

**Operational Approaches in New Zealand & Singaporean  
Hotel Food & Beverage Departments: Expanding the  
Customer Base Beyond In-House.**

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**A thesis submitted to:  
Auckland University of Technology in partial fulfillment of the requirements for  
the degree of Masters in International Hospitality Management**

**2011  
School of Hospitality and Tourism  
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### **Attestation of Authorship**

“I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning”.

Signed: \_\_\_\_\_

Rene Bennett

May 2011

## **Acknowledgements:**

I first have to acknowledge the brave men who volunteered to supervise this study: Charles Johnston and David Williamson. Thanks to the both of you for tolerating my somewhat ad hoc style of scheduling meetings and longwinded attempts to explain away my errors.

Mum and Dad - thanks for all the support and encouragement. You have been my financial and emotional lifeline throughout this process. Please don't expect the money to be repaid in cash, I do that with my love for you both.

Baxter and Abernathy - Woof, Grrrrrrr Woof!

To Adam, Brad, Luke, Hook and Sam... The ruined remains of the Triple P.

Lawrence - if I never see the monkey again it will be too soon.

To Varzan, Benn and Holly - for taking my abuse and forcing alcohol into me when I needed it the most, and a big ups to DJ Tellez for providing the dub heavy soundtrack to my academic life.

I also need to recognise all those that have had the somewhat dubious pleasure of working with me over the years and guided me through my career: Scott Swank, Joanne Chan, Malvine Chong, Claudia De Cotta, EJ, Madi-Gras and too many more to list. My passion would not be where it is today without the lot of you.

And to the cutest two nieces in the world: Zoe and Amy. Stay in school and say no to drugs.

So long, and thanks for all the fish.

## **Abstract**

Hotel-based restaurants have long been viewed as an unprofitable segment of the hospitality market and are perceived to offer a lower quality product than independently operated outlets. This thesis looks at the possible causes of this poor performance, focusing on local diners. The decision to examine this market emerged through the author's observation that New Zealand and Singaporean diners differed in their willingness to dine in hotels.

A literature review was undertaken that examined the historical development of hotel dining in each country along with media commentary on the current performance of hotel-based restaurants. Additionally, empirical research on many key areas of food and beverage (F&B) management has been examined. While prior research on many aspects of hotel F&B management exists, the majority of this focuses on the North American and British markets. This thesis represents the first piece of academic enquiry into operational issues affecting hotels in either country.

This study provides a comparative look at hotel dining in Singapore and New Zealand, exploring local perceptions and the views F&B Managers have of this market. An interpretivist mixed methodological approach was undertaken, combining an online survey of local diners and interviews with F&B managers in each country. The outputs from each of these data collection tools provided information that identified strengths and weakness within each country. The results of this primary data also allowed for a revisitation of past research to examine their transferability to Singapore and New Zealand. It also provided the opportunity to address long-standing research outcomes and test their continued relevance.

Significant differences between each country were found regarding the perceptions of hotel dining held by locals. Findings indicate that New Zealand diners perceive hotel F&B products to be expensive, offering a poor standard of service combined with outdated products, where Singaporeans were much more positive. Additionally, differences exist between how F&B Managers view the need to appeal to this market with New Zealand properties maintaining their focus on providing for in-house

guests, while Singaporean operators primarily focused on appealing to the local community to drive revenue.

This thesis concludes that the increased willingness of Singaporeans to patronise hotel properties, together with a focus from management to actively engage the local community, has seen F&B operations become a profitable revenue stream. However, New Zealand's hotel F&B operations face many challenges if they hope to maximise locally generated revenues. New Zealand hotels need to re-evaluate their operational strategy as offering catch-all dining options is starting to lose its appeal even to their in-house market as travellers become more savvy and venture away from hotel properties to dine.

Being the first piece of research to focus on hotel based dining in either country, many operational and strategic issues have been addressed, and using best practice identified by secondary research sources as well as from the primary data collected throughout this study, recommendations have been offered that will guide operators towards improving visitation rates and their ability to attract a larger number of diners, ultimately improving revenues.

## **CHAPTER 1: INTRODUCTION**

*“Before New Zealanders got proper restaurants, we dined at hotels. These were mostly owned by the two big breweries, who regarded food service as nothing more than a tiresome burden, imposed as a condition of their liquor licences.*

*Hence, the food was bad and the service even worse: dinner was “on” at the dot of six and off again at eight, when by law the hotel dining room had to close.*

*As a result, nowadays a hotel is about the last place middle-class New Zealanders would choose to dine, which perhaps explains why so few of our celebrated chefs clamour to follow the example of Gordon Ramsay at The Savoy in London and set up their own restaurant within a hotel, no matter how prestigious.”*

*- (Burton, 2010)*

Food and Beverage (F&B) services have been an integral part of hotel operations and the general hospitality experience since the advent of written history (Lockwood & Jones, 2000; O’Gorman, 2007, 2009). However, trends identified in the current literature suggest that this once fundamental component of the hotel environment has become less important to the profitability and all-round operational strategy of hotel properties (Ashton, Scott, Solnet, & Breakey, 2010; Hanson, 1997; Lockwood & Jones, 2000; O’Gorman, 2007, 2009). With RevPAR (Revenue Per Available Room) becoming the standard in assessing profitability, hoteliers have turned their focus to the rooms department to drive business performance. This has left hotel-based restaurants under appreciated as a revenue centre, over time developing the reputation of being largely unprofitable and uninspired. Hotel managers have also gained the reputation of being ill equipped to operate successful F&B operations (Heney, 2010).

It is not necessary to go as far back as Mesopotamia or ancient Greece to find a strong connection between the provision of accommodation and F&B in hospitality. Many academic researchers acknowledge this connection, together with authors that focus

on the historical development of the dining cultures in Singapore and New Zealand (Brotherton & Wood, 2000; Hanson, 1997; Lockwood & Jones, 2000; Rowland, 2010; Sim-Devadas, 2005; Wong, 2009). These authors show that the mid-1800's was a period of change for both countries due to British colonisation (BBC, 2010a, 2010b; Britannica Online Encyclopedia, 2011a, 2011b; Ministry for Culture and Heritage, 2011; Ministry of Information Communication and the Arts, 2011). During this time immigrants started to take advantage of their new found affluence by adopting the dining trends of the British elite, which had been out of their reach as (predominantly) middle-class citizens back in Britain (Rowland, 2010). In response to this demand for lavish dining venues, hotels restaurants were built and operated to reflect the cutting edge culinary trends of the time (Panayi, 2008; Raffles Hotel, 2010; Rowland, 2010; Sim-Devadas, 2005).

In New Zealand, the reputation hotels had developed for providing opulent dining experiences halted when legislative changes in 1918 saw hotels become the only venue where alcoholic beverages could be purchased (Rowland, 2010). With this change in legislature, hotel properties transformed their once elegant restaurant spaces into dining halls that were designed to promote volume rather than sophistication when it came to alcoholic consumption. Independent restaurants had no option but to try and create an opportunity from the removal of their liquor licences, and as such became the destination of choice for diners that were put off by the boisterous environment this change had brought to hotels dining rooms (Rowland, 2010). This thesis will argue that New Zealand hotels do not appear to have recovered from the impact this period of legislative change had, despite efforts from by the government, which culminated in the formation of the Tourist Hotel Corporation of New Zealand (Burton, 2010; Rowland, 2010; Tourist Hotel Corporation of New Zealand, 1977).

In contrast, despite two World Wars and occupation by the Japanese forces in 1942, Singapore's hotels have maintained their reputation for high quality dining (Singapore Tatler, 2009; The Times, 2009). While the greater population of Singapore was experiencing food shortages during the Japanese occupation, hotels such as Raffles became dining venues for high ranking officers and local dignitaries, where the finest foods in the world were served during lavish 10-course dinners (Wong, 2009). This reputation for quality continues and not only do Singapore's hotels operate a varied

array of world-class and world-renown dining facilities, but F&B has remained an important and profitable segment of their operation.

The foodservice industry is a growing sector of the New Zealand economy, and is its largest private sector employer (Restaurant Association of New Zealand, 2004, 2008, 2010). With F&B being an (theoretically) integral component of the hotel business model (Brotherton & Wood, 2000; Hemmington & King, 2000; Lockwood & Jones, 2000; O'Gorman, 2007, 2009), this domestic growth should signal an opportunity for New Zealand's hotel operators to generate greater operating revenues. However, this might be easier said than done as local commentators suggest New Zealand's hotel-based restaurants continue to carry a stigma of poor-value dining accentuated by uninspired cuisine and poor service (Burton, 2010). With a lack of empirical research to support or refute such claims, it is hard to pass judgement on the potential for New Zealand hoteliers to capitalise on this industry growth.

In contrast to this commentary from the New Zealand media, the author experienced a different reality when working in Singapore where he often visited hotel F&B facilities dine. It was observed that hotel-based restaurants were not viewed as being significantly different than independent operators in terms of service, food quality or value. If anything, the reputation of hotel-based dining appeared to be superior to that of independent outlets. A prime example of this being Iggy's - formally of the Regent Hotel and since relocated to the Hilton Hotel. While Iggy's location is far from prime; third floor of a hotel and with no windows (as it has been in both locations), this restaurant was the first in Singapore to be recognized in the prestigious "The Times 100 Top Eating Experiences" where it remains ranked 45<sup>th</sup> in the world (The Times, 2009). While Iggy's is an independently owned restaurant that leases floor space, the reputation it has earned highlights the potential benefit hotels can reap from the outsourcing of F&B facilities (Boo & Mattila, 2002; Boone, 1997; Hemmington & King, 2000). In addition to Iggy's, there exists many other examples of prestigious hotel-based restaurants that are successfully operated by the hotel properties themselves, such as Jaan at Swissôtel the Stamford, Keyaki at Pan Pacific Singapore and Wan Hao at Marriott (Singapore Tatler, 2009).

An anecdotal account regarding the quality of New Zealand hotels F&B outlets can also be found in Cuisine Magazines 2010 best restaurant awards. Only five of the 50 national finalists were located within hotels: Barolo (Langham Hotel, Auckland), Dine by Peter Gordon (Sky City Grand Hotel, Auckland), Bistro Lago (Hilton Lake Taupo, Taupo), Bisque on Bolton (Bolton Hotel, Wellington) and Pescatore (The George Hotel, Christchurch) (Cuisine, 2010a). Subsequently, none of these finalists went on to win in any category (Cuisine, 2010b). It was this apparent contrast between the Singaporean and New Zealand dining cultures that spurred the researchers interest in its possible causes, and whether New Zealand hotel operators are missing out on what can be considered an important revenue stream for properties operating in other countries (Ashton, Scott, Solnet, & Breakey, 2010).

No research currently exists to support claims from media commentators that local diners consider New Zealand's hotel restaurants to be inferior to that of independent operators. Additionally, the majority of prior research focused on hotel F&B departments has been conducted in North America (Boone, 1997; Hanson, 1984, 1997; Siguaw & Enz, 1999) or Great Britain (Hallam & Baum, 1996; Hemmington & King, 2000). This presents geographic issues affecting the potential transferability of these earlier studies to the New Zealand and Singaporean markets. Additionally, these articles are aging and their continued relevance in the current business environment cannot be assured.

These gaps in the existing literature provided the impetus for this study that aims to provide up-to-date and relevant data for hospitality researchers and industry in both Singapore and New Zealand. This research project is also the first piece of academic enquiry into hotel-based F&B for either country, providing a platform for future studies. Issues identified in past research was compared against this studies primary research results (where appropriate) to establish its continued relevance as well as its transferability into New Zealand and Singapore's hospitality markets. While Singapore and New Zealand's ability, desire and overall success in capitalising on the local dining market was the primary focus for this study, findings identified in the literature review highlighted this opportunity for re-visitation of prior research as an additional output of this study.

## **1.1: Research Aims and Objectives**

This thesis looks to identify operational issues that exist within New Zealand and Singaporean hotel F&B departments and how these issues affect an operator's ability to attract local diners to their property, impeding their ability improve revenues and overall departmental profitability. Further to this, strengths identified in the operations from either country will be used to identify best practices within the industry. To achieve this, three objectives have been identified that, when achieved, will provide a strong empirical base to address the overall aim of this research.

The first objective is to identify if differences in managerial opinion exist between operators in Singapore and New Zealand regarding the importance of the local market to their overall financial performance. If it is found there are differences, these will be examined to understand how they affect operational strategy. This objective will be achieved through the use of semi-structured interviews with managers in both countries. The questions asked during this process would be derived from two main sources; the literature review as well as the authors reflexive knowledge of the industry. This reflexive approach to the development of the questions added a strength and specificity that would have been lacking had the literature review been the sole source of information. The added strength of this reflexive process also provided a strong case to begin primary data collection with the managers, before progressing on to identifying consumer viewpoints.

As no research exists that examines the perspectives locals diners hold of hotel dining in Singapore or New Zealand, the second objective of this research was to identify these views. By using information gathered throughout the literature review, a preliminary survey instrument was developed. This was further edited based on ideas uncovered throughout the semi-structured interviews with managers. Due to time, cost, and geographical concerns, it was decided that the best way to gather this data in both countries would be through the use of an online questionnaire. Additionally, the high rate of household Internet penetration in both Singapore and New Zealand made both countries ideal for such a distribution method (Gartner, 2009). The results of this survey would be used to generate descriptive statistics, which provided clear outputs that allowed for meaningful comparisons to be made between each country.

The final objective of this study is to use the results from the interviews and surveys to provide practical guidance to hotel operators in Singapore and New Zealand that could help them improve the revenue potential of their F&B departments. Strengths and weaknesses identified throughout primary data collection will be compared to case studies and best practice identified in the literature to provide information that is relevant to the Singapore and New Zealand F&B industry. Additionally, it gives the opportunity for operators to see a realistic snapshot of local opinion regarding their operations, allowing them to react according to their own audited strengths and weaknesses.

The combined use of primary and secondary data collection techniques used to achieve each objective, combined with the reflexive knowledge brought to the study by the author has provided a strong data set that addresses the aim of this study in a concise manner.

The objectives identified earlier are reiterated below:

1. Identify managerial differences that exist between Singapore and New Zealand regarding the importance of the local market to the operation of F&B departments and how these and how these affect operational strategy.
2. Identify the perspectives held by New Zealand and Singaporean residents' of hotel-based dining.
3. Provide practical guidance to hotel operators in Singapore and New Zealand to maximise revenue generation from local diners.

## **1.2: Methodological Background**

To best address the questions identified in section 1.2, a mixed method approach to interpretive research was undertaken. This approach combined the data collection tools of semi-structured interviewing and online questionnaires to extract data from relevant parties. In using a mixed method approach to research, the lines between the traditionally quantitative (questionnaires) and qualitative (semi-structured interviews) elements have a tendency to become blurred. However, it is regarded by many scholars that the idea of researchers adhering to a single theoretical framework limits their ability to produce in-depth and relevant data, especially within the social sciences (Bergman, 2008; Taylor & Trumbull, 2005). While the use of questionnaires is *traditionally* regarded to belong in the positivist's toolbox, this study remains true to its interpretivist underpinning as the sample size combined with the descriptive statistics used in their analysis makes the outputs of this survey more qualitative in nature.

It was suggested by Warwick and Osherson (1973, cited by Hantrais, 2009) that in international comparative research, better results would be achieved if more than one method of data collection was used. Hantrias (2009) also feels that in using different methods of data collection, greater insight and a more integrated understanding of a phenomena can be achieved. As such, semi-structured interviews of F&B managers to create depth and a narrative to the situation in each country, combined with online questionnaires of the local dining community was considered to be the best way to extract the appropriate information to provide a full and accurate account of the current situation (Alvesson & Skoldberg, 2009; Bergman, 2008).

The decision to undertake this research project within an interpretivist epistemology stems from the authors own reluctance to accept the foundations associated with positivism, especially in relation to hospitality research. Primarily this stems from the authors belief in the importance of reflexivity, which acknowledges the individuality of each participant in the research process, as well as the researcher (Alvesson & Skoldberg, 2009; Ateljevic, Harris, Wilson, & Collins, 2005; Lugosi, Lynch, & Morrison, 2009). It was the researchers personal experiences that drove this research topic, and as such were likely to influence the direction and

interpretation of data in one way or another. It was felt that to deny this influence would be somewhat negligent. Further to this, the researchers extensive experience in the hospitality industry made the logical fit between an objectivist ontology and the nature of the hospitality environment difficult to accept given the heterogeneous nature of the hospitality industry (Zeithamel, Bitner, & Gremler, 2006). In this vein, the author has adopted a constructivist ontology, which is widely considered to be associated with an interpretivist paradigm (Bergman, 2008; Bryman & Bell, 2007; Hantrais, 2009).

The choice to examine New Zealand and Singapore extended from the aforementioned area of reflexivity (Alvesson & Skoldberg, 2009; Ateljevic, et al., 2005; Lugosi, et al., 2009). The author had a personal understanding of both countries through his upbringing and subsequent professional life. The author's knowledge of each country also provided a strong understanding of the hospitality industries and cultural aspects of life in both countries (Hantrais, 2009). Additionally, this connection to the industry as a fellow F&B professional and knowledge of each culture was able to strengthen the quality of data recovered from during the interview process as a bond was established with participants on these grounds (Blaxter, Hughes, & Tight, 1996; Bryman & Bell, 2007; Denzin & Lincoln, 2005). Singapore and New Zealand also hold other commonalities that strengthen the argument for comparison.

Both Singapore and New Zealand share a history of colonial immigration by the British in the mid-1800's allowing for a relatively similar timeframe for developmental comparison (BBC, 2010a, 2010b; Britannica Online Encyclopedia, 2011a, 2011b; Rowland, 2010; Turnbull, 1989). New Zealand and Singapore also share many traits such as similar population figures (Singapore Department of Statistics, 2010; Statistics New Zealand, 2010b), comparable foreign exchange rates (The National Bank, 2011) and both have high penetration of household internet (Gartner, 2009; Lui, 2010). Additionally, English is the primary spoken language in both of these developed nations.

The first step in the research process was a review of the literature. While providing limited data regarding New Zealand and Singapore directly, findings from past

research provided a starting point, which led to further inquiry. Primarily this process uncovered operational strategies and issues that persist in hotel F&B departments internationally (Hemmington & King, 2000; Kandampully & Suhartanto, 2000; Lamminmaki, 2005; Siguaw & Enz, 1999), as well as highlighting changes in these strategies over time (Hanson, 1984, 1997; Panayi, 2008; Rowland, 2010). Case studies that were identified also helped to connect theory to real world situations where the local communities involvement has benefited hotel performance (Bertagnoli, 2008; Heney, 2010; Hotels, 2010; Konrad, 1992). The scope of the literature review created a strong base for the formulation of interview questions and survey questionnaires.

The first set of primary data collected was from the interviews. A semi-structured format was selected as this would return richer and more in-depth data than a structured format, and it is in keeping with the overall interpretivist paradigm (Bryman & Bell, 2007; Denzin & Lincoln, 2005). The F&B Managers that participated were recruited through a combination of personal and professional contacts as well as through Internet searches. The applicant criteria required the hotels in which participants were employed to be 4-star or above and operate at least one restaurant and one bar. In total 11 participants were secured; 6 in Singapore and 5 in New Zealand. All interviews were conducted face-to-face, on location at their property and lasted between 20 and 45 minutes. Conversations were recorded to digital voice recorder and subsequently transcribed prior to analysis. This data underwent a process based on grounded theory open coding (Bryman & Bell, 2007; Glaser, 1992) to help identify commonalities between the managers feedback in addition to the individual inputs.

The next step in data collection was online surveying of local diners. The questions included in the survey were primarily influenced by the findings of the literature review, with changes made to the final format based on discussions from the interviews. These surveys were conducted online (hosted by Survey Monkey - [www.surveymonkey.com](http://www.surveymonkey.com)) and contained 21 questions. A total of 89 eligible participants took part, with those under 20 years of age, those who were not from Singapore or New Zealand or who had not resided in either country for the 12 months prior to the survey being rejected. Bivariant co-relational analysis of this data was

undertaken in which descriptive statistical outputs were generated (Bryman & Bell, 2007). From this, further, more specific statistics were derived by filtering responses according to several different participant attributes including country of residence, age and gender.

The results from all three methods of data collection; literature review, interviews and online surveys form the basis of the discussion chapter of this thesis.

### **1.3: Chapter Summary**

**Chapter 2** provides a background on New Zealand and Singaporean hotel food and beverage departments and their development over time. This chapter begins with a look at the origins of food and beverages' connection to the hospitality product, and how hotel companies perspectives on the importance of F&B departments has changed over time. This is followed up with a general overview of New Zealand and Singapore, to help familiarise readers with the countries being examined. This moves on to an look at each countries history, starting with the early days of British colonial immigration to how two World Wars and government legislation have impacted on F&B operations in each country.

**Chapter 3** contains a review of the literature surrounding hotel F&B operations internationally. A wide range of subject matter is examined, in line with the breadth information that is available within this discipline. The topics examined include departmental profitability, guest perceptions, outsourcing, loyalty management, career progression of hotel managers and finishes by presenting some case studies that highlight F&B departments that have experienced success in attracting the local market, and how they achieved this.

Much of the literature that was available focuses on studies conducted in the United Kingdom and United States of America. This illustrated the need for empirical research specific to New Zealand and Singapore to be conducted to test the validity and transferability of the results from studies to these markets.

**Chapter 4** provides an insight to the methodological philosophies and data collection methods used throughout this research project. The chapter starts by outlining the process used to frame this study and influential works that contributed to this process design. This is followed by a discussion on research paradigms that were considered, what data collection tools were used (semi-structured interviews and online surveys), how participants were identified and recruited, the benefits and limitations of each method of data collection, as well as steps taken to minimise the impact of these limitations. The chapter concludes with a brief look at the ethical considerations of the study. The details of this chapter will justify the authors' use of an interpretivist approach, and why this proved to be the best methodological stance to tackle the research aims and objectives.

**Chapter 5** examines the findings from primary data collection. The first section of this chapter looks at the qualitative data from semi-structured interviews conducted with 11 hotel managers from Singapore and New Zealand. Analysis was conducted by using a process similar to grounded theory open coding. The analysis addresses their views on the importance of the local market to their business, what elements of their operation they consider successful and seeks to identify what techniques, if any, they utilise to attract local diners.

The second section summarises the results obtained from the survey conducted on 89 New Zealand and Singapore diners. This analysis focuses on identifying perceptions of hotel-based restaurants as well as a look at what criteria are most important to local diners when selecting a restaurant in which to dine. This has been presented graphically to allow bivariate co-relational statistical analysis to take place. This has resulted in descriptive statistical outputs being presented for easy and informative communication of the data.

**Chapter 6** utilises the findings from the data sources identified throughout the literature review (chapter 3) and the findings (chapter 5) to address the research aims and objectives. Best practice (as identified by past research) is tested against feedback from the online survey of local diners and the semi-structured interviews of F&B Managers to understand their continued relevance and potential differences brought about from the geographical differences between studies. Issues regarding

guest perceptions are discussed as well as operational practices that may be impeding further development of the local market for New Zealand and Singapore hotel F&B departments. This chapter concludes with a look at future research opportunities.

**Chapter 7** summarises all previous chapters in this thesis. This section revisits the main areas of this research project and brings this study to its conclusion.

## **CHAPTER 2: BACKGROUND**

The following chapter offers an introduction to Singapore and New Zealand, and provides a snapshot of the hospitality and restaurant industries in each country both currently and, where possible, historically. While the literature review showed extensive research into many areas of hotel F&B departments, existing studies offered little on issues specific to New Zealand and Singapore. This chapter will bridge the gap between the theory discussed in the literature and the findings of this study by introducing important historical, economic and societal information on the countries examined.

This discussion will begin with a look at the relationship between the provision of lodging and F&B in a hospitality context and identify when changes in operational focus away from F&B as an important revenue stream might have started. This examination takes us from the early days of Mesopotamia through the progression of attitudes towards F&B's place in the modern context of hotel businesses, as reported by empirical researchers. This will follow with a look at Singapore and New Zealand individually; giving insight into each of the nations examined and compared throughout this thesis. This includes data on gross domestic product (GDP), population size, ethnic and religious diversity, and employment. Next will be a look at the current performance of the hospitality and restaurant industries in each country to provide an understanding on the importance they play within each economy. This chapter finishes by examining the historical development of both countries and their individual hotel dining cultures.

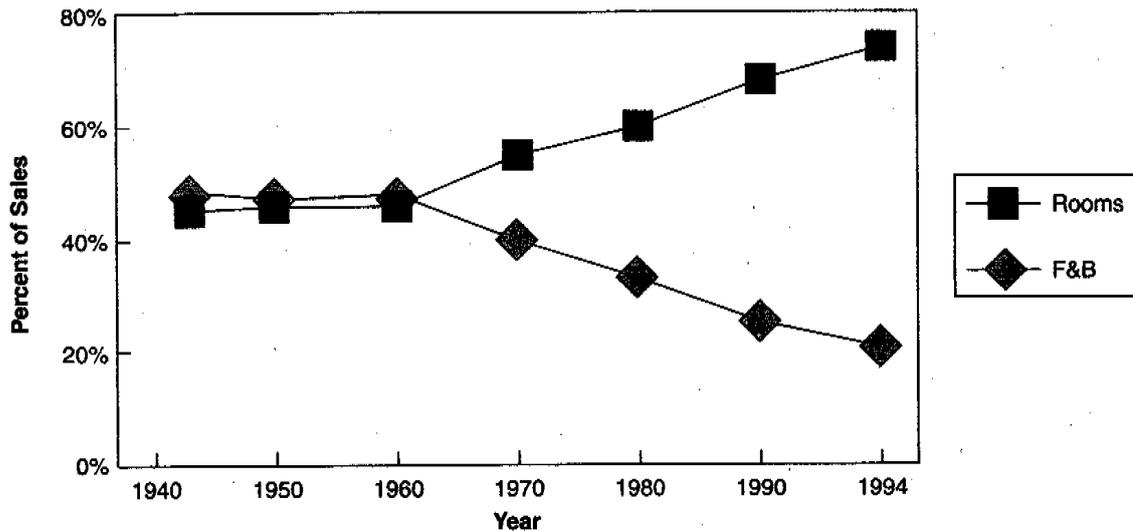
## **2.1: Food & Beverage in Hotels: A Historical Perspective**

From its roots, hospitality has always been associated with the provision of lodging *and* sustenance (Hemmington & King, 2000; O'Gorman, 2007). It is believed that commercial hospitality dates back over 6000 years to ancient Mesopotamia (O'Gorman, 2009; The British Museum, 2011), where evidence of food and drinks inherent unity with the provision of a room to sleep is recoded in documents of the era (O'Gorman, 2009). So serious were they about their drink in particular during this era, that an Inn Keeper could be put to death for diluting alcoholic beverages (O'Gorman, 2009). In ancient Greece, Zeus – the god of gods – was considered to be “the protector of suppliants and guests” (O'Gorman, 2007, p. 19). As such, those who provided travellers with a gracious level of hospitality, which included a place to sleep *and* a light meal, were thought to be given preferential treatment by the gods (O'Gorman, 2007).

This idea of food and lodging being integral to a total hospitality experience remains with F&B managers and hotel companies today as they continue to view F&B as a vital part in the hotel experience (Brotherton & Wood, 2000; Hemmington & King, 2000; Lockwood & Jones, 2000), albeit without the threat of death awaiting for watering down beverages. In their article exploring the definitions of hospitality and hospitality management Brotherton and Wood (2000) find many authors referring to hospitality as providing sustenance in conjunction with a place to sleep, consequently leading to the idea that hospitality management is concerned with the provision of both (Brotherton & Wood, 2000). Lockwood and Jones (2000) considers food and beverage to be two of the three core products in commercial hospitality, along with accommodation.

Despite this unity, the provision of F&B facilities has not always proved financially successful for hotel operators (Boone, 1997; Hanson, 1997; Strate & Rappole, 1997). Modern hoteliers, at times, appear more involved in trying to prove their prowess through the provision of fine dining F&B services, regardless of if there is financially viable market that justifies its existence (Strate & Rappole, 1997). This poor financial performance, according to Boone (1997), has lead to hotel F&B departments garnering the reputation of becoming largely unmanageable.

Between the 1940's and the 1960's in America, F&B in hotels was contributing a little over 50% of total revenue, an overall contribution higher than that of the rooms department at the time, as illustrated in Figure 2.1. This shows how important F&B was to hotel profitability in the mid 1900's (Hanson, 1997). The impact of hotel properties reduced focus on F&B was dramatic from 1960 onwards (Hanson, 1997).



1990 and 1994 numbers are mean percent of sales.  
1940 through 1980 numbers are median percent of sales.

*Figure 2.1: Room and F&B Revenue Distribution in North American Hotels: 1940 -1994 (Hanson, 1997)*

It is suggested that this downward trend is due to the profitability levels of the rooms department (76%) being higher than that of F&B, causing properties to refocus floor space and resources to maximise yield (Hanson, 1997). Regardless of actual profit levels attained by each department, we can see that, at least historically, F&B has been an important source of revenue for hotels (Ashton, et al., 2010; Siguaw & Enz, 1999) that has positive implications on the financial returns experienced by the rooms department (Hanson, 1997).

While this graphical representation offers a grim view of F&B's ongoing financial importance to hotel properties, it shows to some degree that visitation to hotel-based restaurants over this period was popular. If not, such revenue generation would not have been possible.

## **2.2: An Introduction Singapore and New Zealand**

### **2.2.1: Singapore - An Overview**

Singapore is a small island nation (710.3 square kilometres) in South East Asia, located at the southern tip of the Malaysian Peninsula (Ministry of Information Communication and the Arts, 2011). It has been a republic since 1965, prior to this it was part of the British Commonwealth of which it was a member since 1867 (BBC, 2010b; Turnbull, 1989). During World War Two, between 1942 –1945, Singapore was occupied by the Japanese forces, during which time it was referred to as *Syonan* (Light of the South) (Ministry of Information Communication and the Arts, 2011; Turnbull, 1989; Wong, 2009). Singapore returned to British rule one month after the war ended, shortly after that in 1946 it was made a Crown Colony. In 1963 Singapore joined the Federation of Malaysia and then seceded in 1965 to become an independent state (Britannica Online Encyclopedia, 2011a; Turnbull, 1989).

Singapore has a population of 5 million with diverse ethnicities and religious backgrounds (Singapore Department of Statistics, 2010). The majority ethnic group in Singapore is the Chinese, which makes up 74% of the population, with those of Malay (13.3%) and Indian (9.2%) decent representing the three majority cultural groups. Singapore also consists of many differing religious groups such as Buddhism (42.5%), Islam (14.9%), Agnostic (14.8%), Christianity (9.8%), Taoism (8.5%), Catholicism (4.8%) and Hinduism (4%) (BBC, 2010b; Britannica Online Encyclopedia, 2011b; Ministry of Information Communication and the Arts, 2011).

Singapore is a wealthy nation whose major industries include electronics manufacturing, chemical processing and financial services (Ministry of Information Communication and the Arts, 2011). With a strong commercial industry, Singapore saw per capita GDP reach SG\$59,813 (US\$43,867) (Singapore Department of Statistics, 2011b), the sixth highest in the world (Central Intelligence Agency, 2011). Singapore also claims a very low unemployment rate, which as of March 2011 Singapore Department of Statistics (2011a) places at 1.9%. Household income levels are also strong with monthly average income per household member at SG\$2,500 (Singapore Department of Statistics, 2011b).

### **2.2.2: New Zealand - An Overview**

New Zealand is located in the South Pacific Ocean and is traditionally referred to as *Aotearoa* by the indigenous Maori people (Britannica Online Encyclopedia, 2011a; Ministry for Culture and Heritage, 2011). It consists of three main islands and covers an area of 270,692 square kilometres (Britannica Online Encyclopedia, 2011a).

New Zealand has a population of 4.36 million people (Statistics New Zealand, 2010b) made up of a diverse mix of cultures (Statistics New Zealand, 2002). The majority ethnic group is Europeans (80%) followed by Maori (14.7%), Asian (6.6%) and Pacific Islanders (6.5%) (Statistics New Zealand, 2002). Christianity is the dominant religious group in New Zealand with nearly half the population belonging to one of its denominations, and almost a quarter of the country claims no religious affiliations (Britannica Online Encyclopedia, 2011a; Statistics New Zealand, 2002).

New Zealand has been a dominion of the British Commonwealth since 1907, though has been under British rule since 1840 when the Treaty of Waitangi was signed (BBC, 2010a; Gustafson, 1969; Ministry for Culture and Heritage, 2011). This was an agreement between the British Crown and 540 Maori chiefs regarding the governance of New Zealand (though elements of this agreement have been contested over time) (Britannica Online Encyclopedia, 2011a; Ministry for Culture and Heritage, 2011).

New Zealand has a strong export market with agriculture and tourism playing important roles in the New Zealand economy (Britannica Online Encyclopedia, 2011a). New Zealand has a moderately high GDP per capita at NZ\$34,600 (US\$28,400), 51<sup>st</sup> highest in the world (Central Intelligence Agency, 2011). The median weekly income per person is NZ\$529 as of June 2009 (Statistics New Zealand, 2010c) and an unemployment rate of 6.6% (Statistics New Zealand, 2010a).

### **2.2.3: The Hospitality Industries in Singapore and New Zealand**

Hotel room rates in New Zealand are under-valued (Brien, 2008a), an issue exacerbated by a continuing trend within the industry to undercut competitors in order to capture market share, competing on price rather than quality products and services (Brien, 2008a). This has translated to average room rates (ARR) in 2007 of NZ\$137.50 across all star ratings (Brien, 2008a) which had only marginally improved to NZ\$139 by 2009 (Churchhouse, 2009). To illustrate why these slow moving room rates are a problem for the financial performance of New Zealand's hospitality industry, between 2000 and 2007 ARR increased 20.17%, while consumer price index based inflation over the same period had increased 20.2%, indicating that the industry is barely keeping pace with inflationary pressures (Brien, 2008a). Compared to Singapore with, in 2007, an ARR of NZ\$202 (Singapore Tourism Board, 2008b), it is clear to see that New Zealand's room rates are lagging behind. Brien (2008b) partly attributes New Zealand's reliance on discounting as a strategic tool as stemming from the "competitive commercialism" (p. 9) style of governance New Zealand has adopted, that is to say that any kind of industry collaboration on pricing strategy is illegal.

To further compound the issue of low room rates, occupancy levels are also not helping the financial performance of New Zealand's hotel industry. The New Zealand Ministry of Tourism (2007) shows an industry wide average occupancy of 55.1% in 2006. Singapore in the same year registered 85.2% (Singapore Tourism Board, 2008b) with occupancy rates holding at this level since 2004, only falling to 76.4% in 2009 in reaction to international economic instability.

### **2.2.4: The Restaurant Industries in Singapore and New Zealand**

Both New Zealand and Singapore have specialist organizations gathering F&B related data from independent restaurants, the Singapore Tourism Board also keeps track of F&B spending within hotel properties (Singapore Tourism Board, 2008a). This does not appear to happen in New Zealand, at least not through a publicly visible medium, which makes reporting comparative figures difficult. Singapore's record keeping has shown that in 2007 S\$1.86 billion was spent on accommodation and a further S\$953

million on F&B in Singapore hotels (Singapore Tourism Board, 2008a). This indicates that in Singapore-based hotels, on average, 34% of total revenue comes from F&B operations.

As of 2008, New Zealand's restaurant industry employed almost 84,000 people (4.7% of the total workforce) making it New Zealand's largest private sector employer (Restaurant Association of New Zealand, 2008). By 2005 the restaurant industry was seeing sales revenues of NZ\$4.02 billion (The New Zealand Tourism Research Institute, 2007) growing to NZ\$5.06 billion in 2008 (Restaurant Association of New Zealand, 2008). Additionally, for every one dollar in revenue generated by the operation of these outlets, an estimated NZ\$1.90 per dollar in revenues for aligned industries was expected to be injected into the economy (The New Zealand Tourism Research Institute, 2007).

The restaurant industry in New Zealand is becoming more competitive every year, a trend that can also be seen on an international level (Mustafa, 1999). In New Zealand between 2002 and 2009, sales revenues increased 60% while over the same period the total number of outlets around New Zealand had increased 71% (Restaurant Association of New Zealand, 2004, 2010). This disproportionate growth has seen (in real terms) a per outlet distribution of sales decrease of 22.3% between 2002 and 2009.

With eating out regarded as a local past-time (National Library Board Singapore, 2009), Singapore has a vibrant dining culture spanning all cuisines and price points. In 2008, sales for F&B reached S\$5.56 billion from 5,939 establishments, returning an industry wide average of 7.1% profit (Singapore Department of Statistics, 2009). The industry also shows strong growth with physical establishment numbers increasing 20.5% between 2006 and 2008 for all outlets, and almost 40% for restaurants specifically (Singapore Department of Statistics, 2009). The F&B industry is also a prolific employer with 82,551 people employed in 2008; 4.2% of the total labour force (Ministry of Manpower, 2008).

### **2.3: The History of Dining in New Zealand & Singapore**

Both New Zealand and Singapore are historically countries of the Commonwealth Empire with Singapore being made a colony in 1867 (BBC, 2010b; Turnbull, 1989) and New Zealand from 1840, eventually becoming dominion of the colony in 1907 (BBC, 2010a; Gustafson, 1969). With each country experiencing high levels of British immigration during the mid-1800's (Britannica Online Encyclopedia, 2011a, 2011b; Gustafson, 1969; Rowland, 2010; Turnbull, 1989), similar tastes and cultural influences travelled with these immigrants to influence both New Zealand and Singapore due to their shared British heritage. The 1830's in London saw the dining scene heavily influenced by chefs from across Europe, with some suggesting that Britain had surpassed France as the centre of culinary excellence (Rowland, 2010). By the 1860's, about the time both Singapore and New Zealand were beginning to become heavily influenced by British immigration and development (BBC, 2010a, 2010b; Gustafson, 1969; Turnbull, 1989), the majority of restaurants in London were under foreign ownership and beginning to set new standards in the culinary arts. A significant part of this development being *haute cuisine* (Panayi, 2008) and the *partie* system of kitchen operation (Panayi, 2008; Rowland, 2010) that revolutionised how people dined and restaurants were operated.

#### **2.3.1: Singapore's Dining Past**

Eating out is, and always has been, an important element in the Singaporean way of life and is often lauded as a national past-time (National Library Board Singapore, 2009). Indications of Singapore's early sophistication in gastronomy come from its oldest hotel property: Raffles Hotel, and one of its most famous and well-travelled guests, Rudyard Kipling. In 1888 Kipling wrote the short but telling sentence "When in Singapore, feed at Raffles" (Raffles Hotel, 2010). At the time this was a very public and high profile recommendation that lent Kipling's considerable influence and generous praise to the hotel (Raffles Hotel, 2010). The influence and prestige of this compliment is evident by the continued use of this phrase in marketing campaigns by Raffles Hotel today, with their dining loyalty program "Feed at Raffles" continuing to flaunt Kipling's praise 120 years later (Raffles Hotel, 2010). Reports from Singapore during this period suggest that restaurant dining was not as popular as

hosting a banquet in ones own home (Sim-Devadas, 2005) - a practice that was also common in the late 1800's in New Zealand (Rowland, 2010). Colonialists in Singapore would frequently serve local dishes where “curry, rice, sambals and tropical fruits were often included in the rather substantial dinner” (Sim-Devadas, 2005).

From this point on, the literature covering substantial periods of Singapore's culinary past is missing. Between the early colonisation and the Second World War very little material could be found to fill the details of this period. Fortunately, Wong (2009) has written on a very important period of Singapore's history and the food culture of the time that helps to fill some of these gaps between. Wong (2009) gives us an insight into the food shortages and rationing during the Japanese occupation of Singapore (1942 – 1945), as well as a brief look at what role Singapore-based hotels played during the occupation. While there was heavy rationing of food, Wong (2009) points out that this was more of a perception of scarcity held by the greater population; perpetrated by the occupying forces. For the high-ranking Japanese officers, prestigious hotels such as Raffles would still serve some of the finest food from around the world in abundance. Here, even with a starving population outside, doctors and officers were entertained and served such luxuries as sharks fin, tuna sashimi and caviar during lavish 10-course dinners. While not an in-depth account of the F&B scenes development, Wong shows that hotels and fine-dining restaurants remained in high repute during one of the countries most trying times.

During this time of great hardship, occupying forces implemented food rationing and starvation and hunger became a daily struggle, though it was this rationing and shortage of supplies that helped change Singapore's culinary heritage. Streets stalls and food carts started to open up everywhere as hawkers of the day were forced to innovate, stretching any food they could acquire as far as possible. This gave rise to new dishes and interpretations of others, purely out of necessity. This presented the citizens of Singapore many varied dining options and created an air of culinary experimentation and discovery (Wong, 2009).

### 2.3.2: New Zealand's Dining Past

As immigrants to New Zealand realised “that food was abundant... and wages were good”, they turned their attentions to adopting the sophisticated dining habits of the British upper class (Rowland, 2010). To cater for this demand, hotels focused on providing elaborate and grand dining experiences so that the newly wealthy could embrace the trends of their homeland elite. As New Zealand hotels gained access to industry periodicals from abroad, the hotel and dining scene started to combine the best practices from all corners of the globe, with North America providing an increasing influence on hotel design and dining developments (Rowland, 2010).

Rowland's (2010) history of New Zealand dining helps illustrate how hotels evolved from American style “Grand Hotels” with the *grandeur* of fine dining influenced by the best establishments in the world, to the picture painted for us by Burton (2010) of undesirable and uninteresting eateries. While at the same time, Singapore's hotels have moved on from Kipling's comments to continue garnering the praise of the gastronomic elite the world over.

Prior to the reform of The Licensing Act in 1918, New Zealand hotels had been at the forefront of dining trends and developments, this took a back seat as liquor laws started to change. The “temperance fighters”, who fought for liquor reform during the First World War, succeeded in limiting both the trading hours for liquor sales as well as where alcohol could be purchased. This gave hotels the exclusive rights to distribute alcohol, causing them to change their business strategy to maximise returns (Rowland, 2010). The newly enforced closing time of 6pm for licensed outlets saw hotel dining rooms do away with “Tables, chairs, decorations, barmaids, table service, food, gambling, music, carpets and anything else that encouraged a patron to slowly enjoy his drink” (Rowland, 2010, p. 69).

This shift away from sophistication, and towards maximising consumption, saw hotels profit greatly from the one hour between work ending at 5pm until curfew, a period referred to as “the swill” (Rowland, 2010, p. 69). During this time men would crowd hotel bars, drink beer of reduced carbonation and alcohol content (to allow faster consumption) and leave at 6pm when the barman had

given word “the swill” had ended. Hotels, as the sole legal suppliers of alcohol, became very focused on this profitable period “often to the detriment of their other responsibilities concerning food and accommodation” (Rowland, 2010, p. 70). With no (legal) access to alcohol, independent restaurants of the time focused on the civility of the dining experience and saw fringe dietary trends, such as vegetarianism, become fashionable as guests looked for new culinary experiences away from the chaotic and unsophisticated environment “the swill” had brought to hotels (Rowland, 2010).

In 1955 the government of New Zealand set up the Tourist Hotel Corporation (THC) which one of its main goals was to improve the standards of dining in New Zealand hotels (Rowland, 2010; Tourist Hotel Corporation of New Zealand, 1977). This was made difficult however as the legislation regarding restaurant serving times and entertainment restrictions meant that this push for improvement was slow (Rowland, 2010). Such were the standards of New Zealand hotels that the US government issued a report threatening to send tourists elsewhere if they did not improve (Rowland, 2010). This was an issue that was well understood by the government of the time as the Honourable E.H. Halstead (Minister of Tourism) stated that one of New Zealand’s biggest problems was “...the shortage of suitable accommodation, which affects not only overseas tourists but also New Zealanders themselves” (Tourist Hotel Corporation of New Zealand, 1977, p. 3).

After the development of THC, it is hard to gauge the influence they ultimately had on improving dining standards as there is little mention of restaurant services in the company’s own publication (Tourist Hotel Corporation of New Zealand, 1977). The focus of this material saw the quality of the rooms taking centre stage, suggesting F&B’s importance to the hotel experience was not substantial. There is minor mention that “chefs were trained to world standards, kitchens were designed and wine cellars established” (pg4), however F&B is hardly mentioned beyond this with the quality of the rooms and location of the hotels in relation to airports a more dominant focus.

### **CHAPTER 3: LITERATURE REVIEW**

Academic literature that addresses New Zealand or Singapore hotel-based dining is in short supply. Rowland's (2010) recently published book, which focuses on the history and development of restaurants in New Zealand and the role hotels played in this development, appears to be the most concise (and recent) addition to this field, but contains no information on current trends or developments. Hotel-based dining, in general, has been an area of interest to researchers for many years (Ashton, et al., 2010; BBC, 2010b; Boone, 1997; Hanson, 1984; Hemmington & King, 2000; Heney, 2010; Siguaw & Enz, 1999) with Hanson's (1984) paper still widely referenced today. While the period of time over which hotel-based restaurants have been a topic of hospitality research spans almost 30 years, depth in this field is still lacking. Hanson (1984) (and his subsequent updated report in 1997), Hemmington and King (2000) and Siguaw and Enz (1999) appear to be the most frequently cited contributors, and are referenced by most other research papers within this discipline. This has created a rather slow expansion of knowledge with many ideas revisited frequently.

This literature review covers a broad range of topics related to hotel F&B departmental operations. This range of inquiry occurred organically as operational strategies that have been implemented within the industry over the years has been vast. In order to guide the reader, these topics have been separated into four main sections. This will begin with a look at current performance issues for F&B departments as identified in both academic writings and industry journals. Following this will be the identification and discussion of topics relating directly to the hotel properties and their operational strategies. This will include a look at loyalty programmes, outsourcing, career progression of hoteliers and issues regarding outlet location. Next is a look at customer-focused ideas such as public perceptions of hotel dining and the criteria diners' use when choosing a restaurant in which to dine. Finally, some case studies have been identified that illustrate the positive impact an altered focus towards the local market has had on profitability for hotel properties.

### **3.1: Performance and Perceptions of F&B Departments**

Hotel F&B departments are often regarded to be of little importance to a hotels profitability, and it is suggested that GM's are more interested in the performance of the rooms division and have only minor concern for the running of the F&B department (Hotels, 2005). Studies have indicated that hotel restaurants, beyond the obvious provision of food and drink, operate as a marketing tool to build on and support the image of the hotel. This is done by servicing in-house guest needs through the provision of costly "support amenities" (Hallam & Baum, 1996; Hanson, 1984; Hemmington & King, 2000, p. 256; Strate & Rappole, 1997). But a quality hotel dining product can offer a competitive advantage to properties beyond simply a second source of income (Ashton, et al., 2010) by attracting higher occupancies and room rates (Hanson, 1997) as well as attracting local clientele (Heney, 2010).

Hanson (1984) suggests that hotels and freestanding restaurants have different operational goals. While a freestanding outlet is focused on generating profit for the owners, a hotels F&B department exists primarily to provide a service for its guests, with profit becoming an after thought to this. It is suggested that this thinking is what has led hotel-based restaurants to become out-of-touch with dining trends, resulting in the delivery of poor quality products (Hemmington & King, 2000; Konrad, 1992; Siguaw & Enz, 1999; Strate & Rappole, 1997).

There is a long-standing view that hotel-based restaurants underachieve financially (Boone, 1997; Hanson, 1997; Hemmington & King, 2000; Hotels, 2005; Strate & Rappole, 1997) and are largely subsidized by the accommodation revenues of the properties in which they operate (Hemmington & King, 2000; The New Zealand Tourism Research Institute, 2007). Restaurants run by hotels are generally unprofitable, or at least not as profitable as free-standing outlets (Hanson, 1984), a point further emphasised by analysts who "declared that hotel restaurants by their nature will lose money" (Siguaw & Enz, 1999, p. 50). It has been suggested that hotel F&B departments operate at a losses of as high as 35% of revenue (Hanson, 1997).

In North American hotels, pre-tax loss for hotel F&B departments averaged 1% of revenues, while freestanding outlets were experiencing pre-tax profits of 3.7%, a net

difference of 4.7% in favour of freestanding operators. It is important to point out that these figures refer to the performance of hotel F&B departments as a whole, not the performance of independent outlets within the property. This is pertinent as the holistic department can be responsible for property-wide cost-centres such as the staff canteen and room service (Hanson, 1984, 1997). Before this is taken into consideration, hotel F&B departments are thought to operate with 10% to 35% profit margins (Hanson, 1984). Between 1990 and 1995, North American hotels saw profitability improve from 10.4% to 19.9% on average before expenses (Hanson, 1997).

Siguaw and Enz (1999), Hallam & Baum (1996) and Hanson (1984) all fail to clearly point out why hotels allow their F&B product to stagnate and lose money, allowing the outsourcing of this fundamental element of their business model to an outside operator to appear more attractive than a change of internal procedure. Overheads such as manpower (Hallam & Baum, 1996; Hanson, 1997), decorating and administration (Hanson, 1984, 1997) are cited as possible causes of this financial conundrum, however justification of this appears weak hinting towards inefficient managerial control over costs and poor product development more-so than anything else. Hanson (1997) does manage to illustrate the technicalities of the hotel F&B departments loss-leader status through discussions on the high cost realities of providing amenities such as room service and the staff canteen. This would suggest that financial comparisons between independent outlets and hotel-based restaurants are unrealistic as they appear to be very different business models, a point raised by Hanson (1997). This brings into question what differences would be seen if independent restaurants within hotel F&B departments were analysed on an outlet by outlet basis to identify actual financial performance, before allocation of costs to subsidise expenses that benefit the whole property.

Hanson's (1984) research, while interesting, provides us with more a list of reasons why hotel F&B departments are unprofitable rather than delving into why this can not be changed. Hanson (1997) expanded on his research, albeit in a very minor update, and went further to explain causes of the financial issues faced by hotel properties, but not why these haven't been addressed in order to better communicate the realistic performance of individual hotel restaurants. The main issues affecting poor financial

performance of hotel-based outlets, as described in Hanson's (1984, 1997) research were:

- **Standards of Service:** This includes the need for higher levels of staffing than stand-alone outlets, as well as the extended operational hours that hotels are expected to offer. Independent restaurants can pick-and-choose operational hours to maximise profitability.
- **Multiple Outlets:** As hotels attempt to cater to many differing tastes, the provision of varying types of outlets requires specialised staff training as well and additional managerial controls, both of which represent added costs.
- **Room Service:** A high cost area of the hotel, staff must be on duty 24 hours a day, constantly alert for collection and delivery of trays to and from rooms. This is also an expected amenity of full-service hotels.
- **Employee Meals:** While the *Uniform System of Accounts for Hotels* specifies that each employee's meal be charged to the department they report, often the F&B department still incurs the non-food related costs associated with the running of this facility.

Hanson's (1984) original research is now over 25 years old, yet works well to provide insight into the timeframe over which issues such as inflated manpower costs, extended opening hours, and higher training costs have prevailed. Hanson's (1997) update, while minor, illustrates that those issues that plague the financial performance of hotel-based restaurants are ongoing. An interesting omission in Hanson's (1984) work is that of rental cost which is never identified as a substantial cost in and of itself for stand-alone operators. Personal communication (2010) with Emmanuel Stroobant, prominent Singaporean Chef and Restaurateur, indicated that in Singapore this is one

of the most important aspects to control as it can account for a substantial portion of total operating costs for standalone outlets. Heney (2010) quotes Bill Morrissey, President of Morrissey Hospitality Companies, saying that the reason for the inefficiencies and poor performance of hotel F&B departments came down to the fact that “having a successful, market-leading restaurant is hard, and it is the hard part of any job that people avoid” (Heney, 2010, p. 6). Hemmington and King (2000) found this view was shared by independent restaurateurs who viewed hotel-based F&B operations as stuck in their ways and complacent.

It is further suggested that hotel General Managers (GM's) have become overly focused on RevPAR, where the focus should be shifted towards revenue per square foot (Heney, 2010). Focusing on RevPAR encourages management to view the F&B department as a tool to increase room rates as opposed to a revenue-generating department in its own right. The strategy of packaging rooms with breakfast (or any other F&B related product) into a single room rate might see the F&B department develop a reliance on the rooms department to build revenues, avoiding the need for innovation and to compete in the wider local market (Hemmington & King, 2000). It is suggested that outsourcing elements of the F&B department to external operators allows hotel managers more time to concentrate on the rooms departments, which some authors claim to be the true nature of the hospitality business (Boo & Mattila, 2002; Hallam & Baum, 1996). This claim contradicts the comments of many other researchers that see F&B as an integral part of the hospitality business that, when operated effectively, is a very important tool in property wide revenue generation (Ashton, et al., 2008; Hemmington & King, 2000; Heney, 2010).

Hanson's (1984) article offered little thought to the external brand image of hotels that provide an exceptional F&B product, an important aspect of modern hotel marketing strategy (Kandampully & Suhartanto, 2000). The article also hints at being written on generic F&B offerings, focused primarily on financial return and not F&B's benefit to the overall marketing strategy and its ability to increase revenues for the hotel. Hanson's (1997) follow-up report concludes with a very important point; regardless of the overall profit or loss experienced by the F&B department, the benefit of the F&B department to the hotels financial performance cannot be underestimated. In years where F&B departments in North America were making losses of 7%, the

department would have only needed to contribute \$2.07 to the overall average room rate to justify this loss. This is even before the contribution to occupancy F&B can add. So while the figures for F&B, as a department, may be somewhat less than desirable, the overall benefit on a property-wide level should be appreciated.

### **3.2: Operational Considerations for Hotel Operators**

#### **3.2.1: Guest Loyalty Programs**

The international hotel market is becoming more competitive (Mustafa, 1999; Noordhoff, Pauwels, & Odekerken-Schroder, 2004; Shoemaker & Lewis, 1999) with increased growth rates of new hotel properties saturating mature markets. This, combined with diminishing population growth rates sees hotel companies compete for fewer guests (Mustafa, 1999). While there are many options open to hotel properties to increase market share - lowering prices or increasing promotional activities for example, the best tactic is to increase customer loyalty to the brand or property as continually replacing guests is an expensive process (Kandampully & Suhartanto, 2000; Mustafa, 1999).

Kandampully and Suhartanto (2000) emphasise the importance of service standards for hotel properties. As the market becomes more competitive (Mustafa, 1999) and travellers become more savvy (Chikwe, 2009) differentiating hotels by their amenities alone becomes difficult (Kandampully & Suhartanto, 2000). Focusing on service standards provides a differentiable asset that guests value and develop a loyalty towards. This loyalty is now vital to the on-going profitability of individual properties (Kandampully & Suhartanto, 2000; Mustafa, 1999).

While customer satisfaction is important (Mustafa, 1999), Kandampully and Suhartanto (2000) suggest this alone is not enough to build loyalty. Development of a strong brand image is also necessary in encouraging repeat visitation. Holiday Inn was one of the early pioneers, within a hotel context, in pushing brand loyalty when they created a chain of properties that guaranteed the customer a similar standard of product and service regardless of location. This led to a high number of loyal customers willing to seek out Holiday Inn wherever they travelled (Mustafa, 1999).

While customer satisfaction is a prerequisite to loyalty, loyal customers are not always satisfied, though satisfied customers are more likely to become loyal to your brand (Kandampully & Suhartanto, 2000; Mustafa, 1999; Shoemaker & Lewis, 1999).

An historical view of hotel marketing departments dictated that their primary job was to constantly find and attract new customers (Shoemaker & Lewis, 1999). This view has changed in recent years with much of the literature suggesting that businesses now need to focus on retaining their existing customer base (Mustafa, 1999; Noordhoff, et al., 2004; Shoemaker & Lewis, 1999). Maintaining a loyal customer base can have a positive impact on a hotel companies bottom-line not only by reducing the impact of guest replacement costs, but as guests become more familiar with the services on offer they become less dependant on staff, reducing the need for high employee numbers (Mustafa, 1999; Zeithamel, et al., 2006). Brand loyalty also supports premium pricing as loyal guests are less likely to be concerned with price, or even ask about it when making reservations (Mustafa, 1999; Shoemaker & Lewis, 1999). Loyal guests also provide value through their word-of-mouth promotion of businesses telling, on average, 12 other people about their experiences (Mustafa, 1999; Shoemaker & Lewis, 1999; Zeithamel, et al., 2006).

In their attempts to attract and retain loyal customers, many hotel properties have adopted some form of loyalty programme on the back of the success experienced by airline loyalty clubs (Mustafa, 1999). These are present in many of the big hotel chains such as Holiday Inn (Holiday Inn, 2009), Marriott (Marriott, 2006) and Starwood (Starwood Hotels & Resorts Worldwide, 2010). These programmes try to impress a perception of exclusivity to frequent guests through value added benefits such as room upgrades or gifts (Mustafa, 1999).

Loyalty programs are expensive for companies to run, but despite the large cost of operation, Mustafa (1999) says that such programs do work, citing research carried out by Hilton Hotels HHonors programs in which of its 10,000 members, 19% said that they would not stay at Hilton without this programme. Marriott also reported that their members spend two-and-a-half times more after joining than prior to membership as they are more likely to spend on additional hotel products (Mustafa, 1999), such as restaurant meals (Shoemaker & Lewis, 1999). This higher yield from

loyalty card holders has also been noted in the retail (Noordhoff, Pauwels, & Odekerken-Schroder, 2004) and credit card sectors (Wirtz, Mattila, & Lwin, 2007) giving additional weight to the claim that that customers, or guests, included in loyalty programs are likely to spend more than if they were not associated with such a program (Nunes & Dreze, 2006; Wirtz, et al., 2007).

With service becoming a more important element in the differentiation of hotel properties (Kandampully & Suhartanto, 2000) loyalty programs also allow hotel groups to keep records of guest preferences and ensure these individual preferences are catered for on arrival (Mustafa, 1999; Noordhoff, et al., 2004) enhancing the service experience for loyal guests, further cementing patronage (Zeithamel, et al., 2006). Loyalty program members are also more likely to discuss any problems they have with the hotel management, giving the property an important opportunity to rectify any issues quickly, minimising the chance of losing guests to competing properties (Shoemaker & Lewis, 1999; Zeithamel, et al., 2006).

It has been suggested that these programs would not survive due to the high costs associated with them, but Mustafa (1999) points out that unless the industry as a whole ceases to operate these programs, hotel chains will keep them if only to negate the impact of other competitor run programs. Noordhoff, et al. (2004) suggested that the ongoing popularity and adoption of these programs suggested that they are far from in danger of becoming obsolete. This is contradicted by Nunes and Dreze (2006) who gave an example of the restaurant chain Subway ceasing their loyalty card program in North America and suggesting these programmes are on the way out.

In Singapore's domestic hotel market, dining privilege programs that operate on a similar platform are common. Two examples of this can be seen in the Pan Pacific Privileges: Dining Indulgences program (Pan Pacific Hotels & Resorts, 2010) and Feed at Raffles, by Raffles Hotel (Raffles Hotel, 2010). These programs often offer progressive discounts according to group size or offer other benefits to repeat guests (Mustafa, 1999; Pan Pacific Hotels & Resorts, 2010). These are two of many such programs that are operated in Singapore, and indicate how important attracting the local market is in Singapore's hotel-based restaurants. The tactic of discounting that is often adopted encourages frequency of visitation over on-going loyalty, which can

become an issue as guests are not emotionally attached to the product, but instead to the discounts they receive (Shoemaker & Lewis, 1999). Research shows that combining discounts with redeemable rewards creates a stronger connection to the customer (Shoemaker & Lewis, 1999; Wirtz, et al., 2007). It is suggested that within a hospitality context, encouraging loyalty through the use of guest information to ensure preferences are prepared on arrival is a very powerful tool in creating an emotional bond with that guest (Shoemaker & Lewis, 1999; Zeithamel, et al., 2006). Shoemaker and Lewis (1999) reported that 57% of guests approached stated they would remain loyal to hotels that used the information they collected to personalise their experience.

The actual degree of loyalty that can be achieved by such programs is an area of contention as it is suggested that encouraging local spending through what are essentially cost saving promotions, does not encourage loyalty at a psychological level (Noordhoff, et al., 2004; Nunes & Dreze, 2006), and may even lead to disloyalty as companies essentially end up buying customers (Nunes & Dreze, 2006). Noordhoff, et al. (2004) found that the higher the level of saturation of such loyalty cards in a market, the less likely they were to directly contribute to a customers loyalty. This suggests that as more hotels adopt loyalty cards to attract diners, the less effective they become in creating loyalty, and the more they will need to rely on cost saving promotions. So why do hotels continue to roll out such programs? This brings us back to Mustafa's (1999) comments regarding the need to implement these activities if only to counter the effect of competitors programs.

Nunes and Dreze (2006), despite what can be viewed as a rather damning article on the value of loyalty cards, do acknowledge that they can be valuable and profitable tools if used correctly. Shoemaker and Lewis (1999) are even more enthusiastic in their support for these programs as they declared them to be the future of hospitality marketing activities. Not only can these programs generate revenue for individual properties, but they can also be powerful tools when negotiating for new hotel contracts through the perceived value of their loyal guest-base (Shoemaker & Lewis, 1999).

### **3.2.2: Outsourcing**

The literature on outsourcing refers most frequently to two types of contractual relationship. Most commonly the term outsourcing is used in its own right to describe when hotels “develop strategic relationships with restaurant operators through franchising, contracting out or leasing arrangements” (Hemmington & King, 2000, p. 256). The second element identified is that of co-branding which refers to “the combination of two recognised brands in one space” (Ashton, Scott, & Breakey, 2008, p. 1). On occasion co-branding is also referred to as “brand alliance” (Boo & Mattila, 2002). While very similar in concept, it is important to note that outsourcing can refer to any form of collaboration with an external supplier to provide a service, in this case the operation of some or all of the F&B operation. Co-branding, meanwhile, is more specific to the combining of two reputable brands to strengthen the performance of each through partnership with the other. While outsourcing is part of co-branding, vice-versa cannot always be said. For the most part, the author will refer to outsourcing in a generic sense where differentiation is not significant or important; co-branding will be used where the literature indicates the necessity for this distinction.

Though outsourcing is one of the more popular topics within empirically researched hospitality literature, it is still fairly limited with many articles closely linked (Boo & Mattila, 2002). Boo and Mattila (2002) suggest the reason for the absence of academically focused restaurant writings stems from a lack of empirical and conceptual frameworks to guide research. This was the foundation of their own research that attempted to develop a framework that looked at the integration of hotels and restaurant brands from a consumer perspective. The strength of this work comes from the researchers use of references from fields such as consumer behaviour, social psychology and brand management, and incorporating this into hospitality management theory. Of the publications that look at hotel-based restaurant outsourcing, Boo & Mattila (2002) are the first to place a major focus on the need for reflection on the consumer perception of aligning brands in the overall evaluation of this strategy.

Aston, et al. (2008) and Boone (1997) highlight the power that established brands have in bringing large volumes of loyal customers from their first day of operation. This instant base of loyal consumers that such branded outlets bring from both local and travelling guests gives a clear example of why F&B managers today seem so attracted to the idea of outsourcing or co-branding strategies, if only from a purely financial viewpoint. But as we have seen from Kandampully and Suhartanto (2000), the need for control over service standards is vital as this is one of the most differentiatable aspects of individual hotel properties. This is where academic opinion and operational realities clash. While outsourcing is becoming more prominent in hotel F&B departmental strategies (Hallam & Baum, 1996; Hemmington & King, 2000), many F&B managers still believe that control of F&B should still remain an internal responsibility (Strate & Rappole, 1997). It appears the decision between retaining control over all areas of the hotel and ensuring service standards are driving competitive advantage (Kandampully & Suhartanto, 2000), or entrusting an external operator (with their extensive and instant customer base) to maintain appropriate service standards comparable to all other areas of the property (Ashton, et al., 2008; Boone, 1997), remains a divided issue.

Restaurant operations are an important strategic tool in increasing revenue in hotel properties and outsourcing has become an increasingly popular option available to hoteliers looking to revitalise this traditionally poor performing area of their operation (Ashton, et al., 2008; Hallam & Baum, 1996; Hanson, 1984; Hemmington & King, 2000; Lamminmaki, 2005). The poor image created by lacklustre dining experiences provided by hotel properties has seen hotel guests and the local community lose interest in hotel-based dining options in favour of local restaurants or the familiarity of brand name venues (Burton, 2010; Hemmington & King, 2000). Hemmington and King (2000) also reported restaurateurs from standalone restaurants commenting that hotel operated restaurants lack fun and excitement, with the potential remedy to this suggested to be through co-branding, whereby two strong brand identities work together to build business and brand image through alignment with another company of similar notoriety. This can range from attachment to such prestigious names as Marco Pierre White (Hemmington & King, 2000) and Gordon Ramsey (Burton, 2010) to commercial franchises such as Pizza Hut (Boo & Mattila, 2002) or Starbucks (Ashton, et al., 2008).

The recession of the 1990's saw hotel properties in the United Kingdom start to focus on how to maximise the potential of F&B departments. This re-evaluation resulted in the reduction of allocated F&B floor space or, at times, the elimination of F&B as a component of the hotel entirely. When this happened many hotels elected instead to position themselves near restaurant districts that provided convenient access for their guests. Despite the initial scepticism towards outsourcings supposed benefits, the 1990's saw a trend towards adopting this strategy across North America and the United Kingdom (Boone, 1997; Hemmington & King, 2000; Siguaw & Enz, 1999).

Outsourcing of F&B activities by hotels has since become an increasingly popular strategy in retaining in-house guest spending, and stimulating local business (Boo & Mattila, 2002; Hallam & Baum, 1996; Hanson, 1984; Heney, 2010), especially as hotel brands began to trust independent operators with their guests and mutually beneficial business relationships are formed (Boone, 1997; Hemmington & King, 2000). With many successful co-branding partnerships emerging between hotels and restaurant chains, it has become a strategy seen to reduce the burdens associated with traditional hotel F&B departments (Boone, 1997).

Co-branding also offers hotels the ability to combat the trend of in-house guests and locals dining elsewhere by delivering brands with high levels of loyalty directly into the property, such as with Sheraton's alliance with Starbucks (Ashton, et al., 2008; Boone, 1997). This tactic has become increasingly more popular in mid-range properties (Ashton, et al., 2008; Boo & Mattila, 2002). Outsourcing is also recommended as a way to make the F&B component of hotels more dynamic and competitive (Siguaw & Enz, 1999) while increasing profitability through cost reduction and maximizing cash flow (Hallam & Baum, 1996; Hanson, 1984).

Despite recent interest in outsourcing, it is hardly a new concept. One of the first instances of this practice was with Trader Vic's in North America that aligned themselves with hotels from as early as the 1930's (Boone, 1997; Hemmington & King, 2000; Strate & Rappole, 1997). Marriott is largely regarded as the modern pioneer in co-branding when it joined with Pizza Hut, and subsequently Best Western saw occupancy rates jump 10% after their alliance with Country Kitchen (Boone,

1997). In its early stages, outsourcing was viewed with scepticism as, unlike frequently outsourced services such as laundry and security, F&B is a prominent element of the fundamental hospitality product whereby the poor performance of partners could directly damage the reputation of the hotel property (Hemmington & King, 2000; Lamminmaki, 2005), and the property's brand image at large (Kandampully & Suhartanto, 2000).

Lamminmaki (2005) highlights this point when discussing brand capital where he states that in circumstances in which one company has the ability to negatively impact the brand image of another, this element is unlikely to be outsourced. This, as previously noted, appeared to ring true in hotel properties initial reluctance in adopting an outsourcing strategy. However, as we will see, Lamminmaki's (2005) idea appears to have become less of an issue for hotel operators in the current market as the acceptance of F&B outsourcing shows signs of growth. This might suggest that the potential profitability of outsourcing is seen as incentive enough for hotel operators to risk the operational issues and relinquish some control over their F&B offering.

Getting co-branded relationships right, and ensuring the organisational cultures in each partnering company are comparable, is vital in avoiding disaster for one, or both, of the parties concerned (Hemmington & King, 2000). Hotel properties have to ask themselves if outsourcing or co-branding will improve their financial bottom-line, and whether or not creating these strategic alliances can build on the image of their brand (Kandampully & Suhartanto, 2000; Mustafa, 1999; Strate & Rappole, 1997).

Strate and Rappole (1997), while presenting a case study on one hotel's success with co-branding, focus on the importance of organisational compatibility in the building of successful alliances. While examining the more obvious need for cohesion between the aligning companies, with particular emphasis on brand image and corporate culture matches, attention is also drawn to fundamentally important ideas beyond this. Perhaps most important, in the context of this research project, relates to the need to weigh up options, both internally and externally, in long-term strategic F&B development. Outsourcing in the context of Strate and Rappole's (1997) case study became a valid option due to weak recognition in local brand knowledge of

Bristol Hotels Company's in-house restaurant brands which resulted in poor conversion of local walk-by business. The resulting benefit of this co-branding partnership needed to be sufficient enough to cover franchisee and other construction and outfitting costs. Local markets also need to be sufficiently large enough to support these additional operational costs, or see them further harm the properties bottom-line.

Outsourcing, and particularly co-branding, also has the ability to add a psychological comfort to travellers (Mustafa, 1999). When hotels use brand name restaurants it reduces the ambiguity experienced by consumers and reduces the level of perceived risk they incur in making their dining choice as they can relate to these well known, and perhaps previously visited, outlets. This ambiguity comes about due to the intangible element of hospitality that makes comparing restaurants difficult when faced with a range of unfamiliar options (Boo & Mattila, 2002; Mustafa, 1999; Zeithamel, et al., 2006). The familiarity of brand names gives a psychological support to this decision making process (Boone, 1997; Dorsch, Grove, & Darden, 2000). This was a key determinate for hotel executives, as reported by Strate and Rappole (1997), at Holiday Inn Intercontinental in Houston when time came to update their F&B product and reposition the hotel. While successful in other American states with their own internally created brands, the high level of local walk-in business at this particular location required a more well known brand to maintain and build on this important revenue stream. The subsequent co-branding strategy with Good Eats Grill saw profitability in both the F&B and rooms departments increase significantly, with similar results being reported in other co-branding partnerships (Boo & Mattila, 2002; Boone, 1997).

Improvements in property-wide financial performance brought about by outsourcing activities have been widely reported by academics (Ashton, et al., 2008; Boo & Mattila, 2002) and hotel operators alike (Boone, 1997). Despite these reports Boone (1997), while discussing the generally high praise for this business strategy by the industry, found no supporting evidence that this was anymore than just managerial rhetoric. Citing Strate and Rappole (1997), whose case illustrated the successful alignment of Holiday Inn with Good Eats Grill, Boone (1997) points out that while success is present, there is no way to determine if the level of success achieved *could*

*not* have been achieved through development of their own F&B product. Perhaps one of Boones (1997) more interesting findings showed that while branded restaurants operating in hotels earned between 18% and 78% less than their standalone outlets, after incorporating these concepts to their properties, the hotel-branded and operated restaurants saw revenues increase from between 126% and 316% (Boone, 1997).

Boo and Mattila (2002) spend much of their discussion focused on the need to ensure a match between partners. Consumer perceptions require that there is a logical connection between brands, and a connection that adds value to each partner (Boo & Mattila, 2002). This fit between hotels and restaurants is, to a large degree, self-explanatory as literature frequently refers to the longstanding bond between hospitality and F&B (Ashton, et al., 2008; Hemmington & King, 2000; O'Gorman, 2009; Rowland, 2010; Strate & Rappole, 1997). If this match is not well developed it can negatively impact the image of either brand involved in the partnership. As image is an important variable in customer purchase behaviour, particularly with repeat visitation generated through loyalty (Mustafa, 1999), any negative effect that is passed from one partner to another could see a decline in sales for one or both of the partners involved (Kandampully & Suhartanto, 2000). Service quality has been found to be the most important influence in brand image, and therefore customer purchase intent, further highlighting the need to ensure service standards between partners are similar to avoid negative brand associations (Kandampully & Suhartanto, 2000).

Co-branding and outsourcing has its potential pitfalls. Thoughtful corporate alignment along with a positive professional relationships are needed to prevent friction and operational problems damaging partnerships (Ashton, et al., 2008; Strate & Rappole, 1997). Without a focus on successful brand management consumers can become confused and frustrated (Ashton, et al., 2008), such as when independent or branded restaurants operating within the hotel property do not offer the same services as other outlets, like room service for example (Boone, 1997). This confusion can be translated into negative impressions of the hotels overall service standards, or the quality of its amenities, that can become detrimental to the hotel image (Kandampully & Suhartanto, 2000). Hoteliers must remember that a guests evaluation of their total experience begins from the time they make a reservation until they leave the property (Shoemaker & Lewis, 1999; Zeithamel, et al., 2006), and separation between hotel

run services and the ownership of individual F&B outlets within the property is unlikely to occur as a guest forms their overall impression of their visit. It is also important to ensure that the alignment of those brands is mutually beneficial, without which consumer perception of a hotel property could be weakened due to association with an inferior product. Another problem can occur when one of the brands involved gains bad publicity, associating this negative brand image on the partnering brand (Ashton, et al., 2008).

There is no right answer to the outsourcing of hotel F&B operations. Done right it can not only improve the profitability of F&B departments (Ashton, et al., 2008; Hemmington & King, 2000; Strate & Rappole, 1997) but also for rooms division through improved occupancy and room rates (Strate & Rappole, 1997). But there is still no explanation of why, given that F&B has been an important element in hotel operations for so long (Hanson, 1984), hotel managers have not developed sufficient skills to develop their outlets to deliver better value to guests and reduce its overheads if an external operator can achieve this while utilising the same space. The biggest benefit appears to be through co-branding which seems to almost guarantee local spending through existing brand loyalty (Strate & Rappole, 1997) and encourages in-house guests to dine on property (Hemmington & King, 2000) due to familiarity and trusted price-value associations (Ashton, et al., 2008).

Boo and Mattila (2002) concluded their research with the acknowledgement that their findings require further examination. As referred to previously, while the link between restaurants and hotels exists on a cognitive level, the overall benefit or cost in partnering with external companies has yet to be fully examined. While Marriott and Pizza Huts partnership has benefited the properties that have been involved, the overall effect on the integrity of each brand remains unknown (Boo & Mattila, 2002). Additionally, no research appears to have been conducted recently to examine how this strategy has developed or benefited the parties involved.

### **3.2.3: Hoteliers Background in Food & Beverage Operations**

Boo and Mattila (2002) state that external operators perform better than hotel-based restaurants as they are managed by “experts in foodservice” (p. 15). This is a seemingly

strange contradiction as research points to dining being a fundamental aspect to modern (Ashton, et al., 2008; Hanson, 1984; Hemmington & King, 2000) and historical hotel operations (O'Gorman, 2009; Panayi, 2008; Rowland, 2010). As an important element in hotel operations, it would stand to reason that hoteliers themselves should have developed skills that would allow them to be considered “experts in foodservice”.

Career progression research in the hospitality industry also suggests that hoteliers do possess the necessary skills to perform in this area with both Ladkin (2002) and Ruddy (1989) finding that F&B was the most common path taken by hotel GM's. A Nebel group study in 1992 found that 45% of GM's had more experience in F&B than any other hotel department (cited by Woods, Rutherford, Schmidgall, & Sciarini, 1998). Despite the apparent importance this places on F&B as a knowledge base for running a hotel property, Woods et al. (1998) report that GM's view hospitality training with a F&B focus to be relatively unimportant. These results do not imply that F&B as a knowledge base is considered useless, but that GM's see more important educational focus for hospitality professionals looking to secure senior roles to be through business disciplines. The large proportion of GM's that develop their careers working in the F&B department (Ladkin, 2002; Ruddy, 1989; Woods, et al., 1998) further adds to the quandary of why hoteliers are still not considered to possess the experience necessary to run restaurants well.

In Heney's (2010) interview with Bill Morrissey it is suggested that hotels are recruiting and running F&B outlets with the wrong mindset by employing hotel managers to run restaurants, failing to acknowledge that restaurant staff are different to other hotel staff and need to be managed accordingly. Shoemaker and Lewis (1999) emphasise the importance of focused employment strategies for hotels that wish to strengthen loyalty among its workforce. Avoiding the convenience of “warm body” recruitment will benefit the hotel through increasing the incidence of repeat guest visitation as service levels improve and relationships are formed between guests and staff. Hemmington and King (2000, p. 258) also report a United Kingdom based hotelier admitting “hoteliers know room sales but there is always something wrong with hotel food and beverage; they should not pretend to know how to operate food

and beverage”. Again, contradicting the evidence that, according to career progression research, hotel GM’s should be experienced in this area.

#### **3.2.4: The Importance of Location**

One of the strengths of stand-alone restaurants is their ability to select and operate in highly visible locations with high levels of foot traffic (Hanson, 1984; Siguaw & Enz, 1999). Hotel F&B managers do not generally have the same freedom to select locations within the property as the construction or layout of the building is more likely to dictate this. With this in mind, many hotel properties have attempted to remove the need for guests to enter their lobby by creating entrance ways to F&B facilities from the roadside (Siguaw & Enz, 1999). Examples of this can be seen in Singapore with Crossroads Café in the Marriott Hotel, and in New Zealand at Stamford the Plaza with Grasshopper. Singaporean independent restaurants, however, do not appear concerned with this desire to seek prime locations with many located off of main thoroughfares. Emmanuel Stroobant explained that the key to a restaurant’s financial success in Singapore was to reduce the impact of rental costs by finding more out-of-the-way locations and creating a destination out of the restaurant (Personnel Communication, 2010). In some instances the more difficult to find, the more sought after the restaurant becomes.

The ability to dictate the size of their premises, based on expected business demands, is also a benefit of the independent restaurateur. Where hotels need to ensure sufficient space is allocated to cater to peak demand periods so that all guests that require a seat have one available, standalone operators can limit the number of people they are willing to accommodate (Hanson, 1984, 1997). This also means that staffing costs can be better controlled according to confirmed reservations in stand-alone restaurants, instead of by possible arrivals according to occupancy levels of the hotel property. Turning away customers can, at times, even increase the appeal for standalone operators as the outlet becomes popular and tables become hard to secure (Hanson, 1984, 1997).

### **3.3: Customer Centric Issues**

#### **3.3.1: Guest Perceptions of Hotel-Based Dining**

It appears that writings specifically focused on customer perceptions of hotel restaurant operations in comparison to stand-alone operators are non-existent. While some authors identify broad ranging perspectives, it has not yet been addressed specifically in relation to the local dining market and how hotel-based dining compares in consumers minds. While academic research on the topic of local consumers as an revenue source for hotel F&B departments is limited, trade journals are starting to illustrate successful examples of F&B managers tailoring their product to become more attractive to both locals and in-house guests (Heney, 2010; Hotels, 2010).

The opinions expressed by Burton (2010) (see opening quote, chapter 1) on the lingering negative perception New Zealand consumers have towards the hotel-dining experience highlights how impressions formed of hotel dining from pre-1950's New Zealand (Rowland, 2010) have remained in the minds of these consumers. This might suggest an inheritance of this attitude between generations or simply indicate how little the industry has progressed in elevating its public image. It also shows the detrimental effect that the brewery owned hotels of the 1950's, and the liquor licensing laws brought on by the temperance movement of the early 1900's (Rowland, 2010), had on the long term perceptions of New Zealand consumers. However, New Zealand is far from the only country where hotel-based dining has been plagued by this negative public perception with much of the literature that addresses this diminishing appeal originating from North America and Britain (Boo & Mattila, 2002; Hallam & Baum, 1996; Hanson, 1997; Hemmington & King, 2000; Heney, 2010).

Boo and Mattila (2002), as part of the development of their conceptual model, highlight the importance of consumer attitudes towards a product in their decision to use a service. Their concept becomes important in understanding this aversion to hotel dining. With much of the literature that points to negative customer attitudes towards hotel-based dining stemming from a decline in both food and service standards being

written over a decade ago (Hallam & Baum, 1996; Hanson, 1984; Hemmington & King, 2000; Siguaw & Enz, 1999), it would be easy to argue that things may have changed. Boo and Mattila (2002) remind us that perceptions linger and, without adapting and then communicating these changes, guests will remain apprehensive towards dining in hotels. If customers continue to carry the image of hotel-based dining being of a poor quality, the emotional basis of this image problem will prevail above reality and reason (Ashton, et al., 2010).

As hotel-based restaurants became more out-of-touch with dining trends, these outlets lost desirability, even to a hotels most obvious customer base: in-house guests. Despite this trend away from dining in hotels, in-house guests continue to view F&B as an important component of the “hotel experience” (Hemmington & King, 2000, p. 257). As such, hoteliers have started looking at their F&B product and asking themselves what guests are looking for as trying to be “all things to all people” does not work (Strate & Rappole, 1997, p. 51).

A goal of hotel-based F&B departments should be to encourage guests to not only want to visit their restaurants, but also to develop a base of loyal and frequent visitors to individual properties, or throughout a chain (Kandampully & Suhartanto, 2000). This is possible through the building of positive brand association based on high quality service standards as a precursor to developing a loyal and emotionally invested customer base (Kandampully & Suhartanto, 2000). Ensuring high levels of guest satisfaction with the F&B offering of a hotel property is an important first step in developing loyalty and building a strong and positive brand image associated with your product (Kandampully & Suhartanto, 2000; Noordhoff, et al., 2004).

While ideas related to best practices in outsourcing were discussed earlier in this chapter (section 3.2.2), in building brand image Boo and Mattila (2002) make an important note relevant to the current discussion. In driving your property, or simply your F&B department, towards an enhanced image in the community and with your in-house guests, it must be remembered that the actions of those associated with your property, regardless of their official connection to your brand, have the power to improve or tarnish your reputation. As such, partnering strategies must also be

closely examined to ensure positive outcomes result for the operating hotel when partnering activities are considered (Boo & Mattila, 2002; Boone, 1997).

### **3.3.2: Customer Choice Criteria**

The literature does not suggest that consumers would consider hotel-based restaurants on differing criteria as they would an independent operator when dining out. While it is acknowledged that a psychological barrier based on preconceived notions of dining at hotel-operated restaurants may exist (Burton, 2010; Hemmington & King, 2000; Strate & Rappole, 1997), the criteria for selection theoretically remains the same. This discussion therefore focuses on what consumers look for when selecting a dining venue in general. This will provide a basis for discussion on whether hotel-based F&B departments appear to conform to the ideals reported in the literature.

While there are many individual reasons people might choose to dine out, these can be broken down into four broad categories: convenience, social occasions, business outings and celebrations (Auty, 1992; Kivela, 1997). In a Hong Kong based study it was found that the most important three determinates, regardless of occasion, for selecting a restaurant was the food quality, style of food and cost (Kivela, 1997). Kivela (1997) also points out that this can be misleading as many restaurants will generally:

*“... offer equally attractive “bundles” of attributes that are regarded as equally important. Rather, it is the importance of an attribute coupled with the perceived difference among competing restaurants that determines choice criteria... ambience or atmosphere, as well as the quality of food, therefore, may have a decisive role in the final selection or rejection” (p. 120).*

So, while a restaurant’s thematic idea and pricing are acknowledged as being important in consumer decision-making, there will be many restaurants within a competitive set that will offer these attributes at similar levels to each other. Ambiance may therefore play a more important role in the mind of consumers in distinguishing between restaurants than what straight quantification of the research

suggests. This view is shared by Auty (1992), in an earlier and very similar study to that of Kivela (1997), who also concluded that within a specified area of choice (e.g. Italian Fine Dining), as determined by the occasion and mood, food and pricing-centric criteria are likely to be comparable, and therefore atmosphere is most likely to be a major determinate in final choice.

Auty (1992) suggests that marketing which focuses on the product offering might not be the most effective method of appealing to consumers. With atmosphere being the most likely element to invoke visitation to one outlet over another. Marketing efforts, it is suggested, could be better focused on directing potential guests attention to how the ambient features of an outlet are superior to that of competitors (Auty, 1992; Kivela, 1997). This is not to suggest that food quality and value is to be ignored, but that it should be comparable (if not superior to) your competitors, be they hotel-based or independent.

It should be noted that the key point made by Auty (1992) and Kivela (1997) in suggesting that restaurants focus on improving and promoting the ambient features of their outlets assumed that that restaurants of a similar ilk are similar in value and quality. When we link this to consumer perceptions of hotel-based dining carrying a stigma of poor value and uninspired cuisine (Burton, 2010; Hallam & Baum, 1996; Hanson, 1984, 1997; Hemmington & King, 2000; Siguaw & Enz, 1999), it is this very perception that will inhibit hotels ability to attract and expand into the local market as an ongoing source of revenue. Ensuring that baseline consumer expectations of restaurant offerings are met and acknowledged within the community is therefore an important element in becoming included in the pool of options consumers consider in their dining decisions. We can therefore conclude that in order to become a player in the local dining scene, hotel-based restaurants need to separate themselves from the negative public image they appear to have and ensure the basic criteria of quality are cemented in daily operations.

### **3.4: Cases Studies in Successfully Attracting Local Diners**

There are indications that hotel-based restaurants are starting to pay attention to trends in the local markets. In North America, the National Restaurant Association (2010) reported the top trends in 2010 included using local produce, providing healthy meals and establishing restaurants with their own gardens. Hotels magazine (2010) reports senior F&B managers at Kempinski and Hyatt hotels describing these as primary focuses for their F&B departments. Sourcing food within 10 miles of properties and ensuring fresh, simple meals to meet the demands of newly health conscious diners is now an important step towards making the F&B offering at these properties current and up-to-date with diners tastes (Hotels, 2010). Executive Chef of the Marriott Downtown Magnificent Mile, Myk Banas, takes the idea of growing his own produce further by looking after the 200,000 honeybees that produce the honey they use in their signature honey wheat beer.

Heney (2010) illustrated how revamping the F&B department not only improved facilities for in-house guests but by tweaking operations to cater for the local community they have seen improvements in the overall performance of the property. By focusing on delivering a product the local community respected, the F&B department not only became profitable, but hotel occupancy levels also improved.

Starwood Hotels and Resorts Worldwide experienced problems with “Le Meridien” after taking over this brand. The corporate office solution was to create a marketable point of difference for the brand, the focus was placed on F&B breakfast service (Bertagnoli, 2008).

Bertagnoli (2008) identified four North American hotels that focus on strategies to capture the local market, with some turning individual outlets into profit centres drawing in US\$2M in annual revenues. The commonalities of all the hotels reported on was that they have each revitalised their properties through a focused approach to their F&B departments. The trend between all success stories is that the local community was included in the planning and development of new outlets. One of the managers interviewed put this success down to focusing on each outlet independently, and recognising some will be better suited to local guests and some to in-house

guests, but never to group them all into one vision (Bertagnoli, 2008). This echoes and reinforces the opinions expressed by Strate & Rappole (1997) that hotels need to move away from dining products that attempt to cater to every possible guest.

Bertagnoli (2008) shows us that hotels are looking to revitalise their F&B departments and take them beyond standard hotel fare in a cognitive push towards attracting non-hotel guests to dine in their outlets. This ideological change was brought about primarily due to recessionary pressures as managers and chefs both realised the need to become a more attractive option and operate more efficiently. America is now also starting to look at Europe where many of the best restaurants are located in hotel properties. An interesting turn-of-phrase was used by an interviewee in Bertagnoli's article where he described the European concept of hotels developing highly reputed restaurants as "... the international model..." of hotel F&B departments (2008, p. 53).

The idea that hotels operations are overly focused on the rooms department is echoed throughout the literature. If revitalisation of hotel restaurants is a goal, then properties need to focus on F&B as a viable, profitable department and respect it as a profit generating area of the hotel in its own right (Hallam & Baum, 1996; Konrad, 1992; Siguaw & Enz, 1999).

### **3.5: Summary**

This review of the literature has examined any different aspects of F&B operations reflecting the wide range of topics that have been tackled relating hotel F&B departments. From a managerial perspective, areas explored focused on the current performance of F&B departments as well as commonly held perceptions regarding their performance, operational issues such as guest loyalty programmes, outsourcing as well as a brief look at hoteliers background in F&B operations and the importance location has on the performance of the outlets. This was followed with an examination of existing guest perceptions and the criteria under which guests select to dine at one outlet over another as we examined guest-centric literature on hotel-based dining. The chapter concluded with a look at some cases whereby F&B was

established as an important strategic element in improving the performance of properties to illustrate the potential benefit a focused F&B department can provide hotel operators.

Despite this breadth of inquiry, New Zealand and Singapore's hotel F&B departments are not well represented. This underexposure for New Zealand and Singapore has reinforced the benefit the academic community and the wider industry could enjoy from this research project. The scope of readings conducted for this thesis also provided a solid background to begin primary data collection. The researchers reflexive understanding of the topic provided an important operational perspective to this project, which this extensive literature review has strengthened.

Utilising information collected from all sections of this literature review, methodological processes can now be established, and progress made towards the compilation of primary data sets to fill in existing gaps in knowledge, and update past research.

## **CHAPTER 4: METHODOLOGY**

### **4.1: Introduction**

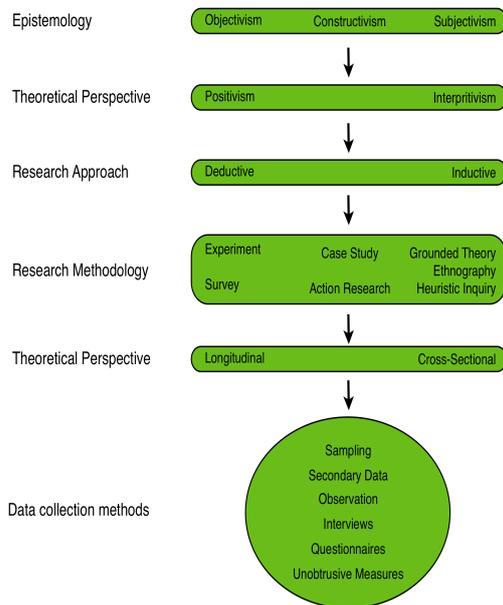
This chapter provides an outline to the theoretical framework and the data collection tools used throughout this study. This will begin with a discussion on the research paradigms utilised throughout the research process. This will lead on to a look at the data collection techniques used and the process undertaken in their analysis. Finally this chapter will identify key theoretical aspects in the ethical considerations of the study. All of this will provide support to the authors decision to follow a *constructivist approach to interpretive research*. This approach utilised semi-structured interviews and online surveys to achieve the following research objectives:

1. Identify managerial differences that exist between Singapore and New Zealand regarding the importance of the local market to the operation of F&B departments and how these and how these affect operational strategy.
2. Identify the perspectives held by New Zealand and Singaporean residents' of hotel-based dining.
3. Provide practical guidance to hotel operators in Singapore and New Zealand to maximise revenue generation from local diners.

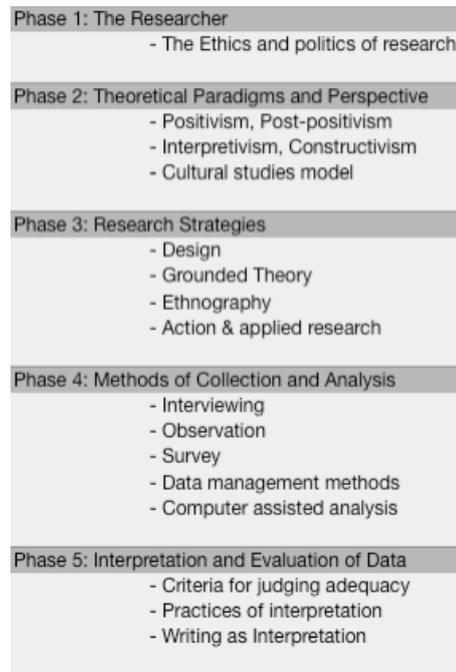
In order to provide guidance to the methodological process, the works of both Gray (2004) and Denzin and Lincoln (2005) were referred to. These works guided the layout of this section though their explanation of the research process, both of which are abridged below in Figures 4.1 and 4.2.

*Figure 4.1: Elements of the Research Process*

(adapted from Gray, 2004, p. 30)



*Figure 4.2: The Research Process*  
(adapted from Denzin & Lincoln, 2005, p. 23)



While both processes follow quite similar formats, there are some differences that required attention. The most obvious issue in strictly adhering to either of the paths presented was that Denzin and Lincoln's (2005) process was developed specifically for qualitative methods, where this research project follows a mixed method approach. It is not clear how suitable Denzin and Lincoln (2005) consider this process for use as a general purpose research guide, though the similarities to that recommended by Gray (2004) suggests transferability. An important inclusion from Denzin and Lincoln (2005) was the consideration of the ethics process, which is lacking from Gray's (2004) model. This was important in the context of this study due to the emphasis Auckland University of Technology (AUT) places on the ethics approval process and the level of consideration that was expected of the researcher before approval was given to proceed with data collection.

The researcher formulated a process model that incorporates elements of both Denzin and Lincoln (2005) and Gray (2004) that better illustrated the specific needs of this research project. This amended research process is presented in Figure 4.3, and provides the reader with an understanding of the process used in establishing a methodological design best suited, based on his own theological perspectives, to producing solid results from the data collected. Bryman and Bell (2007) were also

referred to frequently in the design of this process, primarily to clarify issues that were not defined or explained to the researchers satisfaction during the discussion on the aforementioned models by their respective authors.

<b>Step 1: Research Paradigms and Perspectives</b>
- Ontology - Epistemology
<b>Step 2: Research Approach</b>
- Deductive Vs. Inductive - Quantitative Vs. Quantitative - Mixed Methods
<b>Step 3: Methodologies, Methods of Data Collection and Analysis</b>
- Semi-Structured Interviews - Questionnaires - Data management methods - Primary Data - Secondary Data - Semi-Structured Interviews
<b>Step 4: Timeframe Considerations</b>
- Longitudinal Vs. Cross Sectional
<b>Step 5: Ethical Considerations</b>
- Ethical process, guidelines and framework

*Figure 4.3: Amended Research Process*

(Adapted from Bryman & Bell, 2007; Denzin & Lincoln, 2005; Gray, 2004)

## **4.2: Research Paradigms and Perspectives**

It is important prior to the commencement of a research project that the researcher give due consideration to the theoretical perspectives in which he or she identifies with (Bryman & Bell, 2007). It is also useful for readers of any academic paper to understand the underlying theoretical and philosophical framework in which the study has been undertaken (Bryman & Bell, 2007). These theoretical viewpoints or beliefs are often referred to as a research paradigm (Bryman & Bell, 2007; Denzin & Lincoln, 2005; Gray, 2004; Taylor, 2005).

The key components of a research paradigm are those of ontology and epistemology. These are important considerations as they frame the researchers view on the “nature of existence” (ontology) (Gray, 2004, p. 16) and how the researcher views the nature of what can be considered acceptable knowledge (epistemology) (Bryman & Bell, 2007). The research paradigm describes “a cluster of beliefs” and dictates how

researchers in different disciplines will conduct their research, what research should be conducted and how the interpretation of this data should be carried out (Bryman & Bell, 2007, p. 25). Kuhn (1970, p. 23) further describes a paradigm as that which “prepares a student for membership in the particular scientific community with which he will later practice”.

While often discussed in very separate terms, the ontological and epistemological stance of a researcher is very closely related and in some texts, such as Denzin and Lincoln (2005), are referred to almost as one. This is due partly to the need for these points to blend into one seamless viewpoint that the researcher will follow almost organically. It is also very difficult for student or first time researchers to confidently classify themselves into one of the predetermined paradigms that exist due to the varied nature of research being undertaken these days (Bergman, 2008; Taylor & Trumbull, 2005), an issue experienced by the author while attempting to position the research paradigm utilised in this mixed method based project.

The ontological and epistemological areas of the research paradigm will be explored individually at first, and brought together at the conclusion of this section.

#### **4.2.1: Ontology**

The ontological stance of the researcher relates to their philosophical perspective of being, or the nature of existence (Gray, 2004; Vanderstoep & Johnston, 2009). The pivotal question of ontology is whether social actors create social entities through their own actions, or whether they are objective and have a reality outside the control of social actors (Bryman & Bell, 2007). This is an important consideration and is becoming more important in hospitality research as the field seeks to enhance the respectability of the outputs it creates (Wilson, Harris, & Small, 2008). Within this, the most common and influential perspectives are those of “objectivism” and “constructivism”, with other sub-groups such as “subjectivism” falling between. (Bryman & Bell, 2007; Gray, 2004; Vanderstoep & Johnston, 2009).

The first idea we will examine is that of objectivism. This view says there is a reality out there, that this reality is independent of the actors that operate in the world and

that there is a single reality to be found. Using this as a framework, we can see the link between objectivism and the epistemological view of positivism (Bergman, 2008). Objectivism ultimately suggests reality exists to be discovered and that social actors have a limited impact on the reality in which they exist. Reality is simply there to be discovered and accepted as it is (Bryman & Bell, 2007; Gray, 2004).

Constructivism, on the other hand, relates more closely linked to the epistemological stance of interpretivism (Bergman, 2008). Those who follow constructivist ontology assert that knowledge and meaning are constructed from the differing experiences and interpretations from the interactions people have. It is the view here that there is no one truth, but that one phenomena can hold many different meanings to many different people, dependant on their personal interpretation of that phenomena (Bryman & Bell, 2007; Gray, 2004).

With this in mind, a constructivist ontology was followed throughout this research. A fundamental element of service and hospitality management is that of heterogeneity; the idea that a service interaction can never be the same on any two encounters (Zeithamel, et al., 2006). Heterogeneity explains, among other things, that the background of customers or servers can result in the interpretation of the same event being vastly different. With heterogeneity a major foundation point of hospitality management, and the author's own background being in hospitality, the concept that one reality or understanding existing for all people (objectivism) is difficult to identify with.

#### **4.2.2: Epistemology**

Epistemology examines the question of what is, or should be regarded as, knowledge in a field of research. Within this is the question of whether the social world can be examined according to the same principles as the natural sciences (Bryman & Bell, 2007). This, in a generalised sense, helps the researcher to identify what can be considered legitimate and reliable knowledge (Gray, 2004). The central theoretical question in epistemological consideration looks at whether the social sciences, of which hospitality is an example, can be understood utilising the same methods that might be used in a scientific discipline such as chemistry.

Having a clear epistemological perspective is important as it helps in the design of the research project and guides the researcher in areas such as what data needs to be gathered, how it will be gathered and from where (Gray, 2004). As with ontological viewpoints having its polar-opposites in objectivism and constructivism, epistemological reasoning focuses on positivism and interpretivism as contrasting ideologies. (Bryman & Bell, 2007; Gray, 2004; Vanderstoep & Johnston, 2009).

Positivism is most commonly related to quantitative research projects and the use of scientific method, as well as an ontologically objectivist view (Bergman, 2008; Bryman & Bell, 2007; Gray, 2004). With positivism, practitioners subscribe to the idea that knowledge, and reality, only exist if it can be confirmed by the senses (sight, touch, etc...) (Bryman & Bell, 2007; Gray, 2004), that ideas can only be considered knowledge if they are able to be tested (Gray, 2004) and that those tests can then be replicated.

Another element of the positivist paradigm requires the researcher to have no influence over its outcomes through personal bias (Bryman & Bell, 2007; Gray, 2004) and remains an objective observer and analyst of the data (Vanderstoep & Johnston, 2009). This objectivity is assumed through the use of such tools as statistical analysis and sample selection (Vanderstoep & Johnston, 2009). Only once a hypothesis has been developed and confirmed through the collection of empirical data that is free of bias, then tested in a replicatable manner, can the results be considered genuine knowledge.

Bryman and Bell (2007) point out that, while the above-mentioned criteria of positivism holds true in a general sense, precise understanding of the term can be difficult due to its varied descriptions throughout different writings and even between disciplines. However, for the purposes of this study the requisites mentioned above can be considered to be the foundation of positivist enquiry.

An interpretivist epistemology contrasts the ideals held within positivist research and is most closely associated with qualitative research methods and a constructivist ontology (Bergman, 2008; Bryman & Bell, 2007; Gray, 2004). Within this paradigm is the belief that people interpret the social world according to their own experiences

and how those experiences relate to the problematic moments or daily routine of their lives (Gray, 2004; Taylor, 2005). Here it is believed that knowledge is not simply out in the world waiting for a researcher to find it, but that it stems from how those operating in the world interpret their own personal experiences. It is these interpretations that constitute knowledge.

Interpretivists acknowledge the potential bias that will naturally be injected through a participants own analysis of an event, which is then further privy to the subjective analysis of the researcher (Taylor, 2005; Vanderstoep & Johnston, 2009). Positivism considers this to be detrimental to the reputability of research outcomes. Beyond the desire to *explain* human behaviour, interpretivists seek to *understand* what makes humans behave the way they do (Bryman & Bell, 2007; Gray, 2004). This interest in understanding human nature, it is argued, gives interpretivists the opportunity to identify and report more insightful observations and explanations of the issues related to the social sciences (Klein & Myers, 1999).

### **4.3: Reflexivity**

As discussed in section 4.2.2, interpretivist enquiry is prone to researcher bias if the sources of this bias are not addressed and action is not subsequently taken to minimise its impact. One tool for addressing the bias injected into empirical study is to confront the sources and precursors to this bias head-on through the use of reflexivity. Reflexivity acknowledges that the researchers personal and professional background, as well as their existence as an individual within society, will invariably impact knowledge creation (Alvesson & Skoldberg, 2009; Ateljevic, et al., 2005; Lugosi, et al., 2009). It is becoming more common for researchers with more “experience-orientated” (Alvesson & Skoldberg, 2009, p. 2) interpretivist methodologies to adopt a reflexive approach to their research in order to “foreground the subjective process in the construction of knowledge” (Lugosi, Lynch, & Morrison, 2009, p. 1469) as reflexivity promotes the idea of “socially responsible practitioners” (Lugosi, 2009, p. 103). This has become a legitimate tool for social scientists (Alvesson & Skoldberg, 2009; Ateljevic, Harris, Wilson, & Collins, 2005) and allows researchers to “acknowledge themselves as living, breathing, embodied human beings who brought

their previous experiences and worldviews to their project of inquires” (Ateljevic, et al., 2005, p. 9). Reflexivity helps research in the social sciences to become more open and gives transparency to the motivations that drives the research project (Ateljevic, et al., 2005).

Reflexivity becomes an especially important factor during the analysis and interpretation phase of research due to the researchers inherent influence on the research outputs. Reflexivity moves the considerations of the research process towards the “...cognitive, theoretical, linguistic,... political and cultural circumstances that form the backdrop to – as well as impregnate – the interpretations” (Alvesson & Skoldberg, 2009, p. 9). As this research project was reflexive in nature, it is appropriate at this point to highlight my own experience and background.

I have been in the hospitality for over ten years, primarily focusing on F&B management. My career has seen me work in both hotels and independent restaurant companies in Singapore, New Zealand and Australia. I have held positions ranging from waiter to general manager, dining loyalty programme manager to restaurant developer and many areas in-between. Therefore not only am I passionately part of the hotel and F&B communities, but I also have a personal connection to the countries selected for comparison.

By combining my academic background with my observations and professional experience, reflexivity allowed this study to develop from anecdotal beginnings to legitimate research topic. While secondary research bridged the gap, confirming the need for study, it was the authors’ background that primarily drove this inquisition. This practical understanding and real world experience in the hospitality and F&B industries also proved useful in the formulation of interview and survey questions due to a more thorough understanding of the issues that emerged throughout the literature review. It also gave me the ability to make contact easily with industry professionals and allowed for a fast bond to be established between myself and interview participants due to our similar professional backgrounds (Bryman & Bell, 2007).

#### **4.4: Research Approach**

This section will discuss the use of the quantitative and qualitative research tools that were used in primary data collection. Initially the focus will be on quantitative tools, followed by qualitative tools, ending with a look at mixed methods and how this all fits into the overall theoretical underpinnings of this research.

##### **4.4.1: Quantitative Research Tools**

The quantitative researcher seeks to establish objective, "... statistically significant relationship[s] between an independent variable and a dependant variable" (Vanderstoep & Johnston, 2009, p. 167). Common tools used by quantitative researchers include experimentation and questionnaires (Bryman & Bell, 2007; Denzin & Lincoln, 2005; Gray, 2004). From prior discussion, we know that quantitative techniques relate closest to positivist epistemological and objectivist ontological standpoints.

The focus of quantitative research is to identify "... valid and objective descriptions of phenomena" (Taylor, 2005, p. 91). This allows us to identify possible trends within a population, and how altering variables within the experiment can affect the results. This must be done without injecting researcher bias into the collection and analysis of data (Taylor, 2005). Objectivity is maintained partly through minimising the level of interpersonal contact the researcher has directly with research participants (Taylor, 2005). The use of quantitative tools provides the researcher the ability to gather numerical data that can be statistically analysed to find significant relationships or differences between variables within a population (Taylor, 2005). Quantitative data collection often follows the scientific method, being that a problem must be identified, a research problem (or hypothesis) is formed and that "data is collected, organized, verified, validated and analyzed" (Taylor, 2005, p. 92).

Quantitative research utilises a deductive approach which uses systematic processes through empirical observation to reach a conclusion about a phenomena (Vanderstoep & Johnston, 2009). The results of which should be replicatable and transparent in its methods. This transparency and replicatability, along with the use of the statistical

tools used in judging the overall quality of a research project, help to ensure valid results through adherence to due process (Bryman & Bell, 2007; Gray, 2004; Taylor, 2005; Vanderstoep & Johnston, 2009). While this might in theory appear logically sound, quantitative methods have come under fire from the social sciences for oversimplifying the human behavioural element of the world in which we live.

The increasing use of qualitative research methods in the social sciences is primarily the result of a negative reaction towards quantitative methodologies and their use of “crude and superficial data collection” (Bryman & Bell, 2007, p. 16). There is also the idea that no theory can be proven simply through multiple observations of a phenomena as it would take just once instance of this process failing to prove this law false (Gray, 2004). Still, quantitative research continues to be a popular choice in hospitality research (Crawford-Welch & McCleary, 1992). Positivism also assumes that the researcher remains completely objective (Taylor, 2005; Vanderstoep & Johnston, 2009), a requisite that post-positivists claim is impossible to ensure as all people inherently possess bias simply through who we are and how we were raised (Vanderstoep & Johnston, 2009).

This research project will utilise *elements* of quantitative data collection through the use of an online questionnaire, which used analysis of independent variables to identify any relationships between consumer perspective and behaviour against dependent variables such as country of residence, gender and age of participants. The questionnaire targeted residents in Singapore and New Zealand to identify shared perceptions on the nature of hotel dining in their respective countries, as well as more general information relating to what is important to them when making dining choices.

While traditionally placed in the field of quantitative research, the outputs and analysis of the surveys used in this study will be more qualitative in nature through the utilisation of descriptive statistics (Bergman, 2008; Bryman & Bell, 2007; Denzin & Lincoln, 2005). The use of descriptive statistics is common in hospitality research, as illustrated by (Elsworth, Yoon, & Bai, 1999) where it was shown that between 1990 and 1996 25% of all papers published in *Hospitality Research Journal* utilised this technique. Further to this it is claimed that descriptive statistics provide the most

useful and most convincing way to provide insight to research results by making it more accessible to those who might benefit most from the results of such studies (Hantrais, 2009; Wright, 1990).

#### **4.4.2: Qualitative Research Tools**

The qualitative researcher tends to adhere to an interpretive epistemology in the way they use the research tools available to them to find meaning in the experiences of people, and attribute this meaning to the expansion of knowledge (Bryman & Bell, 2007). Due to the level of interpretation needed from the researcher in order to give meaning to the data they collect, there is often an element of bias. Far from being ignored, this bias is accepted by qualitative researchers, though this aspect of qualitative research has led its practitioners to be labeled as “journalists or soft-scientists” (Wilson, et al., 2008, p. 17) by more empirically minded positivists.

The use of a purely qualitative methodology has some problems, particularly when examining behavioural sciences (Taylor, 2005). Taylor (2005) suggests that qualitative research is unable to maintain control and objectivity in the behavioural sciences, and that qualitative data gathering instruments are not capable of answering all the questions required in this field of study.

Despite this criticism, qualitative research is a valid and desirable research tool within the social sciences, especially when the information being sought is of a behavioural nature (Svensson, Svaeri, & Einarsen, 2009; Taylor & Edgar, 1996). While qualitative methods are often regarded as inferior (due to their subjectivity and difficulties in replicability) (Bryman & Bell, 2007), their use in the social sciences is widely advocated as it results in richer, more detailed data for explaining human behaviour (Bryman & Bell, 2007; Taylor & Edgar, 1996; Vanderstoep & Johnston, 2009). Taylor and Edgar suggest research that utilises qualitative methods have in fact “had the greatest impact on management practices” (1996, p. 223).

In this research project, qualitative semi-structured interviews were used to gather information from F&B managers of hotel companies. It was decided that the varied behaviours and strategies of each company would best be understood through a more

probing dialog than could be achieved through a quantitative approach or through a more structured interview process.

The process of combining interviews and questionnaires – as was undertaken for this study, is suggested by Wright (1990) to be an effective way to explore to different realities (as might exist between guests and operators) and make comparisons between the two.

#### **4.4.3: Mixed Methods**

There is a view that hospitality research needs to be strengthened through an increased use of statistical research methods, that combine with qualitative data in a multivariate research paradigm to reinforce the conclusions reached in those projects (Crawford-Welch & McCleary, 1992). While content analysis conducted by Crawford-Welch & McCleary (1992) suggested a lack of statistical backbone in hospitality research, it did not report on the use of mixed methods in research conducted over the period analysed (1983 – 1989). More recent analysis conducted by Svensson, et al. (2009) has shown that the dominance of purely qualitative research methodologies in hospitality and tourism studies has dropped off from levels reaching 95% in the 1980's (Crawford-Welch & McCleary, 1992) to 16.2% in the period 2000 – 2007 (Svensson, et al., 2009).

This research project was conducted by utilising mixed methods of data collection: semi-structured interviews with hotel F&B managers and surveys of local diners in Singapore and New Zealand. Traditionally, surveys and interviews are regarded to be from different epistemological and ontological schools. Semi-structured interviewing is largely thought of as a qualitative tool due to the inherent level of researcher interpretation involved in the analysis and understanding of the results, while surveys are more often used by the quantitative community (Blaxter, et al., 1996; Bryman & Bell, 2007; Denzin & Lincoln, 2005; Gray, 2004). It is argued by Bergman (2008) that these traditional views limit our ability to justify the use of mixed method research due to attempts to merge opposing philosophies into one coherent point of view. With this in mind, the combining of surveys and semi-structured interviews

was not to merge interpretivist and positivist ideas, but to utilise the strengths of both tools to provide insight into this research topic (Wright, 1990).

Taylor and Edgar (1996, p. 222) cite historian T. S. Ashton in their discussion of how appropriate the use of either deductive or inductive research methods are in the social sciences:

*“The whole discussion as to whether deduction or induction is the proper method to use in the social sciences is, of course, juvenile; it is as though we were to debate whether it were to be better to hop on the right foot or on the left foot. Sensible men with two feet know they are likely to make better progress if they walk on both.”*

This view of Aston’s, with which Taylor and Edgar (1996) fervently agree, also reflects the authors own thoughts when choosing to incorporate a mixed method approach to data collection. Further to this, Elsworth, et al. (1999) suggest that the increased use of mixed methods in hospitality research has directly contributed to an improvement in the quality of research in the field. It was felt that with the two distinctly different data sets needed (local diners and hotel F&B Managers), the methods of collection and analysis needed to vary in order to allow the outcomes of the research to best represent the data at the end of the process, instead of trying to stringently adhere to one epistemological stance - a technique endorsed by various scholars (Bergman, 2008; Hantrais, 2009; Wright, 1990). While many texts try to delineate the conditions under which different sampling methods are used, Bergman (2008) argues that this attempt to categorise different tools into particular research frameworks limits our ability to deliver quality research outcomes.

Taylor and Edgar (1996), Svensson, et al. (2009) and Elsworth, et al. (1999) all report an increased focus on mixed method research in hospitality based papers, at least in comparison to the earlier study conducted by Crawford-Welch and McCleary (1992). This is accompanied by a vast increase in the use of quantitative dominant methods, perhaps in an effort to improve the validity and creditability of research in the field, which qualitative dominant studies can lack (Bryman & Bell, 2007; Taylor & Edgar,

1996). By utilising mixed methodology in data collection “the risks of drawing erroneous conclusions... can be reduced, if not eliminated, by applying a variety of methods in addressing research problems” (Hantrais, 2009, p. 109).

#### **4.5: Timeframe Considerations**

Due to the timeframe of this thesis, together with a lack of past research relating to the specifics of this topic, any kind of longitudinal study was not feasible (Bryman & Bell, 2007). This led to a cross-sectional approach to data collection being adopted in survey collection (Bryman & Bell, 2007). The timeframe also restricted the number of interviews that could be conducted, though the total participants (11) still approached the higher end of the recommended 5 -15, as suggested by Gray (2004, p. 22), and is comparable in scope to past research in this field (see Hemmington & King, 2000; Lamminmaki, 2005 for example).

Given the time constraints placed on this research project, and supported by past studies (Hemmington & King, 2000; Lamminmaki, 2005), the tools selected for data collection in this study are believed to have provided the highest quality of appropriate data to answer the research questions put forward.

#### **4.6: Methods of Data Collections & Analysis**

##### **4.6.1: Secondary Data Sources**

The secondary data source for this research came from a review of the literature. This process allows the researcher to identify what studies have already been conducted within the discipline (Blaxter, et al., 1996; Taylor, 2005; Vanderstoep & Johnston, 2009), provide insight to the acceptable data collections methods and sample sizes used in past studies as well as give an indication of the successes and failures other such studies have experienced (Taylor, 2005).

The literature review for this topic primarily helped to confirm a gap in the knowledge surrounding academic studies on the New Zealand and Singaporean hotel-

based F&B sector. As well as indicating an opportunity to add knowledge to the New Zealand and Singaporean F&B sector, the information and trends identified from the literature became the primary source of material for use in the development of interviews and surveys questions. This ensured that the outcomes of this research updated, localised and expanded on any existing studies.

#### **4.6.2: Primary Data Sources**

##### **4.6.2.1: Semi-structured Interviews as Research Tools**

The interview is one of the qualitative researchers most commonly used tools (Bryman & Bell, 2007; Denzin & Lincoln, 2005; Vanderstoep & Johnston, 2009). While structured interviews are able to gather empirical data in a quantitative manner, they lack the ability to respond to topics of interest that the participant may bring up through-out the process, and tend to return quantitative style data that has been said to lack the depth that the social-sciences benefit from (Bryman & Bell, 2007; Fontana & Frey, 2005; Vanderstoep & Johnston, 2009).

The use of interviewing, especially of the semi-structured nature, is common in hospitality research where the goal is to seek depth (Alvesson & Skoldberg, 2009; Denzin & Lincoln, 2005) and different individual perspectives on phenomena (see Hemmington & King, 2000; Lamminmaki, 2005 for examples). Similar to this study's use of interviews to influence further data collection, Hemmington and King (2000) used the results of their interviews to help guide the next stage of research, in their case a group discussion panel, in the case of this research; online questionnaires. This practice is also highlighted by Denzin and Lincoln (2005) where they discuss the practice of using data that has been gathered through the interview process to compliment survey based research. It is explained that through interviewing we are able to understand the *what's* and the *how's* of human life, and this better allows the research to put the situation being explored into context (Denzin & Lincoln, 2005).

There were a total of eleven interview participants in this study, six from Singapore and five from New Zealand. Participants were located through professional relationships and research on the Internet to locate appropriate properties and contacting the F&B managers by Email. All participants were given an information

sheet by Email prior to the interview, and again on the day. They were also all asked to sign a consent form giving permission for the information gathered during discussions to be used throughout this thesis (see appendix). Both the information sheet and the consent forms are requirements in the ethical approval granted by Auckland University of Technology's Ethics Committee (AUTEC).

Interviews were conducted face-to-face on location in both Singapore and New Zealand. In all cases the interviews were conducted at the hotel property in which the manager was employed. Interviews consisted of 22 questions that were on a printed interview schedule (see appendix) kept in front of the researcher and each question was marked off as asked or if the interviewee covered the desired information in the course of their discussion. This would at times make the official number of questions asked less, but all issues were covered through adherence to the interview schedule. Probing questions were used when needed to guide interviewees back on track or focus their answers more specifically on the issues of primary concern to the project.

While it can be difficult during semi-structured interviews to keep participants focused as the open nature of the discussion gives way to deviations in the conversation. The authors experience in the industry was useful in being able to remain flexible and confident that any deviations from the main topic could be controlled and proved to be a useful tool judging key frustrations and areas of pride for the participants (Bryman & Bell, 2007). The authors experience also proved to be useful in quickly establishing a rapport, which can be difficult throughout the research process, as many appeared to be more relaxed knowing they were talking to a someone who understood their industry (Vanderstoep & Johnston, 2009).

All interviews were recorded and later transcribed. While more time consuming it ensured a verbatim record of the conversations and allowed the researcher to focus on the answers from participants during the interview process, probe further when needed and maintain an interested and attentive manner throughout (Blaxter, et al., 1996; Bryman & Bell, 2007).

#### **4.6.2.2: Questionnaires as Research Tools**

Questionnaires are also widely used throughout hospitality research papers (see Ashton, et al., 2010; Boone, 1997; Hallam & Baum, 1996 for examples), in line with suggestions that hospitality research, in a move to become more respectable from a research perspective, needs to become more focused on empirical research methods, which questionnaires provide (Lugosi, et al., 2009; Rivera & Upchurch, 2008; Svensson, et al., 2009).

The questions that were formulated for use in the survey came from two main areas. Firstly, literature review played the dominant role in identifying areas of concern to hotel F&B departments and guest perceptions of them were used to guide the formulation of the survey questionnaire. In addition to this, other overriding issues that were raised throughout the interviews process were also taken into consideration before the final survey instrument was completed. Using interview findings to compliment surveys is suggested by Denzin and Lincoln (2005) as it help us better understand human behaviour and strengthens the research results.

The questionnaires used in this research was located at the website “Survey Monkey” ([www.surveymonkey.com](http://www.surveymonkey.com)), which hosted the questionnaire and collected the results. This questionnaire can be viewed in the appendix section of this thesis for reference. There were many reasons behind the decision for online distribution over physical paper questionnaires, the most influential of these being the reduced cost (printing, postage), increased speed (in responses, data entry and analysis), ease of distribution across international borders and the increased number of potential respondents (Bryman & Bell, 2007; Granello & Wheaton, 2004). While some argue the reality of increased response rates, the ability to get a higher total number of responses exists due to the ability distribute the questionnaire to many more people through Email.

While questionnaires are generally used due to their perceived ease of collecting data, without due thought they can become problematic and unreliable (Dolowitz, Buckler, & Sweeny, 2008). While hosting questionnaires online can aid in their distribution and in controlling costs, it also brings about some additional considerations. Some of the main concerns associated with online questionnaires include: establishing

informed consent, confidentiality, incomplete forms, participant misinterpretation of questions and multiple responses from a single user (Bryman & Bell, 2007; Dolowitz, et al., 2008; Granello & Wheaton, 2004; Wright, 2005).

Each of these issues was addressed in the design of the questionnaire as follows:

- **Informed Consent:** A statement was placed on the welcome page of the questionnaire explaining that by continuing with the survey, the participant was giving consent for the information they supply to be used in this research. As many people skip over large bodies of text online, this was reiterated at the top of the page on question 1, as recommended by Granello and Wheaton (2004).
- **Confidentiality:** On the welcome page, it was explained that participant details were anonymous. The questionnaire itself contained no identifying information except age, gender and country of residence. All IP addresses that were collected were destroyed after an initial control was done for multiple responses, as detailed below.
- **Incomplete forms:** All questions on the survey were set as compulsory and each question was contained on separate pages. To progress through the survey all participants needed to complete each question or a prompt was given to the participant.
- **Misinterpretation of questions:** It cannot be guaranteed that all participants will understand the questions as intended. In an effort to reduce this risk the researcher had 15 people participate in testing of the survey. After each person had completed the questionnaire they were asked for their thoughts and feedback on any areas that confused them. Amendments were made to the forms based on this feedback.
- **Multiple replies from a single computer:** Due to the chance that multiple users of a single computer terminal (in office or home situations for example) both completing the questionnaire, it was decided not to block IP

addresses after one visit to the hosting site. During the analysis phase, the data was first sorted by IP address and those that occurred more than twice had the most recently completed questionnaires omitted from the study. IP addresses were then destroyed.

Participants for this research were sourced from the authors' personal databases, friends and associates, participants were then asked to pass the questionnaire to their contacts utilising snowball-sampling method (Bryman & Bell, 2007; Dolowitz, et al., 2008; Granello & Wheaton, 2004). This method has constraints, especially regarding the nature of the sample that is being collected (Bryman & Bell, 2007) however this was controlled with the questions contained in the survey that lead participants whom did not meet the criteria of the study to a page that thanked them for their time and informed them that they were not required to proceed. This rejection from the study occurred when the participant was under 20 years of age (a condition of ethics approval), when they were not from Singapore or New Zealand or when the participant had not resided in either country for at least twelve months.

With these limitations in mind, snowball sampling was still deemed to be the best method for collecting a sufficient number of responses given the timeframe limitations (Bryman & Bell, 2007). Also, as the study sort to find the opinions of the general population in each country, it was not as important to control who participated beyond the pre-determined criteria controlled from the within questionnaire itself.

While the use of the internet as a delivery tool excludes those who do not have web access from participating (Bryman & Bell, 2007; Dolowitz, et al., 2008), the time constraints addressed earlier combined with the cross-cultural nature of the study made paper surveys logistically difficult to manage and control. Additionally, both New Zealand and Singapore are developed nations with high levels of household Internet penetration. Singaporean Acting Minister for Information, Communication and the Arts, Mr. Lui Tuck Yew claimed that in 2010 80% of Singapore households were connected to the internet (Lui, 2010). New Zealand also ranked 8<sup>th</sup> in the world in information technology research leader Gartner's worldwide ranking of international internet access rates, with 65% of households internet connected in 2008, growing to and estimated 75% by 2013 (Gartner, 2009). With both countries

ranking in the top ten most Internet connected nations in the world (Gartner, 2009), the issue of potential exclusions was minimised.

#### **4.6.2.3: Analysis of Semi-Structured Interviews**

Once the interviews had been transcribed, the written texts were subjected to a process based on grounded theory open coding, in which each incident or issue raised by interviewees was examined, and categorised into small sets of related concepts over several readings (Bryman & Bell, 2007; Glaser, 1992).

This method of analysis was used primarily to identify broad ranging issues that were raised by the managerial participants collectively, with coding categories established from issues and topics that emerged from the literature review (as recommended by Glaser (1992)), as well as from the researchers own contextual understanding of the discussion. In this process, the conversations were broken down in to broad categories of discussion that related to theoretical constructs established throughout the literature review. This initial analysis facilitated discussion regarding the commonalities and differences in managerial opinion and operational approaches within New Zealand and Singapore, as related to research question 2.

The researcher was vigilant throughout the analysis of the data not to lose sight in emotional context of the answers that could have been lost given purely text-based analysis. For this reason, the recorded versions of the conversations were frequently referred back during the write-up of the interview results so that context in which the answers were given as well as the individual experiences of each interviewee would be addressed and integrated in to the overall understanding of the data.

As this the data analysis progressed, commonalities and differences between each nations operational and strategic focuses became clear. Additionally, it became apparent that the continued relevance of some theories and findings from past research was being tested.

#### **4.6.2.4: Analysis of Survey Questionnaires**

Data collected from the online survey underwent bivariate co-relational statistical analysis. This form of analysis aims to identify relationships between two variables and is unable to predict causality between these variables (Bryman & Bell, 2007). Hantrais (2009) explains that such an approach is appropriate for use in comparative research such as this as the goal was to find a relationship between country of residence and the perceptions and attitudes towards hotel-based dining held by locals.

Results were filtered through Survey Monkey to give information specific to the country of residence, age and gender of the participants. Further filters were initially applied, however their relevance to the research questions was limited and distracted from the more relevant data that drew comparisons between Singapore and New Zealand.

To identify key factors that affect locals diners affinity for hotel-based dining, descriptive statistics were utilised as it was believed this would provide the most useful and useful data given the objectives of this research project. While this gives way to statistical complexity, it is a method that is those in international comparative research have reported to provide more interesting and useful data for the specific needs of this type of research (Hantrais, 2009).

#### **4.7: Ethics**

Writings on ethical practices can be confusing due to the varied nature of what behaviours or processes each author considers to be ethical (Bryman & Bell, 2007). AUT guides its researchers through this potentially ambiguous and subjective minefield, as is typical with research carried out in conjunction with academic institutions (Vanderstoep & Johnston, 2009). The ethical guidelines under which this study was to be conducted had already been laid out by AUTEK. The ethics application process is compulsory and all research undertaken must follow this process, regardless of discipline or subject matter.

The primary concerns of the ethics application process is to address and minimise potential issues related to:

- Informed and voluntary consent;
- Respect for rights of privacy and confidentiality;
- Minimisation of risk;
- Truthfulness and limitation of deception;
- Social and Cultural Sensitivity – including commitment to the Treaty of Waitangi/Te Tiriti O Waitangi;
- Research adequacy.

(AUTECH, 2010)

An application for ethical consent was lodged by the researcher outlining the precautions that were taken to ensure each of these areas received due attention in the development of the topic and research process. Due to the nature of this study focusing on primary data collection from interviews and online questionnaires, emphasis was given to maintaining confidentiality of sources, protection of raw data and ensuring informed and voluntary consent was obtained from all participants. Throughout the following sections the actions and precautions taken with respect to ethical consideration will be elaborated on as it becomes pertinent.

Ethical approval for this study was issued in 2 stages. Permission for semi-structured interviews to be conducted prior to approval for the second stage of data collection: online surveying of participants. Once the surveys questions were finalised the study obtained full ethics approval from AUTECH.

#### **4.8: Summary**

This research follows a *constructivist approach to interpretive research*. This was chosen due to the researchers connection to the underlying epistemological and ontological philosophies from a personal level, as much as it was the researchers inability to accept the contrasting ideologies of positivism and constructivism. Adding

to this was the researchers belief in the principles of reflexivity, a construct that falls predominantly within an interpretive methodology.

First a literature review was undertaken which covered a broad range of topics from the F&B field which helped to identify a historical understanding of hospitality, recent research on operational concerns, guest centred theory and case studies relating to the potential benefit a focus on the local market can offer. The literature review exposed a lack of recent inquiry into hotel F&B operations in general, and more pertinent to this study; a lack of information specific to the New Zealand and Singapore hotel markets. This gap in literature and the aging nature of existing studies signalled the need for fresh, geographically focused research.

Secondary research for this study came through a mixed method approach incorporating semi-structured interviews and an online survey of local diners. A total of 11 F&B managers took part; 6 from Singapore and 5 from New Zealand. These were conducted face-to-face and on location at their place of employment. The online survey was completed by 89 applicants in total; 41 in New Zealand and 48 in Singapore. The descriptive statistics from the survey created data that delivered results ideal for comparing local opinion between the Singaporean and New Zealand markets. Qualitative inquiry is also suggested to be the best method of "...identifying cultural patterns with reference to specific... times" (Hantrais, 2009, p. 100).

The use of a mixed methodological approach to data collection is endorsed for use in hospitality research by many scholars (Bergman, 2008; Crawford-Welch & McCleary, 1992; Elsworth, et al., 1999; Taylor & Edgar, 1996). Hantrais (2009) states that comparative research is improved if more than one method of data collection is used at the same time. She further claims this is more important in producing useful, relevant data than arguing between adopting purely positivist or interpretivist view points, or by strictly adhering to a single method of data collection.

While restricted by timeframe considerations, the choice to use online questionnaires combined with semi-structured interviews proved to deliver a depth and breadth of data appropriate to decisively address the research objectives around which this study was conducted.

#### **4.8.1: Limitations**

While the sample sizes achieved are supported by past research as being substantial enough to provide reliable research outcomes (Hemmington & King, 2000; Lamminmaki, 2005), had a greater number of participants in both the managerial interviews as well as the local diner survey been collected it would have substantially improved the reliability of the results and improved the author's ability to interpret the data.

Also, given larger samples to work with, statistical tests could have been applied to the data sets to quantifiably support the author's largely qualitative interpretation of the simple statistical analysis. Given the results of these smaller sample sizes, the author feels that support is given to investing greater resources into delving further into this topic through a large-scale consumer survey.

Additionally, the use of snowball sampling carries with it the chance of excluding participants who are not active in certain social circles (Bryman & Bell, 2007). It is felt that given the international mix of participants as well as the variance in gender and age profiles of the participants, this has not been a significant issue in this research.

As previously discussed throughout Section 4.5, time was the main limiting factor in this research and was what ultimately prevented greater participant numbers and ultimately guided the techniques used in this study to gather data.

## **CHAPTER 5: FINDINGS**

This chapter presents the results of the secondary data collection process that will form the backbone for the discussion chapter.

This will begin with the results of the semi-structured interviews conducted with F&B managers in Singapore and New Zealand. This will look at their current local visitation levels, how successful they see their F&B operations, what they feel are the existing perceptions of hotel dining in the local community, their use of dining loyalty programmes followed by their use and views on outsourcing and concluding with a look at how influential they think their F&B department is on room rates and hotel occupancy levels.

This will be followed by a presentation of the results of the online survey conducted with locals in both countries. This has been presented graphically to allow easy comparison of results between local diners in Singapore and New Zealand. Filtering of responses has allowed a range of data to be offered relating to geographical location, sex and age of participants.

The presentation of both sets of data provides an easy to follow and in-depth explanation of the large amounts of data collected throughout this process and delivers data relevant to achieving the aims and objectives of this thesis.

## **5.1: Semi-Structured Interview Results**

### **5.1.1: Overview**

Semi-structured interviews were conducted with six F&B managers in Singapore and five managers in New Zealand. Of those participants from New Zealand, four were F&B managers and one held a General Managers position.

In Singapore the managers each represented 5-star properties and were all male. One Singapore-based F&B manager was accompanied by his assistant (female) during the interview. Four New Zealand participants came from 5-star properties, and one 4-star, all were also male. Due to concerns raised by interviewees, no identifying features of these properties will be given. Only broad details will be offered collectively regarding each country's group of participants to provide the reader some clarity.

All Singapore properties examined can be considered large operations, especially compared to New Zealand's participant properties. The number of hotel rooms in each ranged from (approximately) 400, to well over 800 rooms. The least number of F&B outlets in a single property was three, while two participants operated over ten outlets each. All other Singapore-based properties fell between this.

All New Zealand properties that took part in the interview process were smaller operations than those from Singapore, but can still be considered medium to large by New Zealand standards. The number of rooms in these properties ranged from (approximately) 150 to 400. The least number of F&B outlets was two, up to a maximum of five. All other participants represented properties that fell between these figures.

The list of questions asked can be found in the interview guide located in the appendix section of this thesis.

To allow identification between participants, the following pseudonyms have been assigned to each interviewee:

Singapore Participants:

- SG1: Adam
  - Joined by: Sharon
- SG2: Luke
- SG3: Brad
- SG4: Sam
- SG5: Andrew
- SG6: Lawrence

New Zealand Participants:

- NZ1: Charles
- NZ2: Neville
- NZ3: Benn
- NZ4: Harry
- NZ5: David

**5.1.2: Visitation Rates of Local Diners to Hotel-Based Restaurants**

The importance of the local market for Singapore-based F&B departments is evident. Over half the respondents noted business from local diners contributed more than 70% of their overall clientele, with 80% being the highest level, as reported by SG1. The lowest recorded visitation rate of local guests was 40% by SG5, though it was acknowledged by Andrew that this was being addressed due to the significance of this group to their overall departmental strategy and profitability as he stated “Locals are very important and drive our revenue... Aside from breakfast, [we] are very reliant on locals in our restaurants.”

In New Zealand, local business was not viewed as being significantly important to a hotels F&B operation. Two respondents (NZ2 and NZ5) placed their total visitation from local guests at 10% or less of total covers. NZ4 indicated that they wanted to perform better in attracting the local market, but only saw around 30% of guests being local, increasing to 50% during certain dinner periods. The two best performing hotels from the New Zealand sample (NZ1 and NZ4) both indicated strong local visitation during lunch periods, reaching as high as 80%, though dinnertime for both properties saw this drop to between 30 - 40%. Neville noted this when he claimed “...

it is hard to bring people into hotel restaurants these days, we all struggle with it. Even hotels in the city.”

Andrew stated that F&B departments in Singapore are reliant on local business. This was evident not only through the previously indicated visitor ratios, but also through their focus during periods of development or revitalisation. Singaporean F&B managers were unanimous that local feedback was most important when it came to the development of F&B concepts. Luke asserted this point as he noted, “... the key to our success has always been to attract local guests... Tourists come and go, but to capture the local crowd is very important”, with both Sam and Brad making very similar claims. The only minor exception to this was from SG3 who said his company considered the opinion of in-house guests to be equally as important.

This perception of locals being vital to the success of the hotels F&B department was not echoed in New Zealand. There was consensus that if this market were more receptive to hotel-based dining it would be of great benefit, but that it was difficult to achieve. Only two hotels claimed some success in attracting the local market, with NZ1 clearly the most successful. Charles (NZ1) acknowledged that it has been a long process to achieve: “For the last three years we have been trying to find the key to the local market, but only now have we succeeded”. Competitors also noted NZ1’s success with three other participants acknowledging this property specifically. One interviewee, however, felt this was more competitive rhetoric from NZ1, claiming their actual level of success had been somewhat exaggerated.

A recurrent theme in Singapore for explaining why the local market has become such a dominant driver of revenue for F&B departments related to the country’s international reputation as a dining hub. Singapore also has a safe reputation, which makes movement and exploration around the island a worry-free experience for tourists. This, coupled with the cultural melting pot of well-priced food served by street vendors, encourages travellers to venture away from the hotel property in search of authentic eating experiences. This has forced hotels to look outside and turn their focus to attracting and retaining a more stable customer base.

*SAM: “Singapore is known for its food, so they come here and they want to try food that is as authentic as possible. We try to be authentic, but sometimes they will just want to go out to a curry restaurant in Little India, or have seafood by the sea at East Coast Park...”*

New Zealand participants also acknowledged the difficulty that exists with encouraging hotels guests to dine in-house, often citing local dining areas, such as Auckland’s Viaduct Harbour, as more attractive destinations for both visitors and locals. However, outside of a desire to attract locals to dine with them, there appears to be little movement from the majority of operators to tailor products to cater specifically for locals. In Singapore, properties are more likely to develop products exclusively based on the feedback from locals. With the exception of NZ1, New Zealand hotels seem more fixed on accommodating local diners in to spaces that are functionally tailored towards the needs of hotel guests. Harry (NZ4) discussed this focus as being part of a focused strategy of the property “We made a decision... as a hotel we need to look after [in-house guests] a bit more than locals.”

### **5.1.3: Success of Food & Beverage Departments**

All Singapore-based respondents indicated that their F&B department was successful, though SG5 indicated it should be performing better. New Zealand participants were more cautious when discussing the success of their outlets often justifying claims through comparison to other hotel restaurants as opposed to the wider restaurant community. This signalled an underperformance in comparison to local restaurants, as reinforced by Charles who stated, “...When benchmarked against our competitors, [we are] extremely successful... When benchmarked to outside restaurants, moderately successful.” David also suggested a similar idea when he noted, “We are not losing money... for that type of restaurant we do well”.

Singapore-based managers all agreed that financial performance the most important measure of success. In New Zealand, while financial performance was the underlying theme, a slight variation on how this was measured was noticeable between each country. Success in New Zealand was more frequently defined by total dining covers. While restaurant covers should translate into financial return, it suggests that success,

or perhaps a key indicator of success, is judged through increased visitation, over bottom-line profitability.

Neville (NZ2) and Benn (NZ3) were the only New Zealand participants to place a strong emphasis on financial return. Neville indicated that this, together with in-house guest conversion ratios was how his personal performance was measured and therefore became his yardstick of success. Only Benn (NZ3) articulated strongly that financial performance was the most important measure, as it should be in any business operation.

*BENN: "The days of F&B being a non-revenue centre has gone... No one was prepared to take the losses they incurred for the dubious intangible marketing benefit you got. Why should it not pay its way."*

Benn was the only manager in New Zealand to address this perception of underperformance, but he had agreement in Singapore. Lawrence (SG6) and Sam (SG4) both discussed the perceived poor performance of F&B departments, which was addressed throughout the literature review (Boone, 1997; Hanson, 1997; Hemmington & King, 2000; Strate & Rappole, 1997). Lawrence quickly dismissed this by indicating his property saw monthly profits of \$600,000 from their restaurant operations alone. Sam further emphasised this, claiming SG4 achieved return on investment from restaurant renovations and developmental projects within half the timeframe given by the properties owners.

Lawrence (SG6) explained that when an F&B outlet in their property was focused on providing specifically for in-house guests, it often struggled financially citing room service and their alfresco restaurant as examples. He explained that it was the local market that generated revenue and uptake from this group determined whether a restaurant would succeed financially.

Financial performance was not the only measure of success cited by interviewees. Half of Singaporean participants acknowledged that customer satisfaction was also a major consideration in assessing the overall success of an outlet. Singapore-based participants reiterated that financial success could only be achieved when the

customer becomes the focus of the business. In New Zealand, Harry (NZ4) was the only participant that placed the customer above all other considerations, and that NZ4 understood that “Guests are more important than finance... If someone is happy he will return... guest satisfaction definitely goes over financial return.” In Singapore Brad also advocated this customer focus “...you define success in monetary terms, as all businesses should... But overall, yes, Customer satisfaction is also the most important part.”

Aside from these two major considerations (financial performance and customer service), two interviewees from Singapore mentioned recognition in the media or through awards was important to their properties, while no participants from New Zealand mentioned this.

#### **5.1.4: Perceptions of the Local Dining Community Towards Hotel-Based Dining**

There was a stark contrast in responses between New Zealand and Singapore managers when discussing local perceptions of hotel dining. Singapore-based managers were very confident with their views and were knowledgeable in how the dining public perceive them. In New Zealand, managers often glossed over ideas, explaining how complicated it was to summarise these thoughts.

It was the feeling of the interviewer that New Zealand F&B managers were less in touch with the local community. Harry (NZ4) admitted that knowing more about how locals viewed hotel dining was something NZ4 had long been interested in researching, but had not got around to performing any study thus far.

##### **5.1.4.1: Price**

Half the Singaporean respondents felt that local diners perceived pricing in hotel restaurants to be higher than that of stand-alone operators. Despite this lingering perception, most were quick to point out that it is wrong citing examples of well-known independent restaurants charging upwards of \$150 per person, well above their own average checks.

This was a view shared by New Zealand managers, with four of the five participants acknowledging that locals perceived them as more expensive than stand-alone operators, though most acknowledged this was a fair and justified perception. Only Harry (NZ4) felt this was wrong; “[Locals] think that when they come here they need the big cheque book... they think that because we are [NZ4] everything is expensive. We offer quality at a good price.”

In Singapore, Luke openly acknowledged the higher prices they charge over independent operators, stating this was necessary due to higher operating costs, together with the need to maintain greater seating capacity to accommodate as many guests as possible. While Lawrence (SG6) and Brad (SG3) acknowledged their higher prices, they offered no justification for this other than the inflated expectations guests have of hotels, as Lawrence stated “Pricing compared to outside restaurants is quite high, and locals know this, but they expect a higher level of service.” Adam (SG1) later highlighted a twist on the pricing issue explaining that some guests complain that they are too cheap, “I get some guest comments where they tell me ‘I don’t go to [SG1] because it should be expensive... I won’t dine here unless it is expensive.’”

Brad (SG3) made a similar observation regarding local guests desire for hotels to provide an element of sophistication in their dining choices. He explained that SG3’s fine-dining restaurant saw a high level of local patronage as this restaurant was considered a place to be seen if you wanted to show you were successful. While the high price was not the only draw card - he emphasised the outstanding quality of the outlet suggesting it was guaranteed a Michelin Star rating when the guide was released in Singapore - but the price point helped to attract the “who’s-who” of the community.

New Zealand managers did not see that hotels had the ability to attract the more affluent market, in fact that they found it rather pointless pursuit. New Zealanders, it was reiterated, have no desire for dining in such surroundings and the need for hotels to provide fine dining was an outdated idea.

*DAVID: “You might be a millionaire, but you will still put up in a tent and have a barbeque. That is what [New Zealanders] enjoy, that is what [they] will keep doing... [New Zealanders] won’t come to a nice hotel and have caviar as a starter and a steak... Kiwis see hotels as too refined.”*

#### **5.1.4.2: Service Standards**

Four of the six Singaporean interviewees expressed that locals expect higher standards of service in hotels than they do from independent operators. It was obvious throughout conversations that this was an issue that left most of the interviewees exasperated and provided obvious frustration for them. The researcher felt that interviewees perceived that this was an unfair level of expectation, especially given the ever-increasing quality of stand-alone operators.

*LUKE: “We used to compare hotel outlet to hotel outlet, but not today. The competition is everywhere. Singapore has matured as a society. Hotel dining used to be the place to go, now you have got restaurants everywhere of equal of better quality, service or pricing.”*

While some Singaporean interviewees did not directly mention that locals held higher expectations of service delivery, the need to ensure high service standards was consistently acknowledged as being vital to ensuring repeat visitation. They claimed guests have become a lot more judgemental and, in today’s fast paced world, share information about any lapses almost as soon as they happen.

Sam (SG4) also explained that there is an ongoing perception by local diners that they are not being offered the same level of service that in-house guests receive, and vice-versa. This, as he explained, “is a catch 22 situation”. No matter what they do the other group perceives a bias towards the other.

New Zealand participants very seldom brought up the concept of service standards and guests expectations of them. The most common reference included rather generic responses such as “guests like our staff / service”, but never acknowledged much more beyond this.

### **5.1.4.3: Food Quality, Variety and Value**

Only two of the Singaporean interviewees directly asserted that a perception of food quality was held by local diners, with both claiming that perception to be of a higher standard than in independent restaurants (SG4 and SG6), with Lawrence noting “While we are more expensive than external operators, our quality overrides this factor.” This is not to say that the remaining participants ignored the issue of food quality, in fact the majority of respondents raised the topic to varying degrees throughout the conversations.

In New Zealand, food quality was mostly mentioned in passing, with no one stating that their food is perceived to be better or worse than outside operators, just that the feedback they received from diners is that they “comment on the food” (David, NZ5). Two properties, NZ 1 and NZ4, both indicated that driving quality was a specific and marketable strategy of their outlets that had been well received by the local community. Generally this related to freshness and sourcing quality *local* produce, a philosophy noted by Hotels (2010) magazine as a currently being a trend in restaurant dining.

It was surprising that the issue of food quality was not raised more frequently, or given more emphasis by interviewees from either country considering the responses from the researches’ survey findings which shows the importance diners place of this (Chapter 5.2.3, Table 1). Explanation could come way of Auty’s (1992) research which pointed out that restaurants of similar standards are generally expected to deliver quality representative of that implied standard. While not all managers raved about their food quality, this may be due to the high standard inherently expected from 4 and 5-star properties. As noted by Andrew, “Guests already see [hotels] as expensive... they expect certain standards, but more on the service and quality of food.” This might also explain why three of the Singaporean participants noted that food quality was a common complaint of local diners; it is much easier for guests to be disappointed by the expectations 5-star hotels shoulder, than it is for a 5-star property to exceed this expectation (Zeithamel, et al., 2006).

Beyond the topic of food quality, Singaporean interviewees often discussed both value and variety of menu options together, suggesting a strong psychological link between menu selection and guest perception of value. Feedback from this group suggests that the Singaporean market is very focused on deriving as much value as possible from their dining experiences. Half of all participants stressed the ongoing issue of providing quantity in their buffet restaurants, feeling that local diners saw vastness of selection the primary indicator of value. SG2 strongly opposed this viewpoint, suggesting hoteliers get too concerned with providing luxurious menu items. Luke asserted that the key to providing a perception of variety came from offering things that guests would *want* to eat instead of padding menus with items they see no value in.

*LUKE: "They don't want bread and cheese. Hoteliers love it, but the guests don't value it. We try to add value to [the guests] by removing what they don't want, and adding what makes them happy... People just want value, if you add things that are alien to them, they won't value it."*

In New Zealand not a single manager mentioned variety as important to their guests, not even those that offered a buffet experience. This was an obvious difference between the two groups of interviewees given that half the Singapore-based participants noted this as important to guests, while the remaining half touched on the topic to some degree.

#### **5.1.4.4: Environmental perception**

An issue that was raised frequently by New Zealand interviewees was that of local diner perceptions of the hotel environment with many interviewees claiming that locals see hotels as being sterile and overly formal. Interviewees felt that New Zealand diners are not receptive to formal dining experiences, and it is this traditional perception of hotel dining that is preventing further inroads being made into this market. Additionally, the F&B managers not only suggested that locals considered hotels to be boring places to dine, but two went as far as to agree with this as Benn questioned "why would I want a meal in a staid hotel?", and David agreed "You can

go to hotels in New Zealand, [specifies NZ3 and NZ1], but what's the big deal? I like restaurants, they are not sterile”

This view of sterility - to varying degrees - was broached by the majority of the New Zealand based managers, and was a topic unique to New Zealand interviewees.

### **5.1.3: Dining Loyalty Programs and Discounting**

The issue of discounting in Singapore F&B circles is one of great frustration. Within Singapore hotels, these discounts are most frequently delivered through either dining loyalty programmes or in collaboration with local banks by way of credit card promotions. In New Zealand, discounts were common in attracting local diners, but were more likely to be viewed as a useful tactic looked upon favourably by participants. In New Zealand these discounts were delivered through a mix of brand-wide frequent traveller cards, localised dining programs and E-vouchers delivered through third party distributors.

Five of the six Singapore-based properties operated a dining loyalty program, in addition to any further companywide guest privilege programmes. These cards were primarily valid for use in Singapore, with just one card allowing use Asia-wide. The sixth property that did not operate a dining programme was in the process of finalising one, due for launch later in the year. At all properties, including the one in development, the program was specifically targeted at local diners.

In New Zealand, loyalty programmes were in operation by four properties, with two running them specifically for locals and two in conjunction with a company-wide programme. These appeared to be much smaller in scale than in Singapore (not surprising based purely on population density), and did not seem to be of as much importance to the overall success of the F&B outlets as reported in Singapore.

In Singapore, loyalty cards were largely cited as providing two main benefits to the properties. The first was that of database development, and the subsequent use of that database as a vehicle for encouraging guest feedback. In New Zealand F&B managers were more likely to believe that these cards generated brand loyalty from

users, with just one (Charles) indicating that database generation was an important aspect of the programme.

This was not a view shared by Singapore managers. While they acknowledged that loyalty was *a* goal of such programmes, there was a belief that with the current level of saturation in the Singaporean market, they do not foster loyalty in any emotional or cognitive way. Sam articulated this well as he suggested “There is no loyalty at all; we are buying them... the following year you still have to ask them; ‘please, please sign up.’”

The next and most important benefit derived from providing a loyalty programme, according to Singaporean managers, related to minimisation of low occupancy periods affecting departmental profitability. Brad (SG3) succinctly articulated this strategy: “[the purpose of this program] is pretty much to put bums on seats”. The membership database gives hotels access to a huge number of locally based guests that can be strategically targeted with electronic mailers encouraging visitation with one-off discount offers or other value added benefits during these low periods.

In Singapore, in all but one case, these loyalty programs followed a very similar benefit structure: a progressively decreasing percentage discount based on the number of covers at the table. Essentially the concept results in one person per table dining for free. One property (SG6) operated a straight discount system that incorporated point accumulation, reminiscent of the best practice suggested by Shoemaker and Lewis (1999) and Wirtz et al. (2007). In New Zealand, three of the four properties that operated loyalty programmes had a similar system to that seen in Singapore of “one person dines for free”, while one offered a straight discount.

In Singapore there was an obvious tone of reluctant acceptance towards operating these programs from all the interviewees, with SG5 conveying the general feeling of participants best: “In Singapore you must have an element of dining reward... you can’t do without it”. However in New Zealand the presence of these programmes did not seem to be of major concern or benefit, discussions on the topic were rather nonchalant and skimmed over as a by-product of hotel operations, with the exception

of Neville (NZ2) who actively used his database of customers to host exclusive events and generate feedback.

Discount based loyalty programs were just one method Singapore hotels used to attract diners, and was found to be part of the wider need for discounting within the market. Another tool used by the majority of Singapore participants (with none of the New Zealand properties mentioning such a strategy) involved joint promotions with banks and credit card companies. This involved offering flat discounts or value added benefits to guests who pay for meals using credit cards from specific banks. In return, the banks advertise the hotels F&B outlets in booklets, flyers distributed to cardholders, and occasionally in the local media (Newspapers, magazines, radio, television). This tactic was regarded as a necessary evil by Singapore F&B managers, resigning themselves to the need to participate based purely on the fact that if they didn't, their competitors would. SG5 summed up this frustration, while also questioning the overall benefit to any of the stakeholders involved with such offers given the saturation of these programs.

*ANDREW: "We use credit card promotions, but people don't even look at [them] now because there are too many credit cards and promotions. They just ask what cards have the promotions and which bank offers the biggest discount... I don't really know why we do it... it is sort of expected."*

This concept of discounting appears to feed more of a Singaporean consumer need to feel they have come out on top in some way or beaten the system, more than the desire for affordability, especially when we consider the importance Singapore's diners give to cost on the overall decision making process, as identified in the local diner survey.

While not a largely popular tool, two New Zealand managers shared that they had recently been successful in attracting locals through the use of online voucher offerings. While heavy discounting was required (of up to 50%), they felt that this provided an opportunity to get locals through the door to experience their product, which was often the hardest task. Singapore managers did not mention this marketing strategy at all.

#### **5.1.4: Outsourcing of F&B Outlets**

Outsourcing of outlets was reasonably common within the Singaporean properties examined, with half of them outsourcing at least one outlet and another property having examined the option closely. Those who did not outsource any outlets often cited the reason for this coming down to their desire to maintain control over their product.

*SAM: "... on the whole we want to have control over our F&B department. At the end of the day, if we outsource and something happens, it is still going to come back to reflex on us... it is in this building so we want to have total control over it."*

New Zealand hotels were much less likely to outsource their F&B services, with only one hotel reporting to have done so. This topic was one that the majority of New Zealand operators had no interest in, often ending discussion on the matter quickly with such feedback as "[there is] no need" (NZ2) or "If we can run an outlet and make money as per the expectations, why bother?" (NZ5).

Lack of operational control was a pitfall SG5 acknowledged in their own experiences in outsourcing, and had a tendency to create issues between themselves and their partners. Adam, whose property outsourced one outlet, reported seeing no substantial benefit from the relationship; "We have [outlet name] that is outsourced, but aside that, no... we would not do it again... why do we need to share the profits with others? Honestly, I have seen no benefit to the hotel directly."

Singaporean properties that saw benefit in this strategy generally acknowledged the this coming from the expertise the operators had in a specific style of cuisine that they felt they would be unable to replicate themselves. There was also a noted aversion to partnering with brand name outlets, with a preference for concepts that were unique or specialised proving most attractive.

*BRAD: “Finding the right product for a 5-star hotel to balance what we have [is a big issue]. I would not want to bring in a McDonalds, but I would not mind finding a gourmet burger bar.*

The only New Zealand respondent to have outsourced F&B outlets found that the benefit came purely from the rental income the property receives with little or no effort required of the property. Beyond that Benn (NZ3) states that the affairs of his tenants were “of little concern” to him.

#### **5.1.5: The Food and Beverage Departments Impact on Rooms Division Performance**

There was no unanimous opinion on what effect the F&B department had on room rates and occupancy levels from either country. Opinions regarding this facet of the operation varied from manager-to-manager regardless of their property size, F&B offering or country of origin. SG1, SG6, NZ2 and NZ4 all felt that there was no correlation between F&B and the performance of the rooms department. Adam (SG1) added that that the only way it might be able to impact sales was when packages were created that include room and dining elements, but no further than this.

SG4, SG5 and NZ1 all believed that there was a very direct connection between the F&B department and rooms division. Andrew (SG5) was the only participant to acknowledge the correlation between a properties star rating and F&B facilities. Sam (SG4) shared a very specific experience of F&B improving occupancy levels after they received Halal certification:

*SAM: “Yes, absolutely... [now that we have this] Halal restaurant, we have a lot more Muslims staying here than before its opening. Now Muslims come here for this restaurant.*

SG2 and SG3, both felt the F&B department, if reputable, provided the sales team a tool to encourage corporate and function business. Outside of this they felt F&B had very little impact on the financial performance of the rooms department.

## **5.2: New Zealand and Singapore Local Diner Survey Results**

The survey completed by local diners was hosted online at [www.surveymonkey.com](http://www.surveymonkey.com). Participants were sent a hyperlink to the survey through Email, which lead them to the information page, outlining the purpose of the research, how the data collected would be used and additional information as required by AUTEK. The exact contents of this information page can be found in Appendix 9.3.

The survey contained a total of 21 questions, which can also be viewed in detail in the appendix.

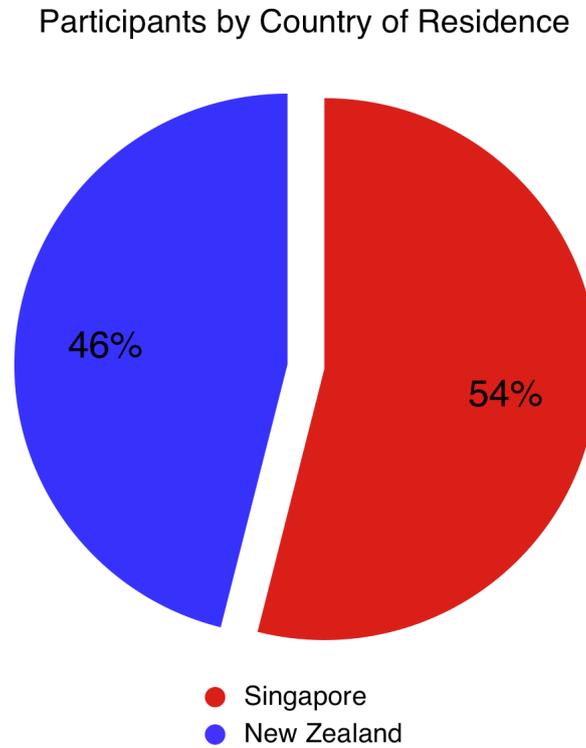
Three questions headlined the survey in order to eliminate any participants that were not relevant to this research topic. These conditions were as follows:

1. **Age** – As a condition of ethics approval for this research, all participants were to be over 20 years of age.
2. **Country of Residence** – All participants were to reside in Singapore or New Zealand.
3. **Length of Residence** – All participants were to have resided in either country for a minimum of 12 months.

The survey attracted a total of 101 participants, of which a total of 89 were eligible for consideration. Due to the lower response rates from those aged over 40 years of age, all groups from 40 years and above have been in combined into one group where age based comparisons are made.

**5.2.1: Analysis of Survey Data – General Participant Information**

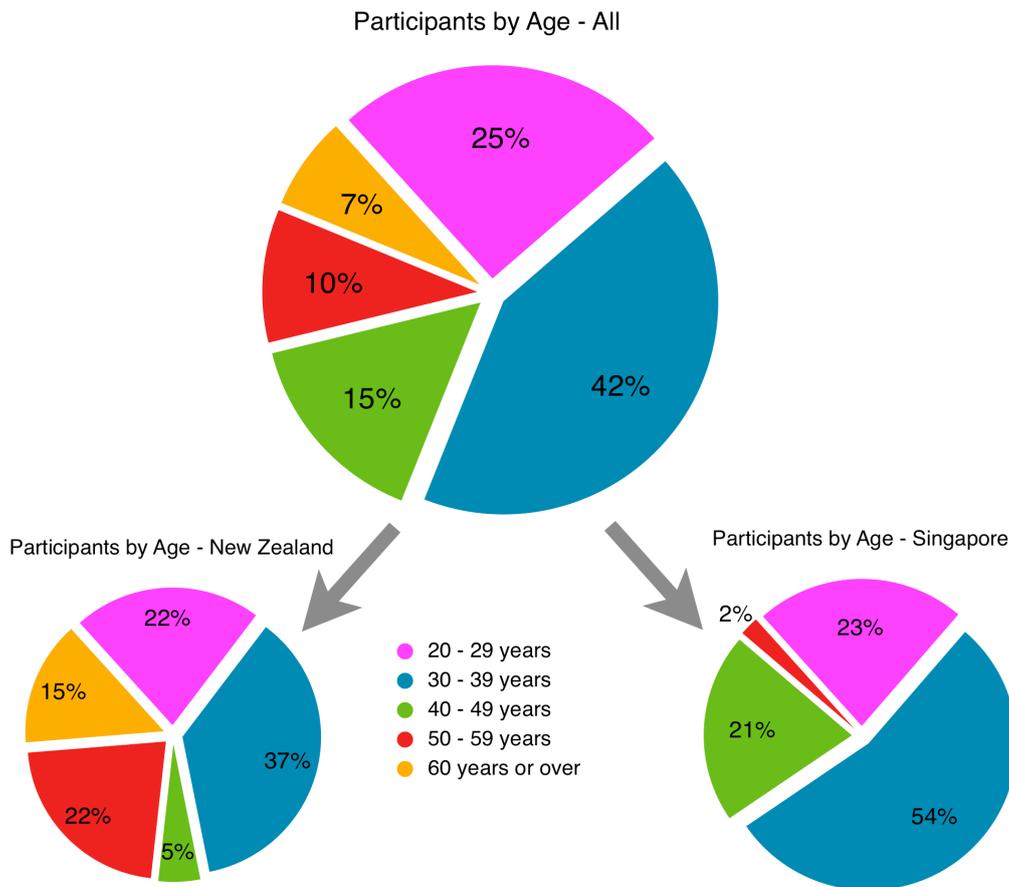
**Figure 5.1: Survey Participants by Country of Residence**



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

A total of 41 questionnaires were completed by New Zealand residents and 48 by Singapore residents. This resulted in a 46% of participants coming from New Zealand, and 54% from Singapore providing a reasonably even split between each country.

*Figure 5.2: Participants by Age Group*



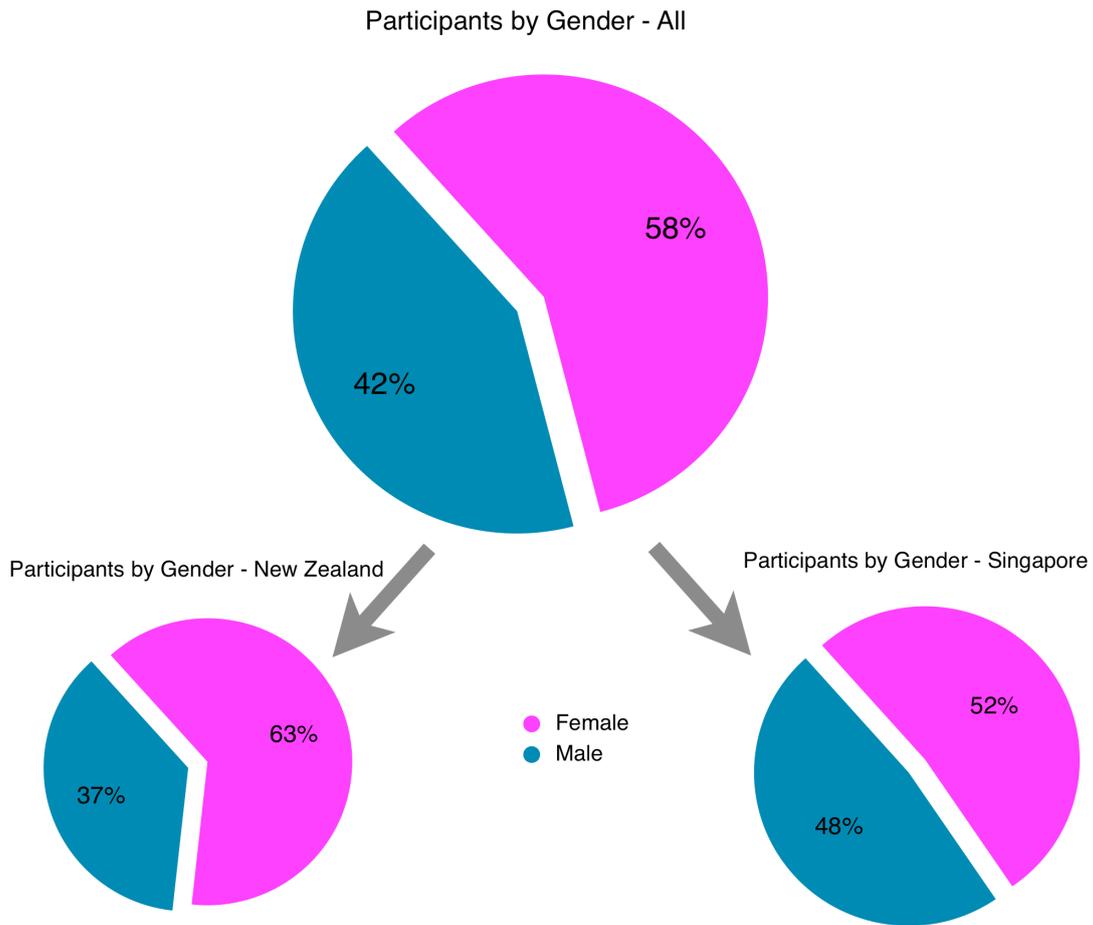
**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

From the pool of 89 valid responses, 25% were aged 20 – 29 years, 42% from 30 – 39 years, 15% were between 40 – 49 years, the 50 – 59 year bracket had 10% of the responses with the 60 years and over age group being the lowest represented group with 7% of the total participants.

The 39 year and below groups made up the majority of participants with 67% of all participants falling within this age bracket. Singapore participation from this group reached 78% while New Zealand saw those aged 39 and below make up 59% of all participants.

Older participants were under represented in the Singapore market with no-one over 60 taking part and just 2% aged over 50 years. The 40 – 49 year age group in Singapore represented 21% of responses, compared to 5% in New Zealand.

*Figure 5.3: Participants by Gender*

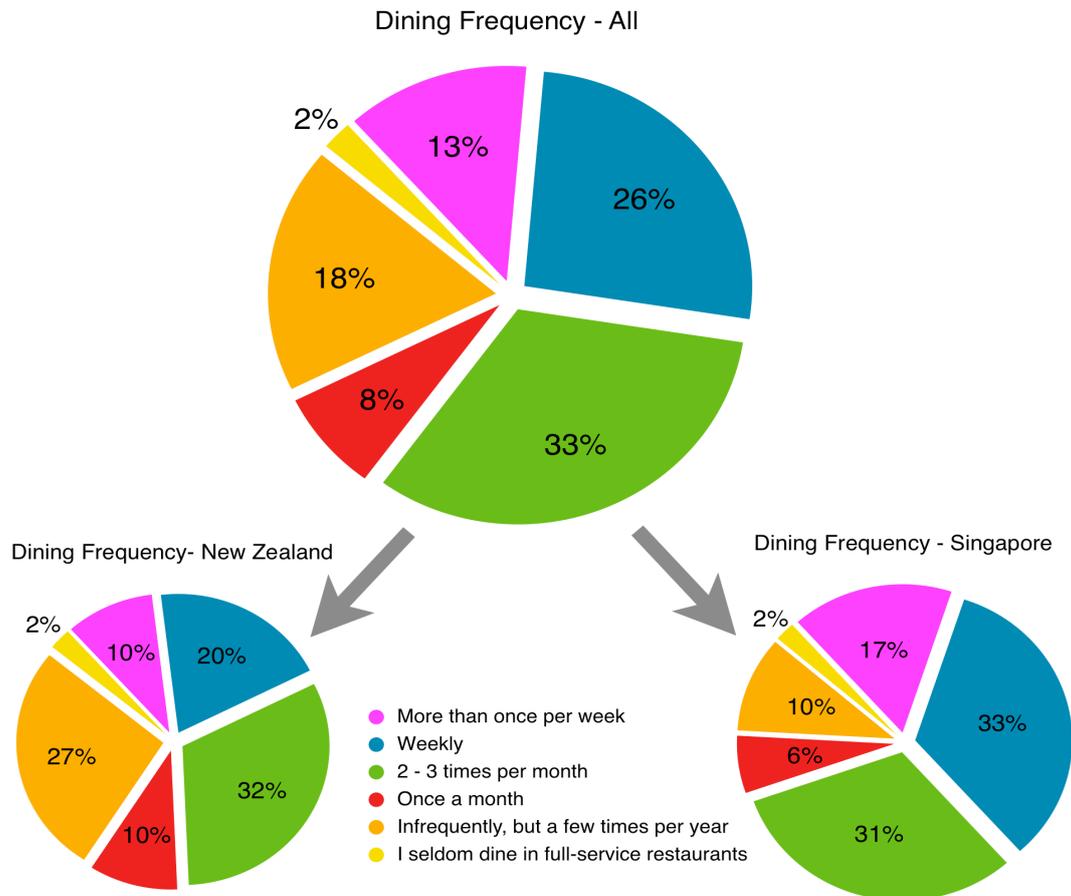


**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Female participants were the dominant respondents to this questionnaire. Over all 58% of those who took part were women, with female participation reaching 63% and 52% in New Zealand and Singapore respectively.

While the Singapore gender breakdown provides an even mix of respondents, New Zealand's results will skew towards the female point-of-view.

*Figure 5.4: Dining Frequency of Participants*



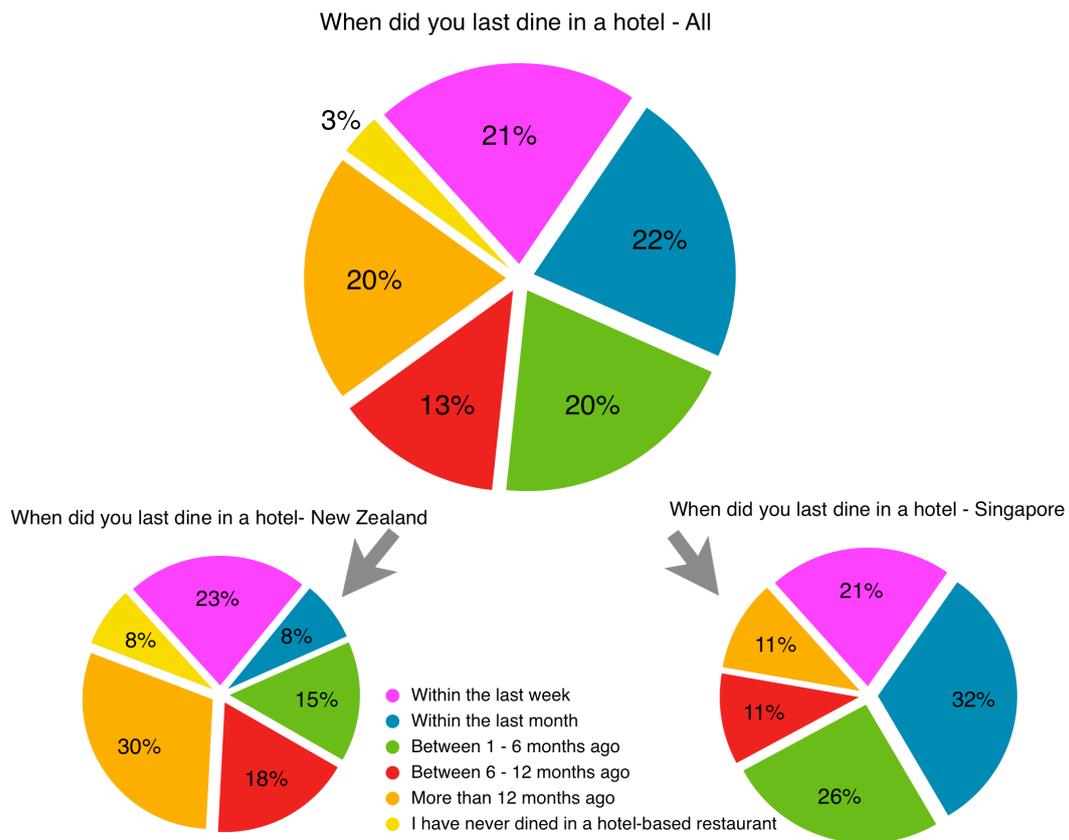
**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Question:  
*How frequently do you dine in full-service restaurants? (Not including fast food, food-courts, hawker centres or similar)*

Singapore residents have a tendency to dine out more frequently than those in New Zealand with 50% of Singapore-based respondents indicated they dine out more than once a week, compared to 30% of New Zealand respondents.

This trend continues to show at the other end of the dining frequency spectrum as 29% of New Zealand based respondents said they dined out in full-service restaurants “infrequently, but a few times a year” or less, where in Singapore this rate was significantly lower at 12%. The option “I never dine in full-service restaurants” was also offered, but received no responses from participants in either country.

*Figure 5.5: Most Recent Hotel Dining Experience*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Question:

*When was the last time you dined out at a restaurant located within a hotel property? (When dining out in your current country of residence, not while travelling).*

Singapore-based diners were found to be far more likely to eat out at hotel-based restaurants with 53% having done so in the last month, compared to 31% of New Zealand respondents.

A stark contrast can be seen as the respondents who indicated dining less frequently are examined. In New Zealand 38% of participants had not dined in a hotel property within the last year compared to just 11% in Singapore. Overall, 89% of Singapore-based participants had dined in a local hotel property within the last 12 months whereas only 64% of respondents from New Zealand could say the same.

All respondents who noted that they had never dined at a hotel-based restaurant came from New Zealand, which made up 8% of all participants from this country. Of those who had never dined at a hotel, the following reasons were given:

- *“I don’t feel like I am ‘meant’ to go there, I suppose partially because it is not really advertised, also because with hotels being so expensive to stay in I feel the restaurants would be expensive too”*
- *“I always thought [hotel-based restaurants] were for guests.”*
- *“Café type restaurants appeal more as their menus are usually more to our taste and hotels [are] expensive”*

This indicates that New Zealand hotels might be perceived as more expensive than stand-alone outlets, with a reputation of being exclusively for guests of the property.

## **5.2.2: Analysis of Survey Data – Local Perceptions of Hotel-Based Dining**

*Figure 5.6: Perceived pricing of hotel-based restaurants.*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

**Question:**

*How do you perceive the pricing in hotel-based restaurants as compared to their stand-alone competitors?*

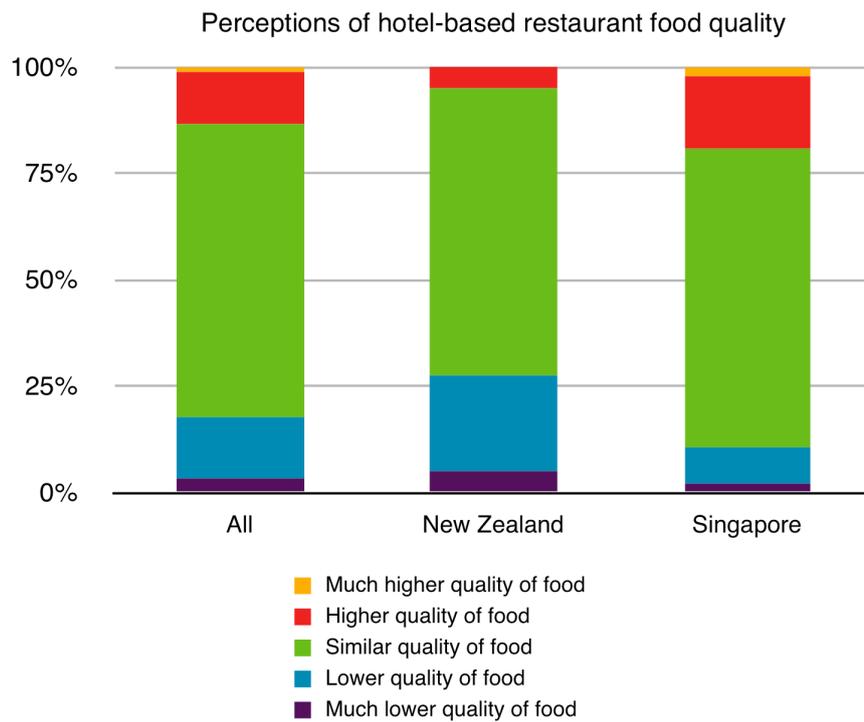
Across the board, very few people saw hotel-based restaurant prices being cheaper than those of stand-alone competitors with just 5% of New Zealand and 2% of Singapore respondents indicating this. No respondents felt that hotel-based restaurants could be considered “Much cheaper” than independent outlets.

Participants from New Zealand were most likely to think that pricing was similar to independent operators with 38% of respondents indicating this perception. In Singapore 26% of respondents agreed with this statement.

Singapore based respondents were more likely to view hotel-based dining as more expensive with 72% of people feeling they were either “a little...” or “much more...” expensive, 58% of New Zealand participants recorded these responses.

This shows that in both countries, the majority of people feel that hotel based-dining is more expensive than independent outlets with 64% of the total pool of participants from both countries indicating this.

*Figure 5.7: Perceived Quality of Food in Hotel-Based Restaurants.*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

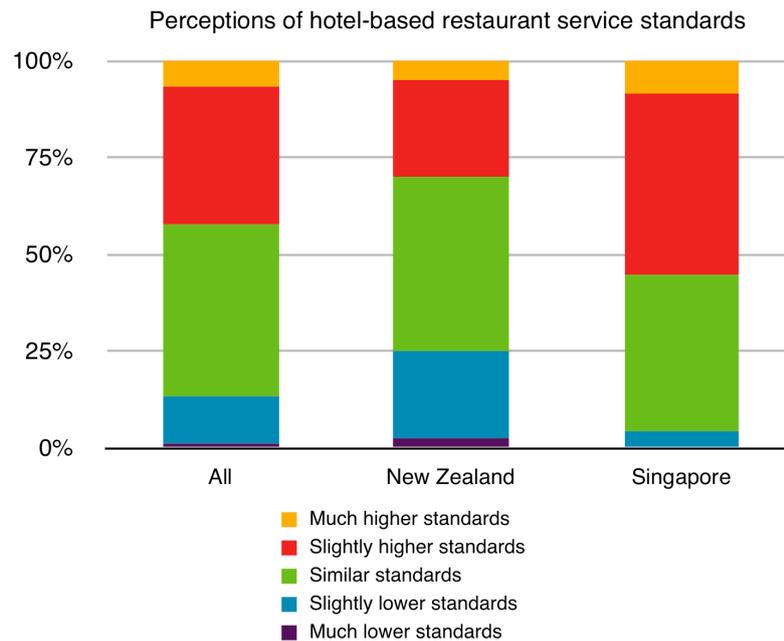
*Question:*  
*How do you perceive the quality of food in hotel-based restaurants as compared to their stand-alone competitors?*

The majority of respondents across both countries (69%) perceive the quality of food served by hotel-based restaurants to be of a similar to that of stand-alone outlets.

New Zealand based respondents displayed the lowest levels of confidence in the quality of hotel food with 27.5% of respondents saying that they perceive hotel food quality to be “lower...” or “much lower...” than that of independent restaurants. In contrast, a total of 10.6% of Singapore-based respondents responded likewise.

Singapore-based hotel restaurants, when compared against their New Zealand counterparts, enjoy an elevated public perception of food quality with 19.1% of respondents feeling that they provided either a “higher quality...” or “much higher quality...” of food compared to 5% in New Zealand.

*Figure 5.8: Perceived Service Standards in Hotel-Based Restaurants.*



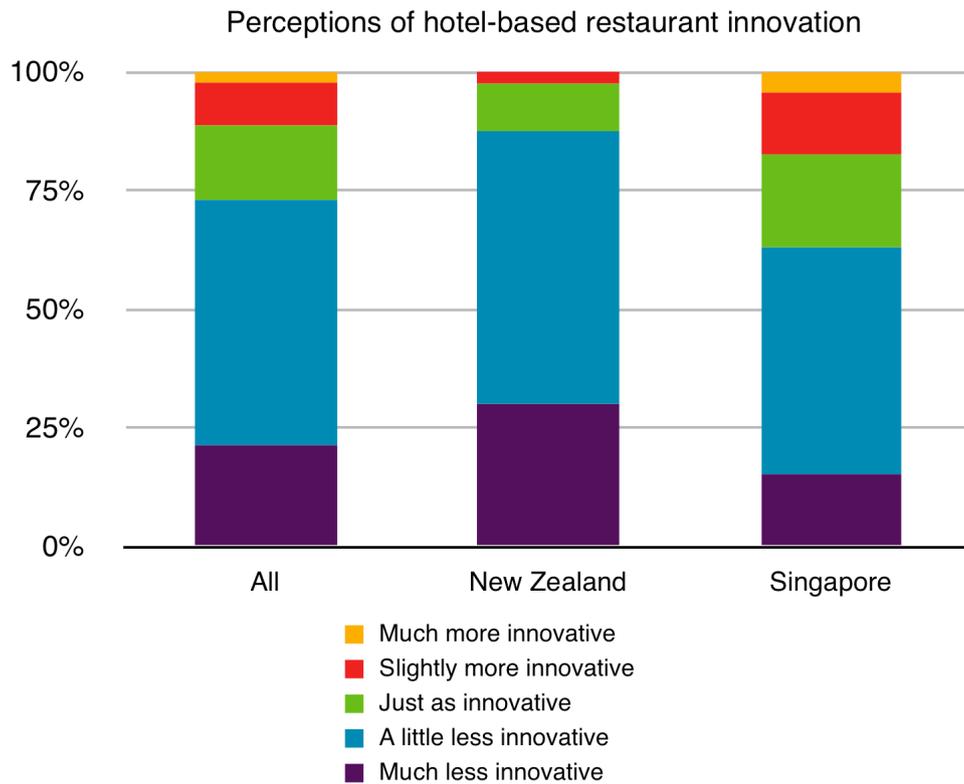
**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

*Question:*  
*How do you perceive service standards in hotel-based restaurants as compared to their stand-alone competitors?*

New Zealand respondents clearly possess a lower opinion of hotel-based restaurants service standards than respondents in Singapore. Of New Zealand participants, 25% thought the level of service they would receive from restaurants operated by hotels was “slightly lower...” or “much lower...” than what they expected to be delivered by stand-alone restaurants. In Singapore just 4% thought the standards would be “slightly lower...” with no respondents indicating that service standards were “much lower...”.

Singapore residents appear to have a positive impression of hotel service standards with 56% of them feeling they expected “slightly higher...” or “much higher standards” of service in a hotel-based restaurant than from independent operators, compared to just 30% of New Zealand respondents.

*Figure 5.9: Perceived Level of Innovation in Hotel-Based Restaurants.*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

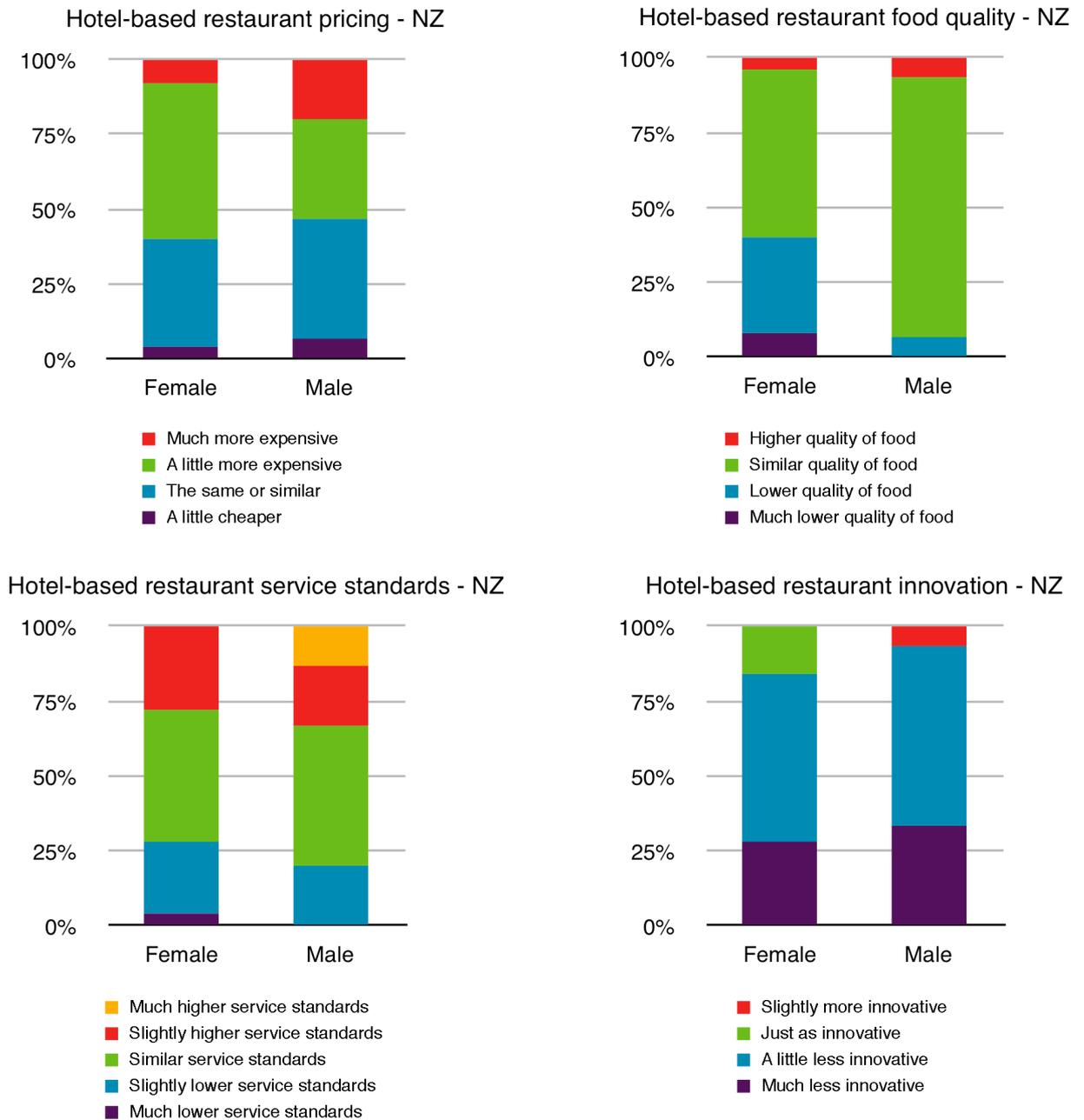
*Question:*  
 How innovative (trend setting, cutting edge, dynamic) do you perceive hotel-based restaurants compared to stand-alone operators?

The results obtained from this question are rather damning of the innovation levels in hotel-based restaurants. Just 2.5% of New Zealand residents felt that hotels offered a higher level of innovation than stand-alone operators, and 10% indicating that hotel-based restaurants were on par with independent operators.

Singapore based hotels fared better with 17.3% of respondents indicating either slightly or much higher levels of innovation could be expected. In all, 36.9% of Singapore survey participants felt innovation levels were as good or better in hotels-based restaurants.

Hotels were deemed to have lower levels of innovation than stand-alone outlets by 73% of all respondents; 63% in Singapore and 87.5% in New Zealand.

*Figure 5.10: Perceptions by Gender (New Zealand).*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

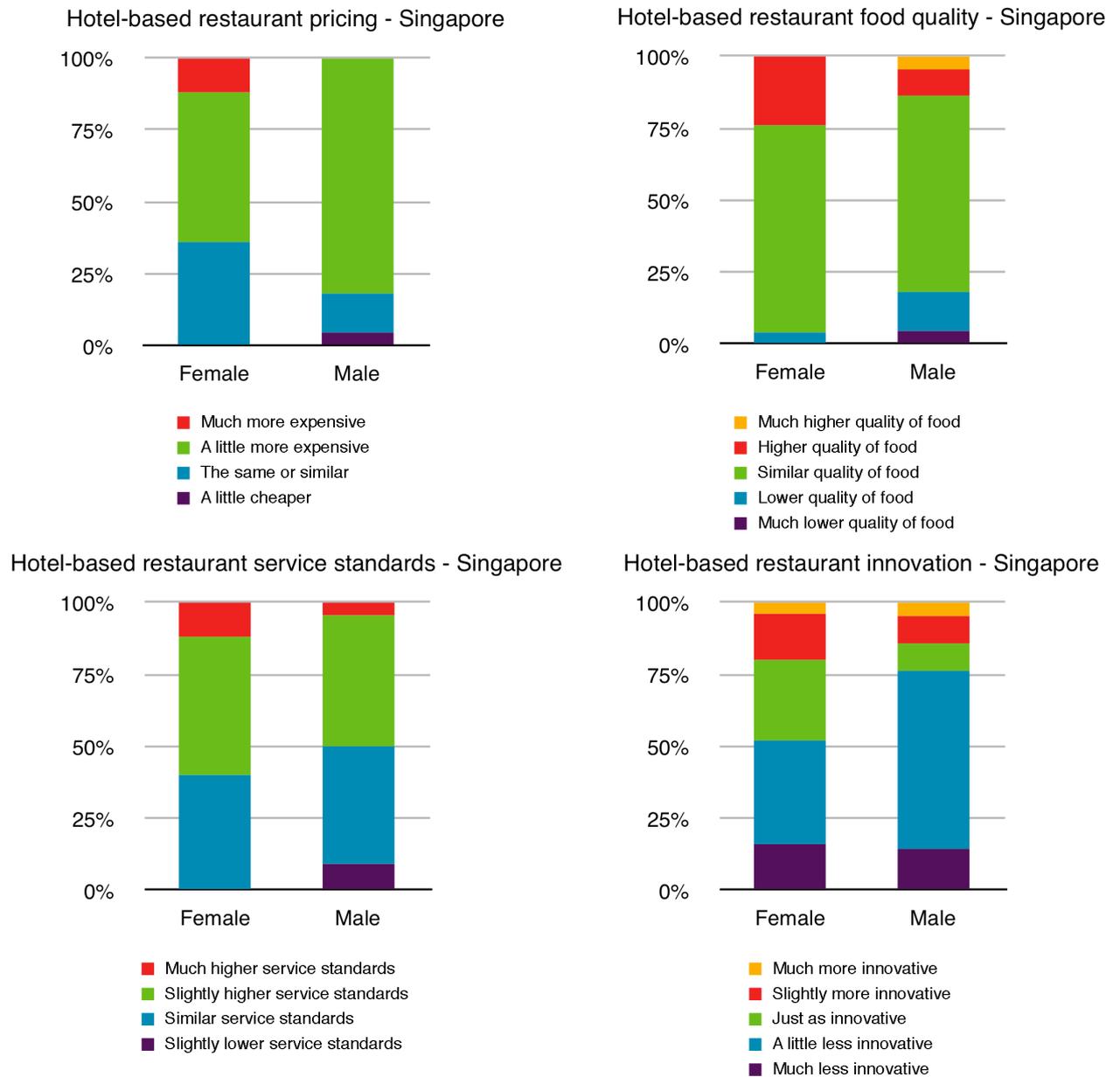
In New Zealand, differences in gender-based perceptions of hotel restaurants are apparent. While the majority of both males and females (53.5% and 60% respectively) see hotel-based restaurant prices as higher than independent operators, males were much more likely to perceive them as “much more expensive”, with 20% responding this way, compared to 8% of New Zealand women.

New Zealand women appear more critical of food quality in hotels, with 40% of female participants indicating they felt food quality to be “lower” or “much lower” than in stand-alone restaurants. Only 6.7% of New Zealand men felt food was of a “lower quality”, with none selecting “Much lower quality”.

In comparing service, New Zealand women are the harsher critics with 28% feeling service standards in hotels was either “lower” or “much lower” than in independent operators, with 20% of men feeling the same. While a relatively equal proportion of men (33.3%) and women (28%) felt service was better in hotel-based restaurants, no women felt it was of a “much higher service standard”, with 13% of men feeling this way.

As indicated in Figure 5.9, New Zealanders have a poor perception of hotel-based restaurant innovation levels with only 12.5% in total feeling they were more innovative than independent operators. No New Zealand females indicated they felt innovation in hotel-based restaurants was better than what stand-alone operators offered, with all New Zealand female respondents indicating they thought innovation in hotel-based restaurants as “just as innovative” or lower. New Zealand males were also critical of innovation levels in New Zealand’s hotels with 6.7% of respondents feeling hotels-based restaurants were “slightly more innovative”, and the remaining 93.3% indicating they felt hotels were “a little less innovative” or “much less innovative.

*Figure 5.11: Perceptions by Gender (Singapore).*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Just like in New Zealand, Singapore shows signs of differing perspectives between males and females regarding hotel-based restaurant performance.

Singapore males were more likely to perceive hotel-based dining to be more expensive than stand-alone options with 81.8% feeling hotels were “a little more expensive”. The majority of Singapore’s female respondents still felt hotels were higher priced with 52% perceiving them to be “a little more expensive” and an

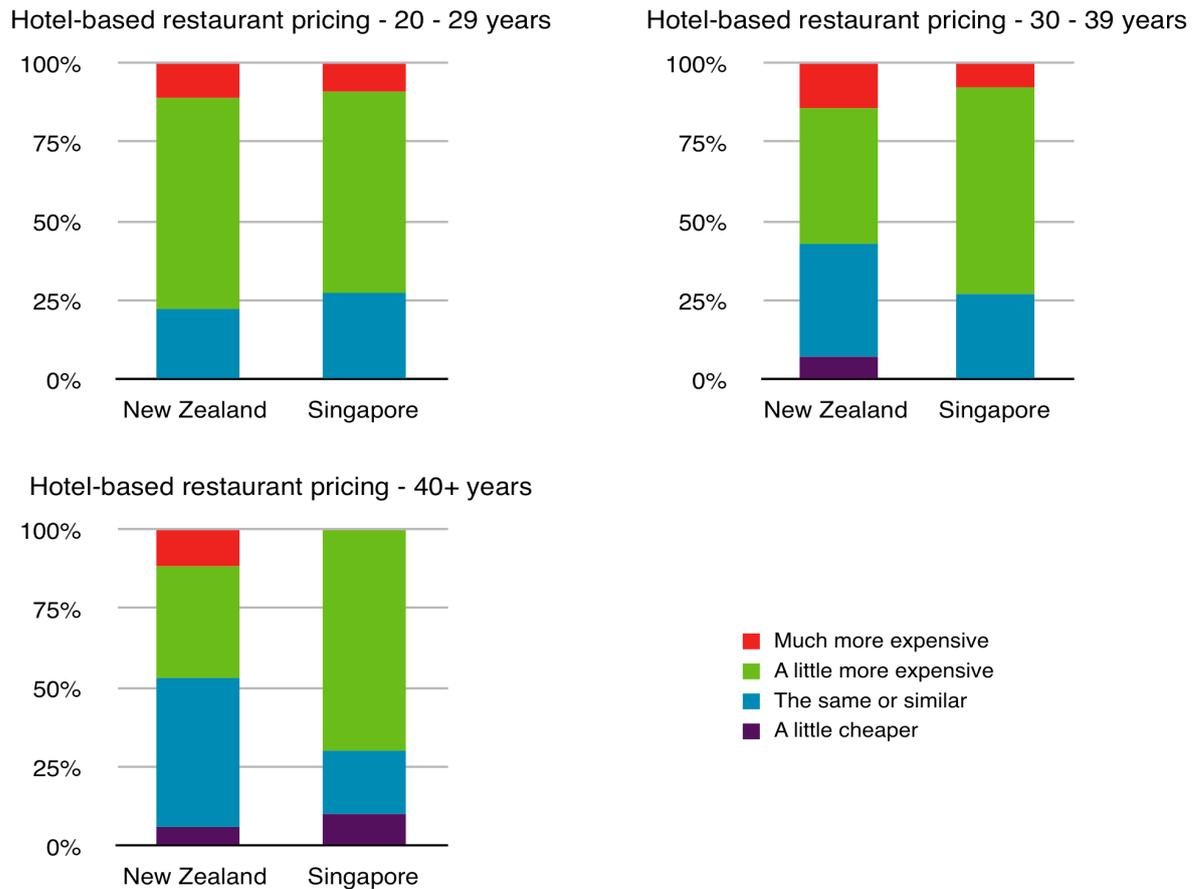
additional 12% feeling that they were “much more expensive”, no male Singapore respondents responded to the option “much more expensive”.

Food quality in hotel-based restaurants was thought to be comparable to stand-alone outlets by females in Singapore, with 24% indicating they felt quality levels were higher. Only 4% of female participants felt hotel-based dining offered a lower quality of food than independent operators. Males, however, are slightly more critical with 9.1% feeling hotels offered a slightly higher, and 4.5% a much higher, quality of food. A further 18.1% of males in Singapore felt hotels offered a lower quality of food with 4.5% of this group feeling they offered a “much lower quality of food”.

Singaporean respondents have a good impression of hotel-based restaurant service standards with 96% saying they expect similar, if not better (56%) service in a hotel-based restaurant than with an independent operator. No Singaporean female participants thought they would receive a lower standard of service, with 9% of males having this impression. In total 50% of male and 60% of female respondents in Singapore felt service standards were better in hotel-based restaurants, with 4.5% of male and 12% of females feeling these standards were be “much higher...”.

Similar to New Zealand, Singapore respondents felt innovation levels in hotel-based restaurants were worse than in stand-alone outlets. Survey results show that 76% of males and 52% of females in Singapore feel innovation levels are “much less...” or “a little less...” than those they expect from independent operators. While the Singapore results were more positive than those received from New Zealand, it still only saw 14.3% of males and 20% of females indicating they expected higher levels of innovation from hotel-based restaurants.

*Figure 5.12: Perceptions of Pricing by Age Group.*

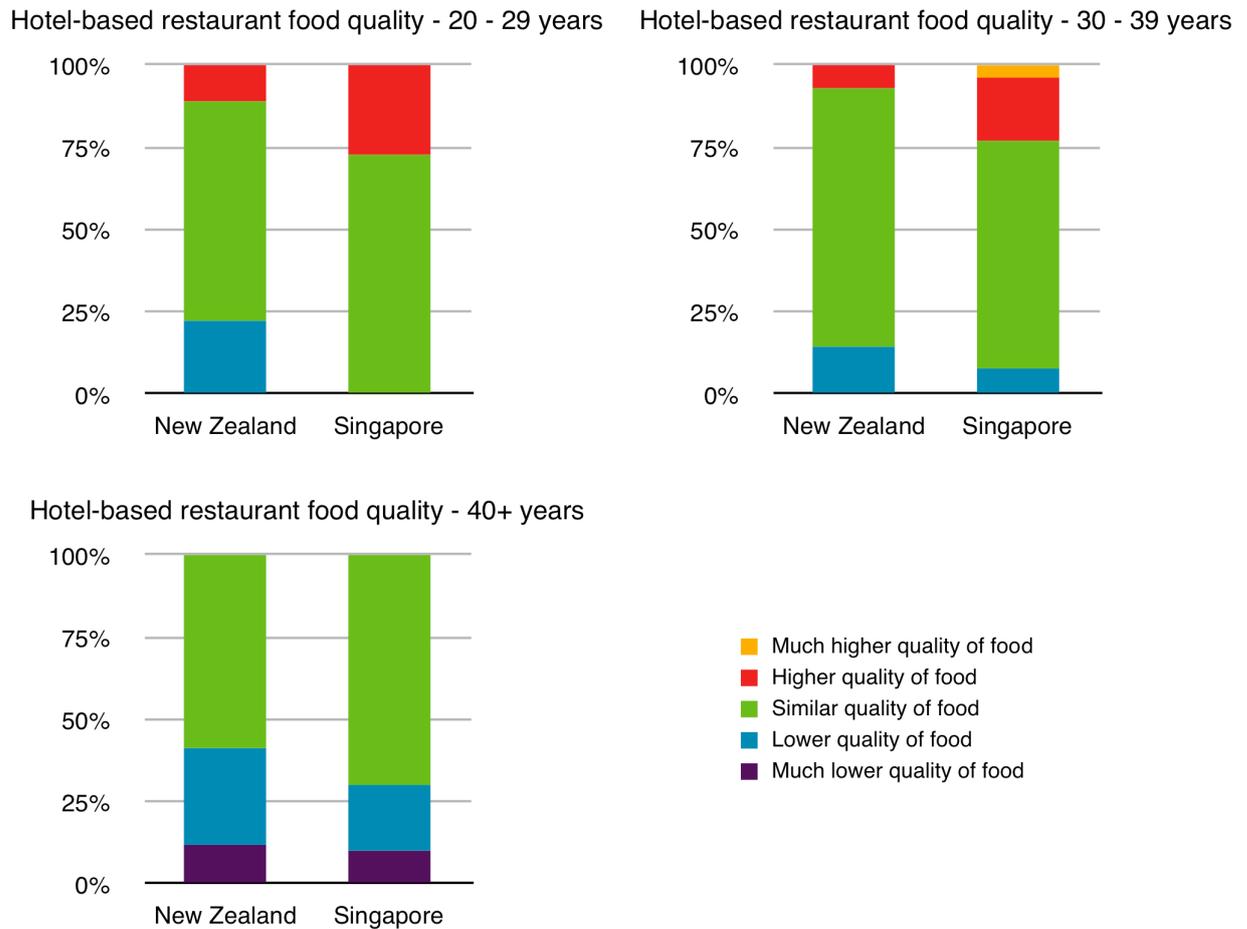


**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Singapore’s perception of price does not change in a big way according to the age of the participants. All age groups indicated that roughly 75% of respondents felt that restaurant-based hotels were more expensive than independent operators. The only variation on this was seen with those who considered hotel-based restaurants to be “much more expensive”. This perception was only held by those aged 20 – 29 years (9.1%) or 30 – 39 years (7.7%), with no participants over 40 feeling this way.

In New Zealand, as the age of the participants increased the perception that hotel-based restaurants were more expensive than stand-alone operators decreased. For those aged 20 – 29 years, 77.8% of respondents thought hotels were either “A little more expensive” or “Much more expensive” than independent restaurants. For those aged 30 – 39 this amount dropped to 57.2% and within the over 40’s group 47% returned the same result.

*Figure 5.13: Perceptions of Food Quality by Age Group.*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

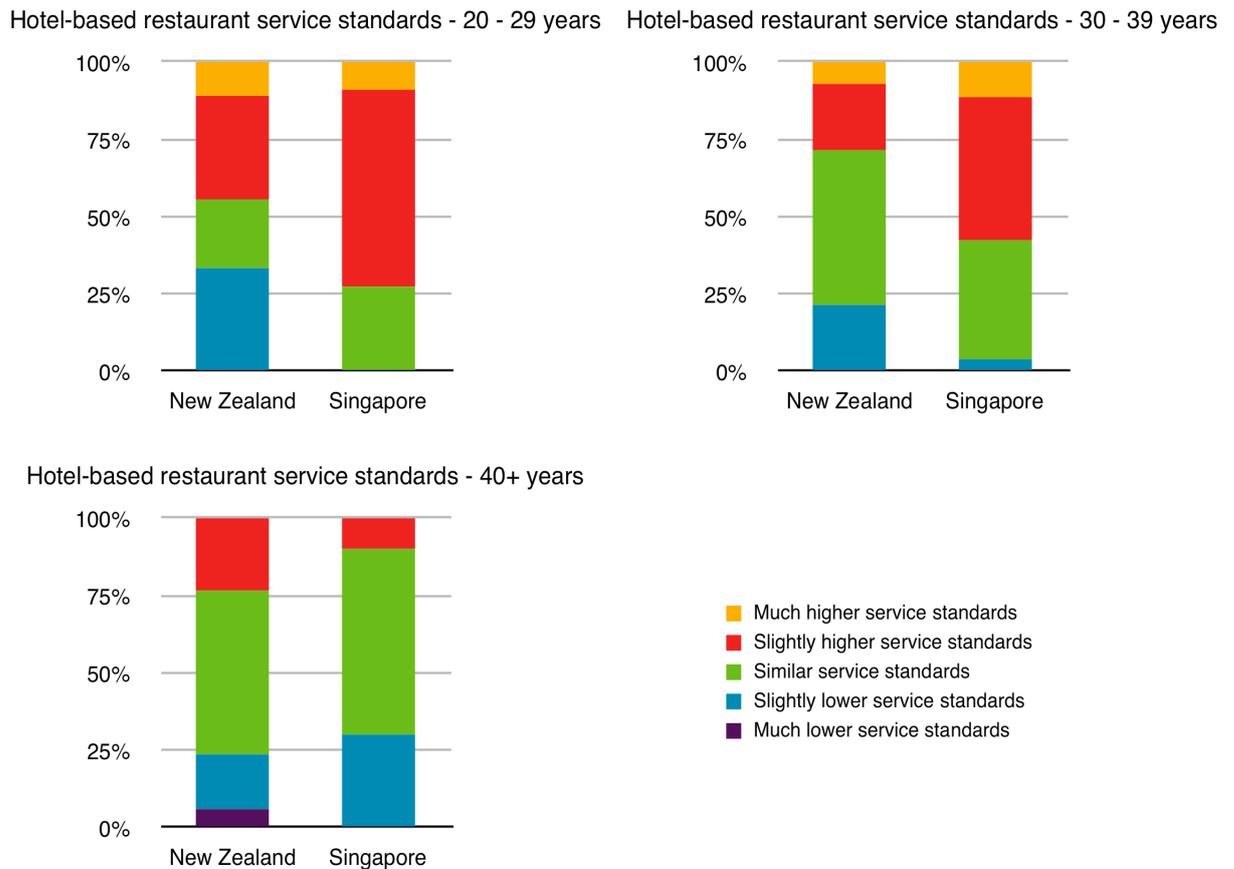
Both in New Zealand and Singapore, participants over 40 years of age were most likely to perceive food quality in hotel-based restaurants to be lower than that of independent restaurants. No respondents in this age group thought that food would be of a better quality with 41.2% of New Zealand feeling food quality would be worse (with 11.8% feeling it was “much lower quality...”). In Singapore 30% of those over 40 responded the same way (with 10% selecting “much lower quality...”).

The younger the respondent, the more likely they were to feel hotel-based restaurants food was of a higher quality than that of stand-alone outlets. In the 20 – 29 years age group, 11.1% from New Zealand thought that food would be “higher...” quality, while in Singapore 27.3% responded this way, with an additional 4.5% feeling food quality would be “much higher...”. No Singapore-based respondents aged 20 - 29 felt food quality from hotel-based restaurants was any worse than available elsewhere

with 22.2% of New Zealand respondents indicating they felt food was of a “lower quality...”.

For those aged between 30 – 39 there was a reduced perception of food quality (compared to those aged 20 – 29 years) with just 7.1% and 19.2% of New Zealand and Singapore respondents (respectively) feeling food quality was “higher...” than what independent operators had to offer. In Singapore a further 3.8% of these respondents felt food quality was “much higher...”, with no New Zealand participants indicating this. Also within the 30 – 39 year age group, the percentage of those who felt hotel-based restaurants had a lower quality of food exceeded that of the 20 – 29 year old respondents, with 14.3% of New Zealand and 7.7% of Singapore respondents indicating they though food quality was “Lower...” than that of stand-alone operators.

*Figure 5.14: Perceptions of Service Standards by Age Group.*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Age appears to play a part in the perception of hotel-based service standards. In both Singapore and New Zealand as age increases, the less likely diners are to perceive that hotels offer a higher level of service than independent restaurants.

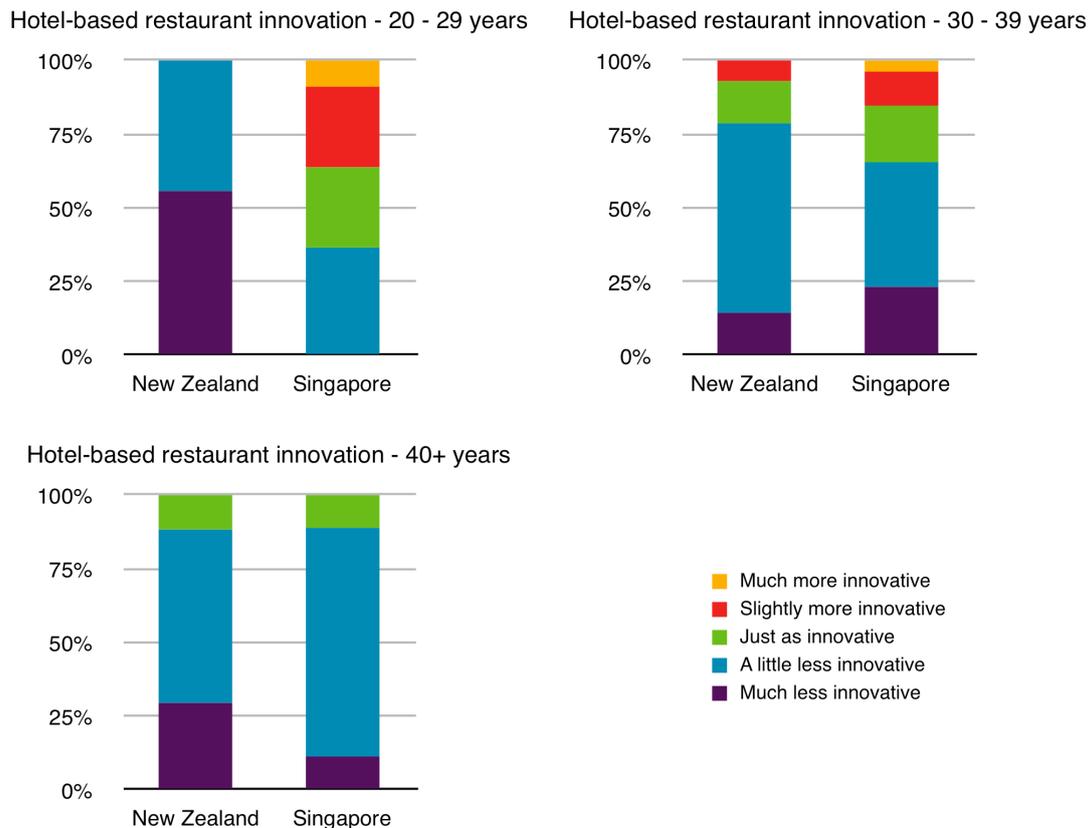
In Singapore, 20 – 29 year olds are most likely to see service standards in hotel-based restaurants as better than that of independent outlets with 72.7% seeing it as “slightly..” or “much...” higher, compared to 57.7% of 30 – 39 year olds and 10% of those over 40. In New Zealand 44.5% of 20 – 29 year olds, 28.5% of 30 – 39 year olds and 23.5% of those over 40 felt service was better in hotel-based restaurants.

In Singapore, as the age of the participant increases so too does the chance they will perceive service standards in hotels being lower than those in stand-alone restaurants. No participants from Singapore aged 20 – 29 years felt service standards in hotels

were lower than in independent restaurants with 38% of the 30 – 39 year olds and 30% of the over 40's indicating that they perceived this diminished service standard.

In New Zealand, 33% of those between the ages of 20 – 29 indicated they expected “Slightly lower standards of service” with 21.4% of 30 – 39 year olds and 17.7% of those over 40 also responding this way. The over 40 year olds in New Zealand also saw 5.9% of respondents expecting “Much lower standards of service, the only group from either country to respond to this option.

*Figure 5.15: Perceptions of Innovation Levels by Age Group*

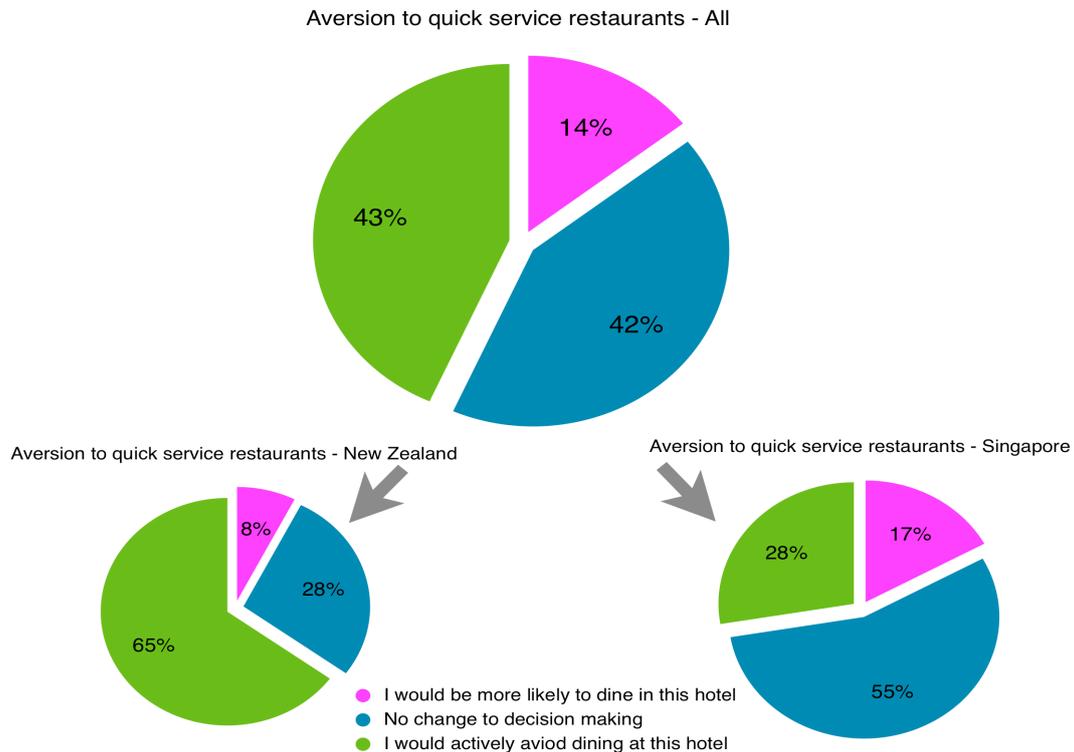


**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

The 20 – 29 year old groups in both countries possess different opinions of innovation levels in hotel-based restaurants. New Zealand these respondents held the worst impression with 100% of the respondents feeling that hotel-based restaurants had lower levels of innovation than independent operators, of this 55.6% felt innovation levels were “Much worse...”. Contrary to this, Singapore respondents in the 20 – 29 age bracket were the most complimentary of hotel innovation levels with a total of 36.4% feeling hotel-based restaurants were better than in stand-alone operators, with 9.1% perceiving them to be “Much more innovative”.

In Singapore, as age increased, the perceived level of innovation from hotel-based restaurants decreased with 15.3% of 30 – 39 year olds feeling hotels were more innovative (3.8% of this being “Much more innovative”), and none of the over 40 year olds expecting higher levels of innovation from hotel-based restaurants.

*Figure 5.16: Participant Aversion Towards Hotels Outsourcing to Brand Name Quick Service Restaurants.*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Question:

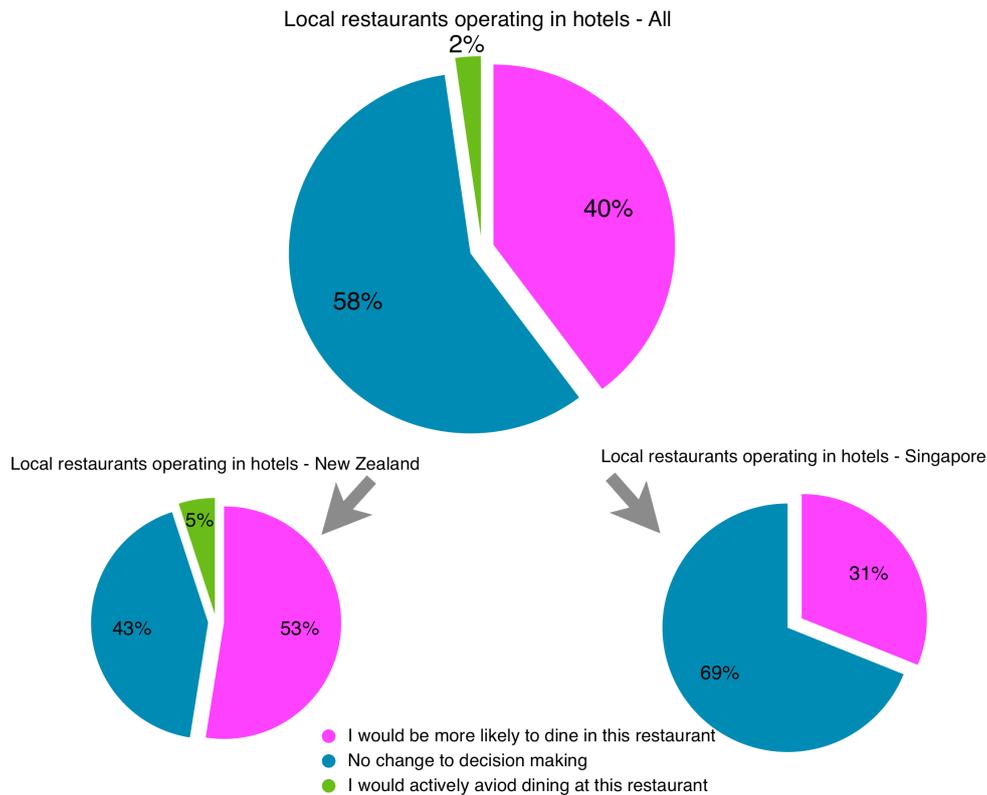
*If a hotel offered a well-known restaurant franchise (Pizza Hut, McDonalds, Starbucks etc...) as a dining option, how would this affect your desire to dine in the hotel?*

New Zealand respondents showed a clear aversion to dining in hotels that operated franchised outlets with 65% indicating that they would actively avoid dining in properties that offered these options. Singapore based respondents who would avoid these properties were fewer in number with 28% opposed to dining at these properties.

Singapore residents however showed a higher inclination to dine at properties that offered franchisee outlets, with 17% saying they would be more likely to dine at these properties, compared to just 8% of New Zealand participants. It should be noted that the number of people in both countries that would avoid dining such restaurants exceeds the number that would be attracted making the potential net result of such a strategy negative.

The brands given as examples in the question were used as throughout the literature review both Pizza Hut and Starbucks were identified as already being aligning with major hotel brands – those being Marriott and Sheraton respectively (Ashton, et al., 2008; Boo & Mattila, 2002; Boone, 1997). McDonalds was used as it was mentioned during the interviews with F&B managers.

*Figure 5.17: Participant Acceptance of Local Restaurateurs Operating from Hotel Properties*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Question:  
*If a local restaurateur operated from a hotel property, while remaining independently owned, how would this affect your desire to dine with them?*

New Zealand respondents appear very open to the idea of independently owned restaurants operating from hotel properties, with 53% saying this would make them more likely to patronise these outlets. While Singaporean feedback shows that less respondents would be as enticed to dine at these restaurants than in New Zealand, no Singapore respondents claimed that operating from a hotel would lead them to avoid these outlets.

This could signal a positive opportunity in both countries for hotels and independent operators to create co-branding partnerships. Residents in both countries expressed only positive or neutral associations to this form of relationship.

*Figure 5.18: Expectations of Hotel-Based Dining Vs. Independent Operators.*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

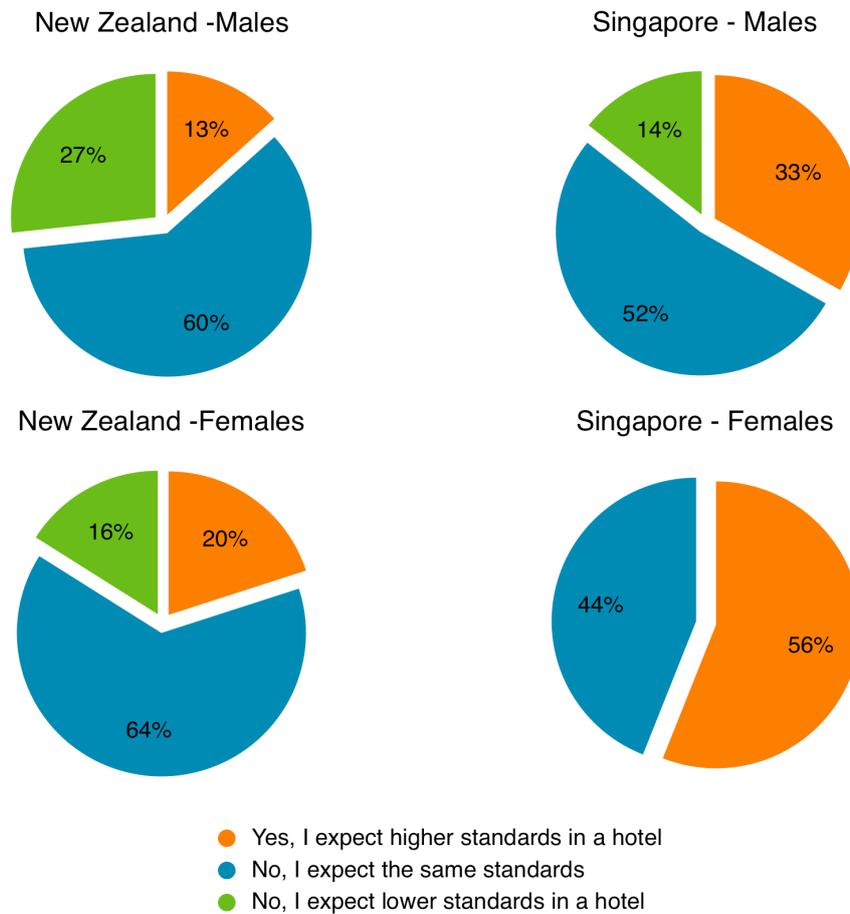
Question:

*If two restaurants were identical in every way except location, do you feel you would expect all-around higher standards dining at a hotel-based restaurant over a stand-alone outlet?*

New Zealand consumers’ low expectation of hotel restaurants is noticeable, especially when compared alongside results from Singapore. While 46% of Singapore participants expected hotels to be of a higher standard than independent operators, in New Zealand this fell to just 17.5%.

When the option “I expect the same standards” is taken into account, the level of consumer expectation in New Zealand improves but is still noticeably different to Singapore’s attitudes with one out of every five New Zealand residents expecting hotel-based restaurants to be worse than independent operators. In Singapore with just 6.5% of consumers expected this lower overall standard.

*Figure 5.19: Expectations of Hotel-Based Dining Vs. Independent Operators by Gender.*

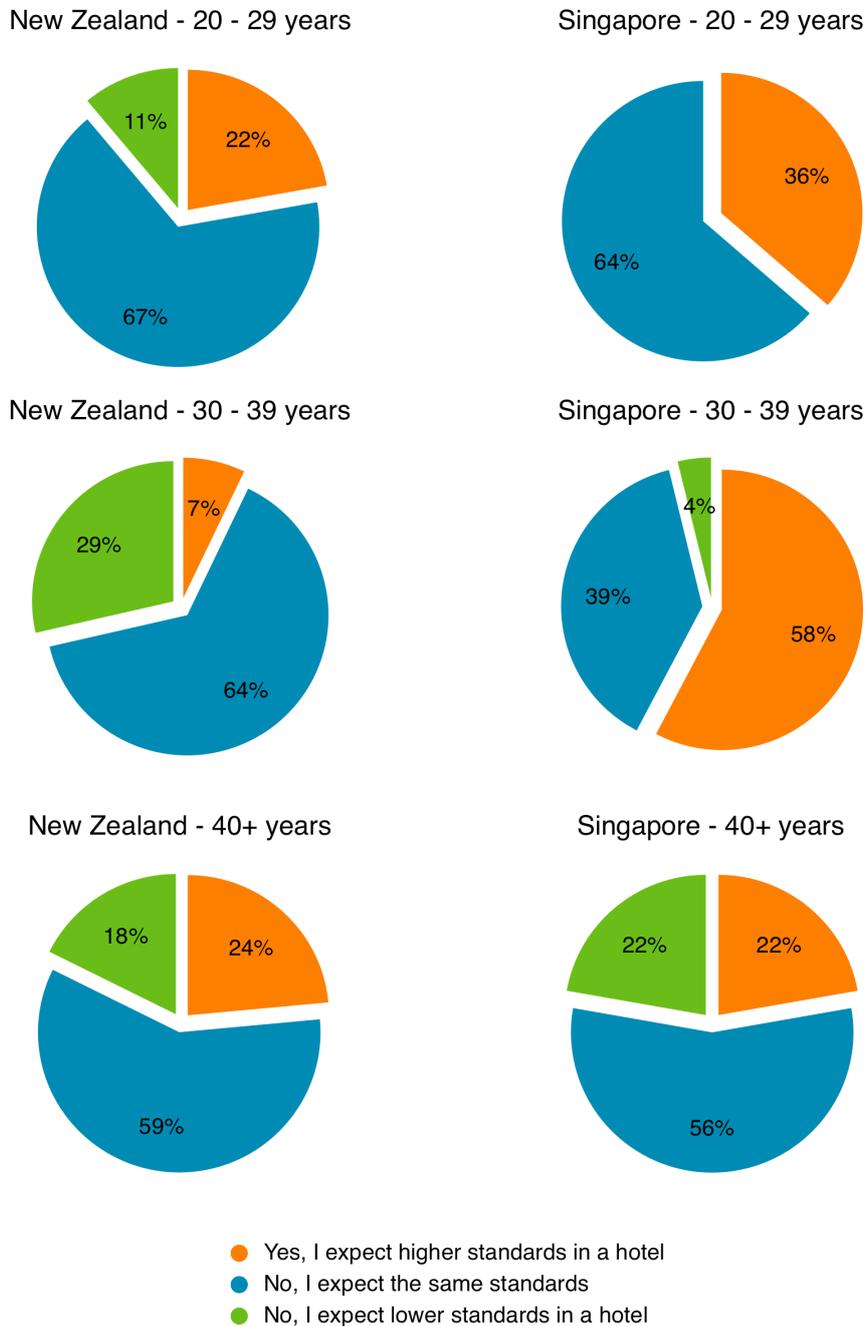


**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Female respondents from Singapore appear to have the highest expectation of hotel-based dining with 56% perceiving hotels to deliver a higher all-round performance, with no respondents expecting standards lower than independent operators. Of male participants in Singapore, 14% expect hotels to perform to all-round lower standards, with 33% expecting hotels to exceed those standards set by independent operators.

Males in New Zealand have the lowest expectation of hotel restaurants out of all groups; with just 13% expecting higher standards and 27% feeling hotels would perform worse than independent restaurants. Of New Zealand females, 20% have higher expectations of hotel dining; with 16% feeling stand-alone operators would deliver a higher all-round standards.

*Figure 5.20: Expectations of Hotel-Based Dining Vs. Independent Operators by Age Group.*



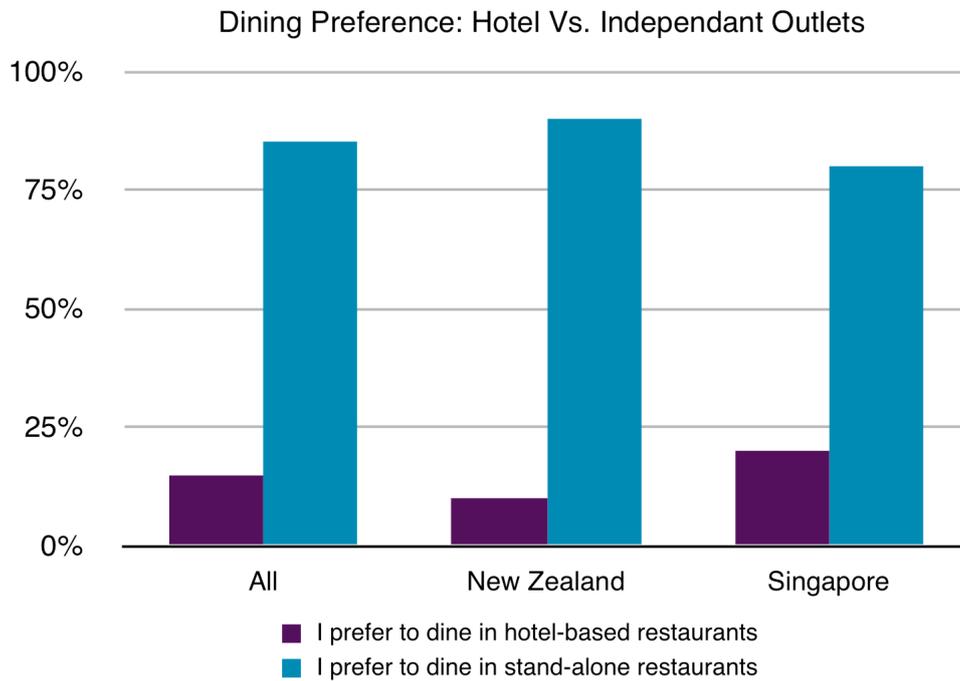
**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Both in Singapore and New Zealand, the 20 – 29 year age group has the highest opinion of hotel restaurant standards. No one in this age bracket from Singapore indicated that they expect hotels to perform with lower standards than independent operators, and 89% of New Zealand 20 – 29 year olds expected equal or better all-round standards.

The lowest expectations came from New Zealand participants aged 30 – 39 years with 29% expecting hotels to underperform compared to independent operators and just 7% expecting higher standards. In Singapore this same group (30 – 39 year olds) showed more enthusiasm for hotel-based dining with 58% expecting them to deliver higher all-round standards and just 4% expecting lower.

The over 40-year-old group in both countries were divided. New Zealand saw 24% expecting more from hotel-based dining than stand-alone experiences, and 18% expecting less. A similar trend emerged in Singapore with 22% expecting higher standards, and the same amount indicating lower expectations.

*Figure 5.21: General Dining Preference – Hotel Vs. Independent Operator.*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

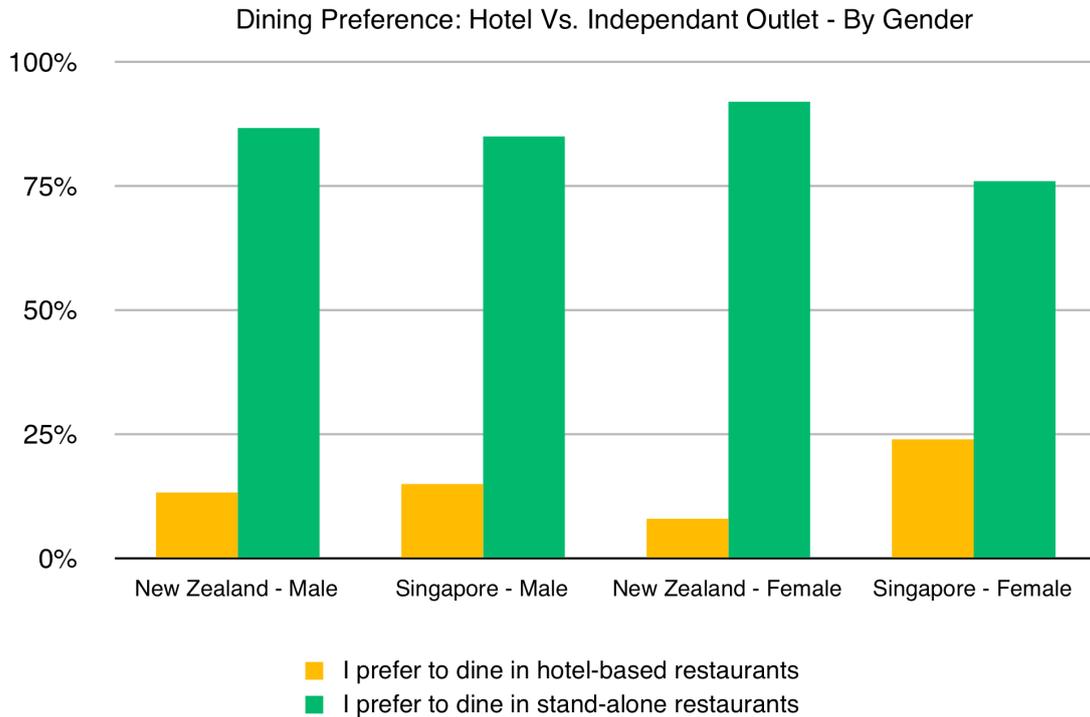
Question:

*If two restaurants had no other defining factor, would you rather dine in a hotel-based restaurant or at a stand-alone restaurant?*

There is clearly a preference for dining at stand-alone outlets in both Singapore and New Zealand. Comparatively, we can see a definite increase in the number of Singapore residents preferring to dine at hotel restaurants (20%) over those surveyed in New Zealand (10%).

This further highlights the existence of a more positive perception of hotel dining in Singapore than exists in New Zealand.

*Figure 5.22: General Dining Preference – Hotel Vs. Independent Operator, by Gender.*



**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

As previously illustrated in Figure 5.21, diners with preference for eating in hotel-based establishments is low. Figure 5.22 shows us that, in New Zealand, males are more likely to enjoy dining in hotels than females with 13% expressing this preference against a female response rate of 8%.

In Singapore, female respondents show the highest preference rates for hotel-based restaurants with almost a quarter (24%) indicating this preference, with 15% of Singapore males indicating the same.

While Figure 5.21 showed that Singapore, on average, expressed a higher rate of hotel-based dining preference, the results in Figure 5.22 further expose this by showing that even between gender groups, all Singapore results show higher preference rates than in any group from New Zealand.

### **5.2.3: Top Criteria in Consumer Restaurant Selection.**

Question 17 of the survey asked participants to rank 14 items related to the restaurant dining experience based on how important they found each item in selecting a place to dine. Participants were required to rank each criterion on a Likert type scale from 1 (very important) to 5 (not important at all).

The ranked items were selected based on issues discussed throughout the literature and past research (Auty, 1992; Kivela, 1997).

The items participants were asked to rank were:

- High quality of service
- Prompt service
- Restaurant style (Italian, French, etc...)
- Ambiance
- Accolades and awards
- Word-of-mouth recommendation
- Past experiences
- Food quality
- Beverage list variety
- Location
- Cost
- Cleanliness
- Menu Variety
- Reviews or Media write-ups

Once the results were collated, each ranking (from very important to least important) was allocated a corresponding score. Four points were given for a rating of “Very Important”, to zero points for “Not Important at all”, with progressively lower scores given in-between.

Based on a best possible outcome of all respondents selecting “very important” for any one item, and 4 points being allocated to this rating, a maximum possible score

was determined. The total score for each criterion was calculated then translated into a percentage based on the maximum score possible and ranked from highest to lowest. We can see in Table 5.1, the most important attributes for New Zealand and Singapore residents when deciding on where to dine.

*Table 5.1: Ranking of Restaurant Selection Criteria by Country*

Ranking of Restaurant Selection Criteria by Country

Selection Criteria	New Zealand	Singapore	All
High quality of service	87.8%	84.8%	86.6%
Prompt service	82.1%	84.8%	83.8%
Restaurant style (Italian, French, etc...)	63.5%	62.0%	63.4%
Ambiance	77.6%	79.3%	78.7%
Accolades or awards	44.9%	44.6%	45.7%
Word-of-mouth recommendation	83.3%	78.3%	80.7%
Past experiences	91.7%	85.9%	88.6%
Food quality	94.9%	92.9%	94.0%
Beverage List Variety	58.3%	57.1%	58.5%
Location	66.0%	70.1%	69.3%
Cost	76.3%	74.5%	76.1%
Cleanliness	90.4%	89.1%	90.1%
Menu Variety	73.1%	75.5%	75.0%
Reviews or Media write-ups	47.4%	54.9%	51.7%

■ Top 3

■ Bottom 3

**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Collectively, the top three attributes for Singapore and New Zealand diners were Food quality (94%), Cleanliness (90.1%) and Past experiences (88.6%).

In New Zealand, the top five criteria for restaurant selection were (in descending order of importance): Food quality (94.9%), Past experiences (91.7%), Cleanliness (90.4%), High quality of service (87.8%) and Word-of-mouth recommendations (83.3%). Singapore's five top scoring attributes for restaurant selection were: Food quality (92.9%), Cleanliness (89.1%), Past experience (85.9%), High quality of service (84.8%) and Prompt service (84.8%).

The presence of word-of-mouth in New Zealand's top ranking considerations for diners, coupled with past experiences indicates that New Zealand diners place an emphasis on judging the suitability of a restaurant, based on personal information searches and the experiences (and subsequent recommendation) of those they know. Singapore based diners collectively ranked word-of-mouth seventh with a score of 78.3%.

The need for F&B businesses appears to focus on delivering high service standards is clear. Both criteria relating to service are ranked highly for each country, with Singapore indicated slightly greater focus on this area of operation than in New Zealand as both prompt and high quality service fall within its top five.

"Food quality" remains the highest scoring in both countries, making it the most important consideration in restaurant selection, with cleanliness and a high quality of service rounding out the top three considerations in restaurant selection for both Singapore and New Zealand diners.

The lowest scoring three attributes in both countries are consistent. In descending order of importance they are: Beverage list variety, Reviews or media write-ups and Accolades or awards.

*Table 5.2: Ranking of Restaurant Selection Criteria by Age Group and Country*

Ranking of Restaurant Selection Criteria by Age and Country

Selection Criteria	New Zealand 20 - 29 yrs	Singapore 20 - 29 yrs	New Zealand 30 - 39 yrs	Singapore 30 - 39 yrs	New Zealand 40+	Singapore 40+ yrs
High quality of service	91.7%	79.5%	86.5%	83.7%	86.8%	94.4%
Prompt service	72.2%	81.8%	86.5%	86.5%	83.8%	83.3%
Restaurant style (Italian, French, etc...)	44.4%	59.1%	65.4%	69.2%	72.1%	44.4%
Ambiance	72.2%	77.3%	78.8%	79.8%	79.4%	80.6%
Accolades or awards	30.6%	43.2%	28.8%	51.9%	64.7%	25.0%
Word-of-mouth recommendation	83.3%	75.0%	78.8%	77.9%	86.8%	83.3%
Past experiences	91.7%	88.6%	90.4%	85.6%	92.6%	83.3%
Food quality	97.2%	90.9%	88.5%	93.3%	98.5%	94.4%
Beverage List Variety	52.8%	56.8%	51.9%	57.7%	66.2%	55.6%
Location	58.3%	68.2%	73.1%	72.1%	64.7%	66.7%
Cost	72.2%	75.0%	80.8%	77.9%	75.0%	63.9%
Cleanliness	75.0%	95.5%	90.4%	83.7%	98.5%	97.2%
Menu Variety	50.0%	79.5%	78.8%	76.0%	80.9%	69.4%
Reviews or Media write-ups	38.9%	52.3%	40.4%	61.5%	57.4%	38.9%

■ Top 3  
■ Bottom 3

**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

By age, we again see food quality consistently rank in the top three considerations of restaurant selection. However, despite rather clearly taking top place when Singapore and New Zealand are compared directly (Table 5.1), we see restaurant cleanliness taking priority with Singaporean 20 – 29 year olds, New Zealand 30 – 39 year olds (together with past experiences), and with the over 40 year-olds in both countries (in New Zealand, this group scored it equal with food quality). Younger New Zealanders (20 -29 years) however placed a relatively low emphasis of cleanliness, while ranking forth in priority it only scored a total of 75% (against an average of 90.1%).

The bottom three considerations for all parties included “reviews or media write-ups” as well as “awards and accolades”. Restaurant style was consistently a low scoring attribute, with New Zealand 20 – 29 year olds and Singapore’s over 40 year old group placing this in their bottom three considerations.

*Table 5.3: Ranking of Restaurant Selection Criteria by Gender and Country*

Ranking of Restaurant Selection Criteria by Gender and Country

Selection Criteria	New Zealand Males	Singapore Males	New Zealand Females	Singapore Females
High quality of service	83.3%	83.3%	90.6%	86.0%
Prompt service	76.7%	81.0%	85.4%	88.0%
Restaurant style (Italian, French, etc...)	61.7%	50.0%	64.6%	72.0%
Ambiance	75.0%	76.2%	79.2%	82.0%
Accolades or awards	33.3%	40.5%	52.1%	48.0%
Word-of-mouth recommendation	81.7%	79.8%	84.4%	77.0%
Past experiences	90.0%	84.5%	92.7%	87.0%
Food quality	91.7%	91.7%	96.9%	94.0%
Beverage List Variety	55.0%	58.3%	60.4%	56.0%
Location	61.7%	69.0%	68.8%	71.0%
Cost	78.3%	69.0%	75.0%	79.0%
Cleanliness	86.7%	85.7%	92.7%	92.0%
Menu Variety	70.0%	69.0%	75.0%	81.0%
Reviews or Media write-ups	41.7%	46.4%	51.0%	62.0%

■ Top 3

■ Bottom 3

**Source: New Zealand and Singapore Survey of Local Dining Habits 2011**

Gender based analysis of the data shows few differences than what has already been shown in Tables 5.1 and 5.2. The top three considerations are consistent with other results, though when we look at the bottom performers, we can see some variations.

While, as mentioned earlier, restaurant style consistently ranked lowly overall, with Singapore males not only is this in the bottom three, but the overall score (50%) is considerably lower than indicated by all other groups, especially Singapore-based females (72%).

A consistently low scoring category, beverage list variety ranks in the bottom three criteria when gender is taken into consideration, with the exception of Singapore males. While not far from inclusion, Singapore males consider the selection of beverages on offer to be more important than the style of the food they are going to eat.

#### **5.2.4: Additional Observations.**

The survey also exposed results that were worth identifying, despite not directly relating to the research question, which are be outlined below.

- There was found to be some difference in the occasions for which men and women chose to dine in hotel-based restaurants. In both Singapore and New Zealand males (32.4%) were more likely to visit hotel restaurants for business than females (16%). Females (14%) were also significantly more likely to dine in hotels for family get-togethers than men (2.7%).
- Females in general were more likely to avoid dining in hotel-based restaurants when travelling with 44.2% stating they would avoid this where possible, where 31.6% of male respondents would avoid hotel dining when travelling.
- Males tend to be more frequent guests of hotels with 29.7% of men staying in a hotel at least once a month, compared to 13.7% of females. New Zealanders were more likely to stay in a hotel at least once a month than Singapore residents with 23.1% of New Zealand respondents acknowledging this level of visitation compared to 17.4% of Singapore participants. However, 69.6% of Singapore respondents reported staying in a hotel at least once every six months compared to 51.3% of New Zealand residents.

## **CHAPTER 6: DISCUSSION**

This chapter will focus on addressing the research objectives that were identified earlier in this study, which are reiterated below.

1. Identify managerial differences that exist between Singapore and New Zealand regarding the importance of the local market to the operation of F&B departments and how these and how these affect operational strategy.
2. Identify the perspectives held by New Zealand and Singaporean residents' of hotel-based dining.
3. Provide practical guidance to hotel operators in Singapore and New Zealand to maximise revenue generation from local diners.

To address these objectives, data from the literature review (Chapter 3), semi-structured interviews (Chapter 5.1) and the online surveys (Chapter 5.2) will be jointly analysed.

Firstly, the different approaches identified between New Zealand and Singaporean F&B managers (as uncovered from the semi-structured interviews) together with data from the literature review, will be addressed. This will be followed by a discussion on the differing consumer perspectives regarding hotel-based restaurants between Singapore and New Zealand diners, again with past studies being discussed and analysed to bring together existing research and the fresh information this study has brought to light. Finally, suggestions will be offered on how F&B managers in New Zealand and Singapore can improve their ability to attract locals in an effort to generate greater revenues.

## **6.1: Research Objective 1 – Managerial Differences**

In this section, both primary and secondary data will be examined to identify managerial differences between New Zealand and Singapore. The results of the primary data gathering process will also be compared to results published in earlier studies from around the globe in order to identify transferability and continued relevance to the current operating environments in New Zealand and Singapore's F&B markets.

### **6.1.1: Attracting Local Diners**

Discounting is a tool that is widely used by F&B managers to attract locals in both Singapore and New Zealand. New Zealand hotels use discounting primarily to generate interest and promote visitation in an effort to encourage the reluctant local crowd through their doors. In Singapore however, discounting has taken over as a necessity in generating long-term "loyalty" from its customers.

With some exception (SG1), the majority of Singaporean F&B managers saw beyond the façade of dining loyalty programmes supposedly creating genuinely loyal guests. Shoemaker and Lewis (1999) warned, together with other researchers (Noordhoff, et al., 2004; Nunes & Dreze, 2006), that focusing on a discount based loyalty strategy does not prove to be an effective tool for generating loyalty as guests ultimately become loyal to the discounts you offer, not your product. This has created an operating environment for hotel F&B departments in Singapore where they cannot compete effectively without offering discounts in some form or another. This has given guests a sense of entitlement to discounts that they assume will be available through one medium or another wherever they dine, a danger that was highlighted by Mustafa (1999).

Best practice identified in the literature (Shoemaker & Lewis, 1999; Wirtz, et al., 2007) showed that the use of discounting can help to build loyalty *if* combined with additional rewards linked to visitation and total spending. This component of cumulative rewards was absent from all but one programme in the examined hotel properties (SG6). The repetitive nature this strategy was also noticeable, with eight of

the eleven hotels researched running almost identical programmes. These offered progressively lower discounts as the number of diners in a group increased. With service and personalisation of experiences being highlighted by Kandampully and Suhartanto (2000) as a key differentiator of hotels, it is hard to see how these almost identical loyalty programmes would create a point of difference for a property or brand, let alone foster loyalty.

The use of the databases created by these programmes provides an important tool to F&B departments in attempting to separate themselves from their competition. Utilising these databases to provide repeat guests with increased levels of personalised service would help distinguish one loyalty programme from another (Kandampully & Suhartanto, 2000). However, more often than not these databases used to primarily extend further discounts or offer benefits to members during periods low demand, which can prove beneficial to the F&B department's bottom line, though does nothing to promote loyalty or the premium pricing potential of loyal guests (Mustafa, 1999; Shoemaker & Lewis, 1999).

The literatures call away from "bought loyalty" and towards personalisation of service is supported by the results of the survey. In both New Zealand and Singapore restaurant cost was regarded to be of low priority, while service quality proved to be very important. Using these programmes and the information gathered by them to empower hotel employees towards delivering personalised service would help create a recognisable point of difference (Kandampully & Suhartanto, 2000) that could generate word-of-mouth publicity. Past research has shown that guests are receptive to information collected on their preferences to be utilised in such a manner (Shoemaker & Lewis, 1999). Competing on price will see customer loyalty only last as long as the discounts, but building an outstanding reputation based on service and personalisation will see genuine loyalty develop in the long term (Kandampully & Suhartanto, 2000).

The frustrations expressed by Singapore's F&B managers that the saturation of both hotel dining programmes and credit card discounting promotions had diluted guests receptivity to them does not appear to have spurred any significant move towards innovating the format of these programmes. Mustafa (1999), together Shoemaker and

Lewis (1999) explained that loyal guests are important to hotels due to their higher receptivity to premium pricing, a vital element that Singapore and New Zealand loyalty programmes are not promoting due to their unhealthy reliance on discounting. To their credit, New Zealand hotels do utilise discounting programmes to a different end than in Singapore. New Zealand properties (at least for now) use discounting tools to attract new diners to their outlets, which is needed if they are to make any headway towards reversing the negative perceptions locals have of them. Singapore however appears to have fallen into the trap Mustafa (1999) forewarned of where properties are forced into implementing discounting tactics, simply because everyone else does.

It is clear that the loyalty programmes operating in Singapore are far larger and deemed more important to hotel F&B departmental performance than in New Zealand. That said, if the focus of hotel F&B departments is to attract local business, then those programmes and the credit card promotions that Singapore hotels have implemented (despite the frustration they cause F&B Managers, and their potentially problematic long-term effects) have been very successful at integrating the local community into the success of their F&B departments.

### **6.1.2: Financial Performance**

Hanson (1984) made the claim that hotel F&B departments have different goals than those of standalone restaurants. It was suggested that while freestanding restaurants aim to generate return for the owners, hotel-based restaurants are more focused on providing an amenity or service for in-house guests. The interviews conducted in the course of this research show that this is no longer the case, at least not in Singapore and New Zealand. Singapore in particular was adamant that the F&B department's success was judged on its ability to generate profit, a view shared by the majority of New Zealand managers.

Several participants acknowledged this historical view of F&B departments and their loss-leader reputations, but were unanimous that this thinking no longer had a place in F&B management. There was agreement that customer satisfaction was important, and the needs of guests should be addressed in a wider context, however not to the

determent of the departments financial performance. This changing perspective was also highlighted by Hotels magazine (Hotels, 2005), providing further evidence that Hanson's claim, now almost 30 years old, is no longer relevant.

While Singapore has moved into a very business-minded view of hotel F&B operations, focusing on financial returns and relegating the opinions of its in-house guests in the pursuit of profitability, New Zealand hotels still appear to hold onto ideas of the past, which is not *entirely* a bad thing as servicing of their in-house guests became an important focus. New Zealand interview participants continued to see in-house guests as the key to their business strategy, while desiring to fit locals around the products they had developed with this market in mind. Financial performance was deemed to be important to New Zealand managers, but it was expected to run alongside the provision of in-house guest amenities.

The researchers observation of New Zealand's lower numbers of F&B outlets per hotel property might go some way to explain this. As there was often just one food service outlet, this needed to cater to hotel guests from all walks of life. In contrast Singapore hotels offered numerous outlets for diners to choose. This allowed Singapore hotels to offer breakfasts and all-day dining facilities that were deemed important for guests, while offering alternative outlets that could be tailored to the needs of the wider market. For New Zealand hotels to be able to capitalise on the local dining market, it is suggested that a focus needs to be given to expanding F&B departments beyond its current basic form that attempts to appeal to every possible segment of the market (Strate & Rappole, 1997). New Zealand properties that attracted local diners had done so through expanding their restaurant selection beyond the standard "catch all" concept, suggesting that there is a potential for hotels to break in to this market as long as they do not expect locals to dine in broadly organised restaurant spaces.

While New Zealand hotel F&B operations appear to be moving away from the reputation of being an underperforming department (Boone, 1997; Hemmington & King, 2000; Hotels, 2005), there is still a long way to go. Without innovation and an understanding that guests and locals are both becoming more savvy (Chikwe, 2009),

they will continue to experience lacklustre performances compared to independent operators, a view expressed by NZ1 and NZ5.

### **6.1.3: Outsourcing**

It was suggested by Aston et al. (2008) and Hemmington and King (2000) that outsourcing of F&B outlets had the potential to revitalise hotel F&B departments, a revitalisation that New Zealand hotels are in need of judging by feedback from local diners. The literature often talks about co-branding having generated positive results in North America through tie-ups with well-known brands such as Pizza Hut and Starbucks. Feedback from locals shows that, in New Zealand, 65% of diners would avoid dining at a hotel property (even more than they currently do) that partnered with such brands, with 28% of Singaporeans also being deterred by this. This might indicate cultural differences between the locations of these studies, as reports by Boo and Mattila (2002) show this type of quick service restaurant proving to be popular with North Americans. New Zealand diners reported being much more receptive to visiting restaurants operated by local restaurateurs that were located in hotels, with only 5% suggesting they would avoid dining at these locations. Singaporean diners also responded favourably to this style of partnership with all local respondents indicating a neutral or positive association with such partnerships. Singapore managers also reported a preference towards this style of relationship over co-branding to a large international chain if they were to adopt an outsourcing strategy.

New Zealand hotels were not open to the idea of outsourcing elements of their F&B operations, contrary to claims within the literature that outsourcing was becoming more popular (Hallam & Baum, 1996; Hemmington & King, 2000). Neither does this trend ring true in Singapore where it appears to be receding more than growing in popularity. The primary reason Singaporean F&B managers gave for rejecting outsourcing as a business strategy reflected State and Rappole's (1997) report (also see Boone, 1997), that found F&B managers wanted to retain control over all elements of their service offering, concerned that external operators might negatively affect the image of their property. Kandampully and Suhartanto (2000) state that maintaining a tight control on the integrity of their reputation should remain a primary concern for hoteliers, a control New Zealand F&B managers were reluctant to give

up, and that Singaporean managers are increasingly looking to take back. Lamminmaki (2005) also noted that when another company was able to impact on the perception of a hotels overall performance, it would be unlikely that outsourcing of this area would occur. While evidence of this apprehension is strong in Singapore, of those who did outsource operations all were well aware of its potential to negatively impact the hotel property's reputation and felt they had sufficient systems in place (both operationally and contractually) with these partners to react to any shortfall.

New Zealand managers appeared unconcerned with the potential impact partnering would have, instead rejecting the idea of outsourcing by asserting that they had the capability to run the restaurants themselves, so there was no need to involve outside contractors. The one New Zealand interviewee that partnered with external operators (NZ3) was not concerned with the operation of this outlet, expressing he was satisfied with simply receiving the rental income the lease of the space generated. A key consideration discussed by researchers (see Hemmington & King, 2000; Mustafa, 1999; Strate & Rappole, 1997 for example) was that of ensuring a match between partnering businesses when outsourcing. Benn (NZ3) had little concern for this suggesting it was not any of his concern who operated the outlet, as long as they had sufficient means to continue paying the rent when it was due. If New Zealand properties adopted a more strategic approach to outsourcing, it might prove to be successful in attracting local crowds. The viability of this is supported by the results of the survey, which suggested that local diners would view hotels that partner with reputable independent operators positively.

Together with this opportunity to provide a more interesting and marketable F&B product through partnering with local restaurants, hotels also get the added benefit of creating an opportunity to introduce the other aspects of their F&B operation to visiting diners. Boone (1997) highlighted research that illustrated properties that saw significant growth in their own hotel branded restaurants with the introduction of outsourced products to their mix. Further potential benefits were indicated by Strate and Rappoles (1997) observations of hotel properties that saw significant improvements to the rooms division performance once the community began supporting their F&B operations.

#### **6.1.4: F&B's Impact on Room Rates and Occupancies**

Beside the fact that improvements in a hotels F&B department contributes directly to its star rating - which relates to a properties room rate (which Andrew of SG5 was the sole participant to acknowledge), few managers saw the connection between F&B and rooms. Hanson (1997) suggested that the F&B department of a hotel had a very real and direct impact on both room rates and occupancy levels of a property. This assertion was further supported by case studies presented by Heney (2010) and Bertagnoli (2008) both of which illustrated that when F&B developments were undertaken through involvement with the local community, both room rates and occupancy levels saw improvement. This was primarily due to the increased level of goodwill generated in the community, which encouraged positive word-of-mouth, one of the most influential tools in influencing New Zealander diners choice of restaurant. Though many of the F&B managers from both New Zealand and Singapore were sceptical of any correlation between the F&B and rooms' departmental performance, SG4 claimed similar results to the cases highlighted when they too experienced improvements in occupancy rates with the development of their F&B outlets.

#### **6.1.5: Sources of Developmental Feedback**

There is a clear difference between New Zealand and Singapore F&B departments when questions are raised regarding whose opinion mattered the most in the development of F&B concepts. Singapore based managers were very much in agreement that generating local visitation for an outlet would be the dominating factor in determining the success or failure of an F&B outlet. Because of this, local diners were the primary source of feedback in connection with new F&B projects. In New Zealand, F&B managers maintain a preference and empathy towards their in-house guests. This is still believed to be the most important element of their business and as such the focus of their F&B concepts. While it is perhaps admirable that New Zealand managers maintained that servicing of their guests before the needs of the local community was of primary concern, it was also clear which approach was generating the greater level of success. Singapore F&B departments experienced higher rates of local visitation in their outlets, and subsequently greater financial success.

## **6.2: Research Objective 2 - Local Diner Perspectives**

As discussed throughout the methodologies chapter, very little literature exists that is focused specifically on guest perceptions of hotel dining, as well of literature on F&B departments in New Zealand or Singapore specifically. This made it difficult to make literary comparisons to the data collected throughout the online surveys. As such, there is little relation back to past research within this section, as the data framing the discussion is appears to be unique to this study.

### **6.2.1: Preferences – Hotel Dining Versus Independent Operators**

In Chapter 1 of this thesis the issue New Zealand hotels face because of their negative public perception was highlighted through Burton's (2010) statement suggesting that hotels were the last place "middle class New Zealanders would choose to dine".

The results of the survey conducted with local diners have shown this claim to carry an element of truth. At the same time it was found that, while more receptive to dining in hotels than New Zealanders, Singapore residents also had a preference towards dining in independently owned restaurants. The more positive perceptions of hotel dining held by Singapore residents was further emphasised as 46% of noted that they expected higher all-round standards from hotels compared to independent operators. This figure was made even more significant when compared to the New Zealand results where just 17.5% of respondents felt the same way.

Singapore's local dining community holds a reasonably positive impression of hotel F&B offerings, an image that has resulted in strong revenues being generated by this market with many properties expecting over 70% of F&B revenue to come from local diners. New Zealand hotels, on the other hand, struggle to convert the local community into regular and consistent guests, with most properties achieving less than 30% of their sales from locals. Exceptions to this exist, as was seen through the success of NZ1 and to a lesser degree NZ4, though this success in attracting locals only occurred during specific meal periods. It was also found that those New Zealand properties that did experience higher levels of success did so by adopting different

strategic positions than the less successful operators in the market (which will be discussed in more detail in section 6.2.2).

### **6.2.2: Local Perception of the Hotel Dining Experience**

This study has uncovered differences in the perceptions of local diners towards hotel-based restaurants in Singapore and New Zealand, together with some shared views between each country. The findings also highlighted and reinforced the continued relevance of past academic research, while signalling that some historically significant works might be becoming outdated as the attitudes of hotel operators become more focused on the profitability of every department of the hotel.

Occasionally some areas of examination exposed differences between age groups or gender, these will be highlighted when deemed significant enough for further acknowledgement beyond what has already been discussed throughout Chapter 5.

#### **6.2.2.1: Perceptions - Price, Service Standards and Cost**

Over half (58%) of New Zealand respondents, and nearly three quarters (72%) of those from Singapore saw hotels as being priced higher than independent restaurants. The majority of managers interviewed were aware of this perception lingering in the marketplace with those in Singapore generally feeling this was unjustified. New Zealand managers largely agreed that consumers were justified in this view.

Price was not considered to be a particularly important criterion to diners in either Singapore or New Zealand when it came to selecting a restaurant to eat. This said, while cost was not considered a *major* influencer in local diners restaurant choice, when compounded by their additional perceptions of food and service quality (which proved a much more important to restaurant selection), this perception of high price is emphasised as questions of value in comparison to alternative restaurants comes into account.

With 95% of New Zealand respondents expecting hotel food quality to be similar or worse than that of independent operators, local diners see themselves paying more

money for what they feel is a similar of lower quality product, creating a poor perception of value and subsequently making the alternatives offered by standalone operators more attractive. This is reinforced when we take into account that food quality was found to be the most important factor for locals when making dining choices (regardless of location, gender or age). If hotel F&B managers in New Zealand were to focus on either improving the quality of their food product, or correcting the negative public perception they are currently exposed to, they will be in a much stronger position to compete with outside operators. Guest perception of price needs to correspond with the quality of product they receive, or hotels will continue to be considered a poor value dining option as many authors have already suggested (Hemmington & King, 2000; Konrad, 1992; Siguaw & Enz, 1999; Strate & Rappole, 1997).

Singapore hotels are also subject to this perception of high pricing though F&B managers here were far more adamant that these perceptions were false. Regardless of the reality of this perception, Singapore's hotels are in a much better position to capitalise on the local market through other more positive local perceptions. First of which, 19.1% of respondents expect hotels restaurants to provide a higher quality of food than independent operators. Though this could be considered relatively low, only 10.6% of surveyed diners thought hotel restaurants offered lower standard of food, considerably less than the 27.5% of New Zealanders who held this same view. This elevated perception of food quality from hotels in Singapore gives some leniency to the heightened price perceptions.

The perception of higher pricing in Singapore's hotel restaurants becomes more understandable when we look at how Singaporean residents view the service standards they offer. Only 4% of diners in Singapore felt hotels provided lower service standards than independent operators, with this figure increasing to 25% in New Zealand. Further cementing the positive impression locals have of the Singapore hotel service standards, 56% felt they would be better than elsewhere, compared to 30% of New Zealanders. This reflects Hanson's (1984, 1997) explanation of why hotel F&B departments tend to be unprofitable, whereby the higher standards of service are mentioned as a primary influencer. However, the assumption that this higher training cost is partly to blame for the higher pricing found in hotel restaurants

appears unjustified in New Zealand. If New Zealand hotels are training the F&B teams to deliver higher standards, then they appear to have largely failed to generate the desired outcome as New Zealand hotels are yet to benefit from this increased training as public perceptions of service performance remains low.

The overall impression of service standards is important in creating an attractive product for locals. Kandampully and Suhartanto (2000) point out that service has become one of the best ways for a hospitality business to differentiate themselves in the market, and create repeat guests. Kandampully and Suhartanto's (2000) viewpoint is further emphasised by the results of the local diner survey conducted for this study. This survey revealed that in both Singapore and New Zealand diners consider service to be one of the most important influencers of dining choice. It is therefore vital that New Zealand's hotel-based restaurants work towards altering the publicly held image of their service to become more positive if they want to be able to justify a premium pricing strategy, which both Mustafa (1999) and Shoemaker and Lewis (1999) claim to be a characteristic of loyal customers. Without this focus on delivering a differentiable level of service over independent operators (and other hotel properties) they will be viewed as an expensive, lower quality alternative than standalone operators, and will remain, as Burton (2010) claims, the last place New Zealanders will want to dine.

Both Singapore and New Zealand hotels have areas that are either in need of addressing in order to correct inaccurate public perceptions of their products, or in need of focus on to align quality and price perceptions. However, Singapore hotels stand in a much stronger position than New Zealand properties, as evidenced by their continued success within the local community, and New Zealand's continued struggle. While there will be hotel properties in New Zealand that do perform to high standards, there appears to be an over-riding issue for the industry as a whole that suggest lingering perceptions have become problematic to attracting local diners, an idea supported by the works of Boo and Mattila (2002) and Aston, et al. (2008).

Between both countries the perceptions locals hold of hotel dining proved to be quite different. While price was consistently considered to be higher than that of standalone operators, in Singapore this premium pricing seems to be supported locals

beliefs that the quality in food and service they received for that price was high. In New Zealand however, locals have a generally lower overall impression of the quality of food and service hotels offer than Singaporean consumers. This, combined with high prices explains why New Zealand hotels are finding it more difficult than their Singaporean counterparts to generate enthusiasm in the local community for their F&B outlets.

#### **6.2.2.2: Perceptions - Innovation**

The results examining public perception of innovation levels in F&B departments do not bode well for F&B managers and the properties for which they operate. In New Zealand 87.5% of respondents felt that hotels were less innovative than independent operators. In Singapore these results proved to be better though still showed hotels suffer from an image of being unexciting. These results reflect past studies that indicated hotels maintained a stigma of being outdated and boring (Hemmington & King, 2000; Siguaw & Enz, 1999; Strate & Rappole, 1997). The fact that this result has exposed itself repeatedly in research, originating from many different countries and spanning many years of inquiry indicates that this is not unique to Singapore or New Zealand, and is certainly not a new revelation. Surprising however was the level of agreement New Zealand based managers had with this, themselves indicating that they too would not dine at hotel-based restaurants as they considered them to be “staid” (NZ3).

In New Zealand, Charles (NZ1) was adamant that it was NZ1’s focus on developing innovative F&B products that proved to be the driving force behind his properties relative success in the market. It was interesting to observe that the aspects deemed to be innovative by the New Zealand market, were concepts that were relatively commonplace in the Singapore hotel segment for over 5 years, though Charles was open about the fact that inspiration for their F&B development was drawn from abroad, with particular mention of Hong Kong. Observation of New Zealand hotel properties by the researcher showed that those that reported low levels of success in attracting locals, in all cases offered just one “catch all” outlet, supplemented with a bar operation. Properties in New Zealand that offered diners a choice of outlets over and above one multipurpose dining choice attracted locals with greater success. This

finding supports the work of Strate and Rappole (1997) who suggested that the strategy of trying to appeal to all market segments through a single F&B outlet does not work, a view offered 14 years ago that continues to ring true today.

In Singapore this lack of selection for hotel guests and local diners was not an issue as all properties offered a varied range of F&B outlets. The success of Singapore's F&B departments came from providing many options to diners and developing F&B spaces according to the tastes of the local market (SG2, SG3, SG4). A tactic that when implemented by hotels in New Zealand and by properties identified within the literature also saw improved local visitation rates (Bertagnoli, 2008; Heney, 2010; Hotels, 2010). In both Singapore and New Zealand, where a focus was given to delivering F&B products focused primarily to satisfy the collective tastes of the in-house crowd, these outlets were found to underperform.

Neville (NZ2) noted that it was hard to convince locals to dine at their property, despite their best efforts, which is not surprising given the results of the survey. The results suggest that hotels are either not performing to the standards set by restaurants in the wider local market, or that the dining public is misinformed as to the actual quality they offer, to correct this will require an innovative approach to reverse this image. Revitalisation of their F&B space with a focus on updating and innovating their product saw NZ1 stand out in the local dining scene. This proved to be the key to winning their 3-year battle to attract the local market. It seems that it will take a significant change of mindset by other New Zealand hotels if they are to collectively shed their "staid" reputations, or to actively alter public perception of their property away from that of the collective hotel dining sector.

With all of these negative perceptions surrounding hotel dining in New Zealand, the first step towards eradicating this perception from the dining public's collective thoughts is by first encouraging guests through the door. Kandampully and Suhartanto (2000) suggest that only then can hotels start work on developing locals into a profitable market for their operations. Discounting is currently being used to get local guests through the door by two of the New Zealand managers that participated in the interview process. This use of discounting was acknowledged by New Zealand F&B managers to be just a first step towards building this market by reducing the

perceived risk to guests in trying a hotel-based restaurant over an independent outlet, and was not seen as a long-term strategy.

### **6.2.3: Customer Choice Criteria**

Throughout chapter 5.2.3, focus was given to examining the criteria under which local consumers evaluate dining options. Two authors made up the bulk of the primary data collection for this section of the survey: Auty (1992) and Kivela (1997). Both studies by these authors were very similar in design, with Kivela often citing Auty's paper as a guiding work to his own study.

The value of this inquiry was that it allowed understanding, before judging the potential impact individual perceptions held in encouraging or discouraging visitation, of how important these perceptions were to guests in their decision making process. While the results of this study found significant differences from Auty (1992) and Kivela's (1997) studies, the focus of the discussion regarding this study's research objectives will be on how these results impact on hotel F&B departments in Singapore and New Zealand, avoiding speculation over why differences between studies exist.

This study found that the top three criteria for diners' restaurant choice in New Zealand and Singapore were consistent, with only slight variations in their order. In New Zealand the three most important criteria for guests were: food quality, past experience, and cleanliness. Local diners in Singapore returned the same results, with cleanliness and past experience switching places in the overall importance. The provision of high quality service was the fourth most important criteria in both countries and, rounding out the top five attributes for New Zealand; word of mouth recommendations, and in Singapore promptness of service.

A noticeable difference between these results and those reported by Kivela (1997) and Auty (1992) was in the importance of food type. In these earlier study's, the style of the food served by a restaurant consistently ranked as being in the top two criteria for diners. This study found both New Zealand and Singaporean diners placed this eleventh (out of fourteen criteria), suggesting that the style of food is of relatively

little concern. For New Zealand diners aged from 20 – 29 years and Singaporean males, this element was included in the three least important concerns in restaurant selection.

During the interview process, managers in Singapore remarked that the local diners were very fussy when it came to service standards. The results of this survey show that in their top five criteria for selecting a restaurant, two items relate directly to service performance. Singaporean F&B managers are therefore right in assuming that locals place a high importance on service. In order to continue attracting this crowd adherence to these standards should be a priority.

Cost was also a criterion that saw a significant difference between the studies conducted by Kivela (1997) and Auty (1992), which consistently saw this as being one of their top three priorities. This study saw New Zealand and Singaporean respondents give the criteria of cost much less weight. In both countries this was shown to be only of moderate importance, ranking eighth for New Zealand diners and ninth in Singapore. New Zealand males, New Zealanders 29 years or younger and those in both countries aged between 30 – 39 years of age saw cost to be less important than all other groups.

Throughout the interviews both SG6 and SG1 raised the importance of media recognition or awards when considering the overall success of their F&B departments. While the results of this survey in no way suggest gaining media recognition should not be a goal of the F&B department, all respondents from all gender and age categories ranked this the least important attribute when considering where to dine. This might suggest little extraneous effort should be put towards appealing to the media and more emphasis given to generating positive word of mouth promotion through exemplary service standards and food quality, which carries much greater weight when considering a night out.

### **6.3: Research Objective 3 – Recommendations for F&B Managers**

Through a combination of primary and secondary research, operational issues for New Zealand and Singapore's hotel restaurant operations have been identified. The following discussion will identify these points and suggest some steps that could be taken to help minimise the impact of these operational problems.

Strate and Rappole (1997) claim that hotels whose restaurants try to cater to all markets would not be successful, and this is proving to be true in the New Zealand hotel market. The hotel properties in New Zealand that reported having any level of success with attracting the local market operated well-developed F&B concepts that avoided the offering these catch-all outlets. In Singapore, all managers participated in the interview process had multiple outlets within their properties, and reported success both financially and in attracting crowds beyond their in-house guests. New Zealand hotels that offered a single restaurant choice to guests failed to show anywhere near the success of more extensive F&B departments. To become a more attractive option for local and in-house guests, hotel operators need to acknowledge that travellers have become more sophisticated (Chikwe, 2009) and they need to respond by updating the products they offer. As locals will be much more aware of options available to them in the community, hotels need to focus on competing within this wider market place by ensuring that the product they offer is able to compete with these operators in terms of service, quality and value. Without this update, hotel F&B operations are likely to continue down the path of mediocrity in terms of product, and performance.

This research has shown that local perceptions of hotel dining in New Zealand are poor. Together with the negative perception hotel-based restaurants have regarding innovation levels, New Zealand's local population also perceives hotel dining to be more expensive than restaurants operated independently. Compounding this perception of price, New Zealanders are more likely than Singaporeans to view both the quality of food and the standards of service as inferior. Hotels in Singapore are also seen to charge more than standalone operators, however this is balanced by the public's view that they offer higher level of service and a better quality of food. Both Singapore and New Zealand's locals view hotel F&B concepts as largely inferior to

independent operators. While Singapore hotels have set themselves up well with quality food and service, New Zealand hotels have failed to convince the local community that they have much (if anything) to offer over standalone operators. Whether this issue is addressed through industry-wide co-operation or through individual properties tackling this individually, this poor public perception is something that needs to be acknowledged if any progress is to be made in attracting the local dining market.

Singapore's hotels appear to have dug themselves into a hole with their loyalty programmes that might be difficult to emerge from. Their F&B departments have created a situation reminiscent of that Mustafa (1999) warned would occur in markets heavily saturated by loyalty programmes. It is now difficult to remove the element of discount-based loyalty from the Singapore dining market simply because if a property were to discontinue a programme, guests loyal only to the discounts, will defect to a competitors outlet. It would be advisable for Singapore's F&B departments to build on the positive perceptions the local market has of their service and food quality to reduce their reliance on such promotions. Singapore's F&B departments the have opportunity to build on these beneficial perceptions the local market hold of them if they can dispel the false perceptions of inflated pricing, building loyalty through differentiation, innovation and value (Kandampully & Suhartanto, 2000).

While plagued with saturation issues and a lack of product differentiation, loyalty programmes together with other discounting strategies (such as credit card promotions) have proven to be a successful tool to Singapore F&B managers in promoting their product to the community and balancing periods of low demand. Discounting by New Zealand hotels is present, though the focus tends to be on travellers and in-house guests. The first step in New Zealand hotels alleviating themselves of negative public perception is to first get guests through the door. In this respect New Zealand hotels should remain cautious and learn from Singapore. While discounting will be beneficial in attracting this crowd, they must ensure locals return for the experience they offer, not the discounts.

F&B departments in New Zealand hotels have a long way to go if they are to experience the levels of success of their Singaporean counterparts, of which

Singapore's F&B managers all attribute to their focus on attracting the local market. New Zealand hotels should look at incorporating local diners into F&B departmental planning, and where possible expanding restaurant offerings to include more dynamic F&B concepts as the first step in discarding their dusty public image. Whether these perceptions are accurate is somewhat irrelevant and only an honest audit of their own product can highlight the reality of this perception property-to-property. Failure to identify and remedy shortfalls in their F&B departments offering will see any effort they put towards attracting the local community wasted, as guests will feel justified in their existing impressions.

#### **6.4: Recommendations for Future Research**

This study raises many areas of potential future research. Due to the scope of discussion, and the lack of prior research conducted specifically on hotel F&B departments in Singapore and New Zealand, an opportunity exists to build individually on any of the topics discussed.

Views on the profitability of F&B departments identified by the literature review are now coming to be over a decade old, and originate from the UK or North America. This research indicates that New Zealand and Singapore's F&B departments are moving way from operating at losses and becoming focused on profitability. While some reports coming from American periodicals suggest this shift has also occurred in these markets, empirical research highlighting this shift would help support this.

The reliance Singapore's F&B department appear to have on discounting strategies would provide an interesting basis for study. The market in Singapore appears saturated with these programmes, it would provide the perfect backdrop to focus on the long-term sustainability of them, how customer loyalty is really affected by these offerings as well as the bottom-line impact such programmes offer once the costs associated with operating them are taken into consideration.

One of the most interesting findings for the researcher was those identified while examining the criteria New Zealand and Singaporean diners value when selecting an

restaurant to dine. The results identified in this thesis and those of Kivala (1997) and Auty (1992) show considerable differences. Of particular interest was the higher weighting service elements of a restaurant played in restaurant selection for New Zealanders and Singaporeans, as well as how aspects such as cost and restaurant style have dropped significantly in overall importance. It would be interesting examine the source of these differences and whether they are culturally significant or simply show a change in diner attitudes over time.

## **CHAPTER 7: SUMMARY**

This is the first study to look into consumer perspectives of hotel-based restaurants and managerial attitudes toward the local dining populations of New Zealand and Singapore. Utilising a mixed method style of data collection and a *constructivist approach to interpretive research*, the combination of primary data (semi-structured interviews and online surveys) and secondary data (literature review) sources revealed significant issues relating to public perceptions of hotel dining by the local community as well as differences in managerial perspectives between Singapore and New Zealand hotel operations.

A combination of observation and secondary data examination identified the need for localised information on New Zealand and Singapore's hotel F&B departments, and the subsequent use of a mixed method approach to data collection has allowed not only this gap to not only be filled, but it also provided an opportunity to revisit past research on F&B operations and examine their continued relevance.

A total of 11 semi-structured interviews were conducted with F&B Managers in Singapore and New Zealand. The results of these discussions indicated that there are significant differences in the operational focus given to the local market in each country. Singaporean F&B Managers have a much stronger focus on attracting the local community, and are most likely to develop departmental strategies to focus on this market. Where New Zealand properties tend to focus on attending to the needs of their in-house guests, Singaporean operators generally had specific spaces that would fill this requirement, with substantial further development given to providing cutting edge dining facilities for the wider market. There was a common trend of using discounts and loyalty cards in both countries, however Singapore has seen this perform much more successfully than in New Zealand, though they now face an operational issue of market-wide saturation of discounting and loyalty programmes.

Driving the discussion surrounding local diner perceptions of hotel dining was an online survey conducted with 41 New Zealand residents and 48 from Singapore. The results from this survey were used to generate descriptive statistical data, which Hantrais (2009) had suggested to be a useful in international comparative research as

it provided useful data that was clear and understandable. The results of this survey showed that New Zealand's hotel F&B operations suffer from a poor public perception surrounding areas such as cost, service standards, food quality and innovation. Comparatively, Singapore performs much better in these areas. While still viewed as more expensive than independent operators, the more positive views local diners held regarding service, food quality and innovation go some way towards justifying this expense.

Additionally, this survey exposed a potentially significant change in what attributes of a restaurant are most important in influencing diner choice. Historical studies (Auty, 1992; Kivela, 1997) had shown attributes such as the cost or the type of food served were important influencers. The results of this study found these attributes to have become significantly less important, while aspects of service and cleanliness have become key to guest decision making.

Historically, hotel F&B departments have been viewed as financially troublesome to hotel properties, providing little benefit beyond an amenity for guests (Hanson, 1984; Hemmington & King, 2000; Siguaw & Enz, 1999; Strate & Rappole, 1997). This view can now be laid to rest. In Singapore, F&B managers were very focused on conceptualising outlets and menus to attract the local market, actively pursuing their feedback in times of redevelopment. This focus on attracting the local market was reported to be vital to Singapore's F&B departments, where it was claimed that outlets which focused primarily on in-house guests suffered poor revenue generation. New Zealand hotels, while still focused on creating profitable F&B departments, are more likely to focus on the provision of in-house guest dining facilities, frequently favouring the "catch all" style of all day dining. The effect of this can be seen in the lower capture rate for local business compared to Singapore, as well as in the difficulty New Zealand F&B managers had in attracting this crowd. The literature review suggested that it is common, and somewhat expected that the F&B operations in a hotel would be unprofitable (Hanson, 1984, 1997; Hemmington & King, 2000; New Zealand Tourism Research Institute, 2007; Strate & Rappole, 1997). It was unanimous in both New Zealand and Singapore that F&B operations in hotels can no longer perform as cost centres of the hotel operation. While Singapore is performing

significantly better in this area than New Zealand, the need for F&B to justify its existence in the hotel through positive financial performance is acknowledged.

New Zealand's F&B departments have a lot more work ahead if they want to convince locals to dine with them. Taking lead from the few hotels that are successfully attracting locals, as well as from the Singapore market, New Zealand properties should be looking away from offering catchall outlets focused primarily on in-house guest needs if they would like to see improvements in revenues. While servicing in-house clientele is important, this narrow view of the F&B function of a hotel is restricting the potential appeal of outlets and, as such, the potential to generate respectable sales. It is also advisable that the managers themselves stand back and re-evaluate their own commitment to innovation and remaining competitive, if those driving the hotel F&B industry view their products as boring and uninteresting, it will become difficult to convince the dining public otherwise.

Outsourcing of local, independently run outlets shows signs of promise for hotels in New Zealand and Singapore. Though this strategy requires careful consideration and stringent agreements between both partners outlining expectations of service and other responsibilities. While this is not a common tactic in New Zealand, the results of this study have shown that local diners are receptive to the idea, and that it might be a useful tool in bridging the gap between hotel and independent restaurants. Additionally, Singapore has shown significant success in the use of loyalty programmes in attracting local diners to hotels, while it might be suggested that these programmes have saturated the market making them problematic to long term loyalty. Despite this, New Zealand hotels could do well to examine the positive aspects and marketing benefits driving these programmes can have. Done right they have the ability to attract locals, fill seats during low demand periods and allow for guest preferences to be recorded and utilised to drive exceptional service delivery.

Being the first study to focus on F&B departments in both Singapore and New Zealand, there was little existing knowledge to draw on. This study has confirmed local diners in New Zealand have a poor perception of hotel dining, which had only previously been suggested anecdotally in the media. Singapore, while grappling with some issues of their own, proved to be a good yardstick for comparison to New

Zealand. It is hoped that the results of this research will not only provide a steppingstone for further research into any of the many areas discussed herein, but also provide guidance and some much-needed information to the industry. Creating financially strong performers out of New Zealand's hotel F&B sector will require those responsible for its development to work towards altering public perception of their product and, in some cases, wake themselves up to the reality that competing with independent operators is possible, and necessary. Those that have put some effort into repositioning their F&B product and focusing on high standards and innovative products have seen increased acceptance by local diners.

Singapore hotels provide a model for New Zealand properties that emphasises the need for creativity and a competitive mindset. The Singaporean model proves to New Zealand F&B operators that competing against local restaurants is possible, but the reiteration of dated concepts is not the way to progress. Without determined management and committed owners, New Zealand's hotel F&B departments are in danger of becoming less appealing and less profitable than they already are. In-house guest numbers are limited, but tapping the local market in New Zealand creates the opportunity to establish a constant and lasting base of customers. However, complacency and excuses are not going to bring about change. Only dedication and a strong work ethic from those at the forefront of the industry will generate the positive results possible in hotel F&B departments.

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## APPENDIX

### Participant Information Sheet

# Participant Information Sheet



#### **Date Information Sheet Produced:**

28 September 2010

#### **Project Title**

Operational Approaches in New Zealand & Singaporean Hotel Food & Beverage Departments:  
Expanding the Customer Base Beyond In-House.

#### **An Invitation**

Dear Mr. XXXXX,

I would like to take this opportunity to invite you to participate in a cross-cultural research project on Singapore and New Zealand Hotel Dining. My name is Rene Bennett and I am undertaking research on the acceptance of locals to dining at hotel-based restaurants, and how hotel companies are attracting this market. This research project will be used in my thesis as part of my Masters in International Hospitality Management.

Your experience and knowledge in this area of hospitality would be of great value to this project. However, your participation is voluntary and should you wish, you are able to withdraw from the project at any stage prior to 31 January 2011 without any adverse consequences, penalty or repercussions.

#### **What is the purpose of this research?**

Many strategies have been suggested over the years to encourage local spending in hotel food & beverage outlets, with existing literature reiterating the need to create a profitable department out of food & beverage. By examining the extent to which Singapore and New Zealand hotel properties utilise these strategies, as well as how attitudes regarding the importance of attracting local spending differ in each country, we can better understand how successful food & beverage departments have been in expanding their customer bases beyond just in-house guests. Customer perceptions of hotels as dining options will also be examined to gauge how successful hotels have been at altering negative public perceptions identified in past research.

This research will be used for completion of a thesis to meet the requirement for my Masters degree in International Hospitality Management. It may also be used for publication of articles in hospitality magazines, academic journals and for conference presentations.

#### **How was I identified and why am I being invited to participate in this research?**

Selection for participation in this research is based on the following criteria:

- You are a food & beverage manager or director within an Auckland, Wellington or Singapore based Hotel.
- The property at which you work is rated four or five stars.
- The property at which you work has more than one in-house restaurant or bar.

**What will happen in this research?**

Your participation will involve an one hour interview that will be held at a time and location that is convenient to you. The interview will be recorded and you may receive a copy of this audio file if required. This information will be used in the study.

Information gathered as a result of your participation may also be used for the publication of articles in hospitality magazines, academic journals and for conference presentations.

**What are the discomforts and risks?**

You should not experience any discomfort, be exposed to any humiliation or face any repercussion or risk as a result of participating in this research project.

**What are the costs of participating in this research?**

The only cost to you should be approximately one hour of your time.

**How will these discomforts and risks be alleviated?**

Confidentiality regarding your identity, and that of your employer, will be maintained at all times. You will not be able to be identified from the results of the research. Participating hotels are not identified in the research, and individual interview responses will be confidential, this should mitigate any potential professional embarrassment.

**What are the benefits?**

It is my hope that the experience of participating and sharing your perceptions will be beneficial to yourself and your employer by stimulating ideas through the discussion we engage in. Additionally, you will be offered access to a summery of the findings from this research that you may use as you see fit. If you would like a copy of this summery, please make this known by checking the relevant box on the consent form.

**How will my privacy be protected?**

In the processing of data collected in this research, all identifiable information collected will be coded to prevent identification of the participants. Neither yourself nor your employer will be referred to by name, nor will any description be used that might directly lead to you or your employer being identified.

Additionally, all records and raw data will be stored in a secure room at AUT, School of Hospitality and Tourism. After 6 years this data will be disposed of through a secure document destruction process.

**What opportunity do I have to consider this invitation?**

It is important that you give consideration to your involvement in this research. If you have any further questions regarding your participation or the research please contact me (Rene Bennett) at [jdy3000@aut.ac.nz](mailto:jdy3000@aut.ac.nz). Remember, you may withdraw from this study prior to 31 January 2011, without any adverse consequences, penalty or repercussions.

**How do I agree to participate in this research?**

If you wish to participate in the research please fill in and return the Consent Form within 7 days.

**Will I receive feedback on the results of this research?**

On completion of the research a summary of the findings will be mailed to you if you wish (remember to mark this area of the consent form).

**What do I do if I have concerns about this research?**

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, *David Williamson*, [david.williamson@aut.ac.nz](mailto:david.williamson@aut.ac.nz), phone: +64 9 921 9999 ext. 8448.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEK, Madeline Banda, [madeline.banda@aut.ac.nz](mailto:madeline.banda@aut.ac.nz), 921 9999 ext 8044.

**Whom do I contact for further information about this research?**

***Researcher Contact Details:***

*Rene Bennett*

*[jdy3000@aut.ac.nz](mailto:jdy3000@aut.ac.nz)*

***Project Supervisor Contact Details:***

David Williamson

[david.williamson@aut.ac.nz](mailto:david.williamson@aut.ac.nz)

Ph: 09 921 9999 ext 8448

School of Hospitality and Tourism

Faculty of Applied Humanities

Auckland University of Technology

Private Bag 92006

**Consent Form**

<h1>Consent Form</h1>	 <p><b>AUT</b> UNIVERSITY <small>TE WĀNANGA ARONUI O TAMAKI MAKAU RAU</small></p>
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*Project title:*                    **Operational Approaches in New Zealand & Singaporean Hotel  
Food & Beverage Departments: Expanding the Customer Base  
Beyond In-House.**

*Project Supervisor:* **David Williamson**

*Researcher:*                    **Rene Bennett**

- I have read and understood the information provided about this research project in the Information Sheet dated 28 September 2010.
  - I have had an opportunity to ask questions and to have them answered.
  - I understand that notes will be taken during the interviews and that they will also be audio-taped.
  - I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
  - If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.
  - I agree to take part in this research.
  - I wish to receive a copy of the report from the research
- (please tick one):            Yes             No

Participant's signature: .....

Participant's name: .....

Participant's Contact Details:

.....  
.....  
.....  
.....

Date:

**Approved by the Auckland University of Technology Ethics Committee on 11/10/2010  
AUTEC Reference number 10/238.**

*Note: The Participant should retain a copy of this form.*

**Semi-Structured Interview Questions:**



**Semi Structured Interview Questions:**

- 1) How many different restaurants and bars does your hotel have?
- 2) What types of dining choices do you offer your guests?
  - i) *Eg: Fine Dining, casual dining, "catch-all", Ethnic.*
- 3) Do you consider your food & beverage outlets successful?
  - a) How do you gauge this success? *Financial, guest satisfaction...*
- 4) At your property, is there a particular restaurant that does better than others at attracting local guests?
  - a) Why do you think this is?
- 5) For what types of occasions would guests generally dine at your outlet?
- 6) What is your current ratio of local visitors to in-house guests in your restaurants and bars?
- 7) In menu or facility development, would you consider the opinions of your local or in-house guests more influential?
- 8) How do you think local guests perceive hotel-based restaurants in general? Explain.
  - a) What gives you this impression?
- 9) How do you think hotel guests perceive hotel-based restaurants in general? Explain.
  - a) What gives you this impression?
- 10) What are some of the common criticisms of your food & beverage department?
  - a) How do you acquire this feedback?
- 11) What are some of the common compliments of your food & beverage department?
  - a) How do you acquire this feedback?

- 12) Does your property run a dining loyalty program?
- Who generally joins this, locals or hotel guests?
  - What is the nature of the rewards on offer?
  - What is the main purpose of this program?
- 13) Is targeting of local consumers a focus in your food & beverage marketing strategy? If so, what techniques do you use to appeal to them? If not, why not?
- 14) What specific aspects of your outlets do you focus on in marketing efforts?
- Food, ambience, other....*
- 15) How successful do you consider your attempts at attracting local guests?
- Why do you feel this way?
- 16) What are some of your biggest challenges in attracting local guests to your outlets?
- 17) What are some of your biggest challenges in attracting in-house guests to your outlets?
- 18) Is outsourcing something that has been considered by your property?
- Why or Why not?
  - What benefits do you see in outsourcing some or all of your F&B operations?
  - What issues do you see in outsourcing some or all of your F&B operations?
- 19) Do you currently outsource any of your food & beverage operations? If so, do you feel this is successful? What do you base this success or failure on, financial performance, guest feedback or something else?
- Do you outsource to local restaurateurs or brand name outlets?
- 20) To what extent do you feel the food & beverage department in your property represents a revenue centre?
- 21) To what extent do you feel the food & beverage department in your property represents a marketing tool?
- Do you feel that your F&B offering benefits the rooms department through improving room rates or occupancy levels?
- 22) Do you have anything further you would like to add?

## Survey Questions

### Welcome Page:



Dear participant,

My name is Rene Bennett and I would like to take this opportunity to invite you to participate in a cross-cultural research project on Singapore and New Zealand Hotel Dining. I am undertaking research on the acceptance of locals to dining at hotel-based restaurants, and on how active hotel companies are in attracting this market. Your input as a local diner would be of great value to this research and should take no more than 15 minutes of your time.

**How was I selected to participate in this questionnaire?**

You were invited to participate in this process either by myself through my own personal contact list, or by a friend or associate that referred you.

**How will this information be used?**

This research will be used for completion of a thesis to meet the requirement for my Masters degree in International Hospitality Management. It may also be used for publication of articles in hospitality magazines, academic journals and for conference presentations.

**How can I agree to participate in this research?**

By completing this questionnaire you are giving your consent to use the information you provide to be used in this project.

**How will my privacy be protected?**

This survey is completely anonymous, there is no way I will be able to identify who is participating in this process.

**How can I get a copy of the results from this research?**

You may request a copy summary of results by Email from David Williamson, the Project Supervisor. His Email address is listed on this page.

**What do I do if I have concerns about this research?**

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, David Williamson, david.williamson@aut.ac.nz, phone: +64 9 921 9999 ext. 8448.

Alternatively, you can feel free to contact me directly on +64 27 266 8970, or by Email on jdy3000@aut.ac.nz.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEK, Madeline Banda, madeline.banda@aut.ac.nz, 921 9999 ext 8044.

Please remember to print a copy of this page for your future reference. I thank you in advance for your participation in this research project.

Rene Bennett

Approved by the Auckland University of Technology Ethics Committee on 26/01/2011, AUTEK Reference number 10/238.



### Rejection Page for unsuitable participants: (Linked from questions 1, 2 and 3)

[Exit this survey](#)



Thank you for taking the time to participate in this survey. Unfortunately you do not meet the required criteria of this study, as such no further questions will require your attention.

I thank you again.

Rene Bennett



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### Question 1:



[Exit this survey](#)

Thank you for taking the time to complete this questionnaire. Please be aware that by continuing to participate in this process, you are giving your consent to the information collected to be used in the completion of this research project.

1. To which age group do you belong?

- Below 20 years
- 20 - 29 years
- 30 - 39 years
- 40 - 49 years
- 50 - 59 years
- 60 years or over



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### Question 2:



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2. What is your country of residence?

- Singapore
- New Zealand
- Other



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### Question 3:



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3. Have you resided in this country for over twelve (12) months?

- Yes
- No



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### Question 4:



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4. What is your gender?

- Male
- Female



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### Question 5:



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5. How frequently do you dine out in full-service restaurants?  
(Not including fast food, food-courts, hawkker centers or similar)

- More than once per week
- Weekly
- 2-3 times per month
- Once a month
- Infrequently, but a few times a year
- I seldom dine in full-service restaurants
- I never dine in full-service restaurants



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### Question 6:



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6. When was the last time you dined out at a restaurant located within a hotel property?  
(When dining out in your current country of residence, not while traveling)

- Within the last week
- Within the last month
- Between 1 and 6 months ago
- Between 6 and 12 months ago
- More than 12 months ago
- I have never dined in a hotel-based restaurant (please specify why not)



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### Question 7:



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7. For what reason did you last dine out in a hotel-based restaurant?

- Celebration (birthday, anniversary etc...)
- Business
- Family get-together
- Romantic Evening / Date night
- Convenience
- No reason in particular
- Other (please specify)



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### Question 8:



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8. How do you perceive the pricing in hotel-based restaurants as compared their stand-alone competitors?

- Much cheaper
- A little cheaper
- The same or similar
- A little more expensive
- Much more expensive



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### Question 9:



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9. How do you perceive the quality of food in hotel-based restaurants as compared their stand-alone competitors?

- Much lower quality of food
- Lower quality of food
- Similar quality of food
- Higher quality of food
- Much higher quality of food



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### Question 10:



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10. How do you perceive service standards in hotel-based restaurants as compared to stand alone outlets?

- Much lower standards
- Slightly lower standards
- Similar standards
- Slightly higher standards
- Much higher standards



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### Question 11:



[Exit this survey](#)

11. How innovative (trend setting, cutting edge, dynamic) do you perceive hotel-based restaurants compared to stand-alone operators?

- Much less innovative
- A little less innovative
- Just as innovative
- Slightly more innovative
- Much more innovative



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### Question 12:



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12. When traveling, how often would you dine in a hotel operated restaurant?

- I only dine in hotels while traveling
- I occasionally dine in the hotel
- I avoid the hotel dining options as much as possible
- I never dine in hotels / Actively avoid dining in hotels



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### Question 13:



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13. If a hotel offered a well-known restaurant franchise (Pizza Hut, McDonalds, Starbucks etc...) as a dining option, how would this affect your desire to dine in the hotel?

- I would be more likely to dine in the hotel.
- This would make no difference in my decision making.
- I would actively avoid dining at this hotel.



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### Question 14:



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14. If a local restaurant operated from a hotel property, while remaining independently owned, how would this affect your desire to dine with them?

- I would be more likely to dine in this restaurant.
- This would make no difference in my decision making.
- I would actively avoid dining at this restaurant.



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### Question 15:



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15. If two restaurants were identical in every way except location, do you feel you would expect all-around higher standards dining at a hotel-based restaurant over a stand-alone restaurant?

- Yes, expect higher standards in a hotel
- No, I expect the same standards
- No, I expect lower standards in a hotel



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### Question 16:



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16. If two restaurants had no other defining factor, would you rather dine in a hotel-based restaurant or at a stand-alone restaurant.

- I prefer to dine in hotel-based restaurants
- I prefer to dine in stand-alone restaurants



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### Question 17:



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17. Rank the following criteria based on how important each aspect is to you when making a decision on where you dine.

Please rank from 1 (Very Important) to 5 (Not important at all) for each.

	Very important	2	3	4	Not important at all
High quality of service	<input type="radio"/>				
Prompt service	<input type="radio"/>				
Restaurant style (Italian, French, etc...)	<input type="radio"/>				
Ambiance	<input type="radio"/>				
Accolades or awards	<input type="radio"/>				
Word-of-mouth recommendation	<input type="radio"/>				
Past experiences	<input type="radio"/>				
Food quality	<input type="radio"/>				
Beverage List Variety	<input type="radio"/>				
Location	<input type="radio"/>				
Cost	<input type="radio"/>				
Cleanliness	<input type="radio"/>				
Menu Variety	<input type="radio"/>				
Reviews or Media write-ups	<input type="radio"/>				



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### Question 18:



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18. How frequently do you stay in a hotel?

- More than once a month
- At least once a month
- At least once every six months
- At least once a year
- Less than once a year
- I seldom stay in hotels
- I have never stayed in a hotel



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### Question 19:



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19. When traveling, with what type of accommodation would you generally stay?

- Backpackers/Hostels
- Bed & Breakfasts
- Budget Hotels or Motels
- 4-5 Star Hotels
- I stay with friends where possible



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### Question 20:



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20. When traveling, at what type of eatery would you generally dine?

- Hotels
- Local restaurants
- Fast Food outlets or Food Courts
- Local Food Stalls / Street Stalls
- I buy food from supermarkets



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## Question 21:



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21. On a scale from 1 (Very Important) to 5 (Not at all Important), how important do you think it is to experience the local dining culture when traveling?

Finding authentic eating experiences when traveling is:

Very Important      2      3      4      Not at all Important



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## Farewell Screen:



[Exit this survey](#)

I would like to take this opportunity to thank you for participating in this research project. Your responses are greatly appreciated and will hopefully lead to results that will benefit restaurant and hotel operators in Singapore and New Zealand.

Please remember to click the "Done" button below.

Have a wonderful day,

Rene Bennett



[Prev](#) [Done](#)

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