the derived factors, the solution that accounted for at least 60% of the total variance was regarded as satisfactory.

### Factor Rotation

As shown in Table 5, five factors or dimensions were generated in this study. By entering five factors in the extract column (number of factors) with values of less 0.40 suppressed in the output figures (Hair et al., 1998), the rotation converged in 10 iterations and five components were extracted. A variable is considered to be of practical significance and included in a factor when its loading is equal to greater than + 0.35 with a sample size of 250 and above (Hair et al., 1998). The grouping of the items and the signs which indicate relationships between them conceptually fit well together to form the factors.

Table 6 displays the dimension of each factor. The factor loadings for the 27 items ranged from 0.451 to 0.833, above the threshold value of 0.35 for practical and statistical significance. The loadings also presented a clean and highly interpretable solution: the 27 items loaded significantly on five factors as conceptualized and no items loaded highly on more than one factor.

**Table 6:** The result of the Principal Component Analysis showing the rotated component matrix(a) using the Varimax with Kaiser Normalization rotation for the overall dimension and the alpha-value (reliability) for each factor.

Items	Factors				
	F1 $\alpha=.904$	F2 $\alpha=.819$	F3 $\alpha=.746$	F4 $\alpha=.762$	F5 $\alpha=.744$
Choice of restaurant is of no importance	.805				
Most restaurants are about the same	.802				
There's no difference in which restaurant I choose	.798				
Specials don't excite	.759				
Type of food consumed makes little difference	.736				
Information on restaurants won't help in decision making	.695				
Will return to the same restaurant after a bad experience	.685				
Have little/no interest in shopping for a place to eat	.681				

Most restaurants are alike	.610			
Not interested in bargain seeking	.494			
Restaurant selection process interests me		.833		
Choosing a restaurant is of great interest		.823		
Restaurant selection is of the highest importance		.686		
Committed to getting the most from money		.606		
Could talk about favourite restaurant for a long time		.463		
Food critics' reports are relevant		.451		
Don't like to waste time in restaurant selection			.635	
Reserve choice with information contrary to perception			.615	
Fact based decisions are important			.607	
Change choice of restaurant with negative information			.605	
Consumerism issues are relevant			.523	
Willing to spend extra time searching for a restaurant				.746
Take advantage of coupon offers				.650
Pay attention to advertising on restaurant interested in				.61
Important to be aware of all alternatives				.528
Patronize the same restaurant from time to time				.708
Have preference for one restaurant over others				.667

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 10 iterations.

## Factor Rotation Interpretation

### Factor 1: Laid-back Consumers

As indicated by Table 6, Factor 1 was represented by ten items. Examples of these items are: "on restaurant selection, the choice I make is of no importance to me" and "if I were eating out it wouldn't make much difference which restaurant I choose". These items summarized passive consumer characteristics indicated by an easy-going, not very particular, couldn't care less, not fussy and not picky character in their purchasing orientation which was reflected in the statements of these 10 items. This factor was named "Laid-back" consumers.

### **Factor 2: Prudent Consumers**

Six items in the questionnaire were grouped in Factor 2. Examples of these items are: “the process of selecting a restaurant interests me” and “choosing a restaurant is of great importance to me”. These items summarized the characteristics of active consumers who by nature handle practical matters judiciously, manage carefully and behave circumspectly (aware and heedful of circumstances). This factor was named “Prudent” consumers.

### **Factor 3: Objective Consumers**

Five items in the questionnaire were placed in Factor 3. Examples of these items are: “I don’t like to waste a lot of time in selecting a restaurant” and “if I received information that is contrary to my perception of a fine dining restaurant, I would at all costs reserve my choice”. These items summarized both passive (first two) and active (last two) consumer characteristics. However all of these items were loaded in Factor 3. This factor was named “Objective” consumers where all decisions that are to be made will have to be based on some facts rather than impulse or intuition.

### **Factor 4: Cautious Consumers**

Four items in the questionnaire were placed in Factor 4. Examples of these items are: “I am willing to spend extra time looking for restaurants which offer the lowest possible price on meals of the same quality” and “I often take advantage of coupon offers in newspapers”. These items summarized active consumers who practise careful forethought in their decision-making. This factor was named “Cautious” consumer.

### **Factor 5: Loyalists**

Two items in the questionnaire were placed in Factor 5. They are: “I usually patronize the same fine dining restaurant from time to time” and “I have a preference for one type of fine dining restaurant over others”. These items summarized passive consumers who display a preference for only one restaurant regardless of any other factors or influence. This factor was named “Loyal” consumer.

It was envisaged that the associations between the items identified by the PCA analyses are measuring relatively stable concepts and that the relationship between items makes sufficient logical sense to be useful in subsequent analysis and discussion.

## **Cluster analysis**

The K-means cluster analysis procedure was used to classify the 419 cases into two clusters based on the factor scores from Table 6. Cluster analysis is used to classify objects or individuals into mutually exclusive and collectively exhaustive groups with high homogeneity within clusters and low homogeneity between clusters (Sekaran, 2003) or simply helps to identify objects that are similar to

one another, based on some specified criteria. Within the context of this study, the sample consists of mixed respondents with different purchasing orientations; hence cluster analysis will cluster individuals by their different purchasing orientation when selecting a fine dining restaurant to patronize. Table 7 displays the result of the cluster analysis.

**Table 7:** Number of Cases in each Cluster

Cluster	1	203
	2	216
Total		419

As can be seen in Table 7, two clusters were yielded from the data. This is consistent with Ladki's (1993) study on restaurant patrons where the patrons were clustered into two groups with different purchasing orientation. In this study, Cluster 1 had 203 members and cluster 2 had 216 members. The next section will identify the characteristics of the subjects within each cluster.

**Table 8:** Final Cluster Centres

Factors	Cluster		F	p
	1	2		
Laid-back	-.63156	.59355	251.01	<0.001
Prudent	.50751	-.47697	133.60	<0.001
<b>Objective</b>	<b>.06965</b>	<b>-.06546</b>	<b>1.92</b>	<b>0.167</b>
<b>Cautious</b>	<b>.04172</b>	<b>-.03921</b>	<b>0.69</b>	<b>0.408</b>
Loyal	-.35552	.33412	56.37	<0.001

Table 8 shows the descriptive summary for the factor scores for the two clusters. Large F-values and p-values < 0.05 indicate that the factor is significant. Based on these values, the two classes differ in terms of laid-back, prudent and loyal characteristics. The p-values of these 3 tests are less than 0.001. Cluster 2 members are more laid-back, less prudent and more loyal compared to Cluster 1 members. Thus Cluster 1 was named the active group and Cluster 2 was named the passive group, following the classifications made by Ladki's (1993) earlier study.

## CONCLUSIONS AND IMPLICATIONS

The objective of this study in identifying the characteristics of consumers' of fine dining restaurant purchasing orientation and consequently classifying them into active or passive consumers was achieved. Five characteristics of fine dining restaurant consumers were identified i.e. **Laid-back Consumers, Prudent Consumers, Objective Consumers, Cautious Consumers and Loyal Consumers** and they were then classified into two groups i.e. the active and passive group.

The findings of this study have contributed to the literature in market segmentation in fine dining restaurants in Malaysia, as no study in this area has been attempted before. There are several implications of this study. By examining the characteristics of the restaurant consumers through some means of market segmentation (e.g. their purchasing orientation as used in this study) it is possible to get a better understanding of the factors that satisfy each group as consumer needs are diverse and obviously they cannot be satisfied through a mass marketing and management approach.

The diversity in consumers' needs requires marketers to identify groups of consumers with homogenous characteristics and behaviours, and try to adjust their product offered as much as possible to the unique needs and desires of the target market. This may help fine dining restaurant owners to design their facilities/services around meeting such group needs as well as revealing segments with needs that are not well served by existing service offerings, and hence provide the appropriate direction in positioning the restaurant.

Market segmentation if carried out properly can enhance sales and profits as it will allow the organization to target segments that are much more likely to patronize the organization's services and facilities which is a good business strategy. Applying the best business strategy is most essential to any business as it helps to save costs and achieve the optimum result in getting and retaining customers. It can be the ultimate key to assess new or growing markets and to solicit new business.

## LIMITATIONS

The foremost limitation is getting the cooperation of the industry as it does not fully appreciate the benefits of research for it or understand the importance of research to academia. Although some agreed to participate in the survey, there were limitations imposed by them which make it difficult for researchers to comply exactly with the ideals in conducting research. For example, the refusal to allow direct access to the restaurant's patrons hampered some ideal sampling techniques. Although it was requested that the probability sampling method which is more generalizable to the population statistically should be used in the

distribution of the questionnaire, this could not be guaranteed as the researcher played no part in the questionnaire distribution. This limitation also restricted any qualitative technique of data collection from being carried out.

The intention to conduct the study on fine dining restaurants all over the country was also hampered for several reasons beyond control. First, there are not too many fine dining restaurants out of the Klang Valley. Second, there are not many fine dining restaurants to sample from the sampling frame. And third, restaurants out of the Klang Valley were not willing to participate in this research study. Thus, the findings of this study could not be generalized to the whole country.

## SUGGESTIONS FOR FUTURE RESEARCH

Using consumer purchasing orientation as a form of market segmentation in the restaurant business could be explored further. Replication of this study in other segments of restaurants in Malaysia such as the quick service restaurants, casual dining segments and ethnic restaurants is recommended to further expand industry-wide knowledge. As an extension to other hospitality sectors, this study can also be replicated to other segments, for instance, the different lodging sectors such as the hotels, resorts etc, with a revision of the survey instrument to suit the context of the particular sector. Finally, this study could be extended by investigating the association of the demographic profiles and dining out behavior of patrons of fine dining restaurants with their purchasing orientation.

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