THE ILLUSION OF VALUE - HOW SERVICESCAPES OF EATERIES INFLUENCE CONSUMER PERCEPTION

Project Report
Submitted By
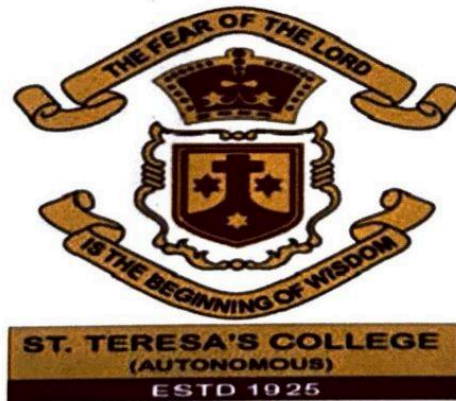
ALEENA S KRISHNA (Reg No. SB22BMS003)

Under the Guidance of

Dr. Sunitha T R

In partial fulfilment of the requirements for the award of the degree of

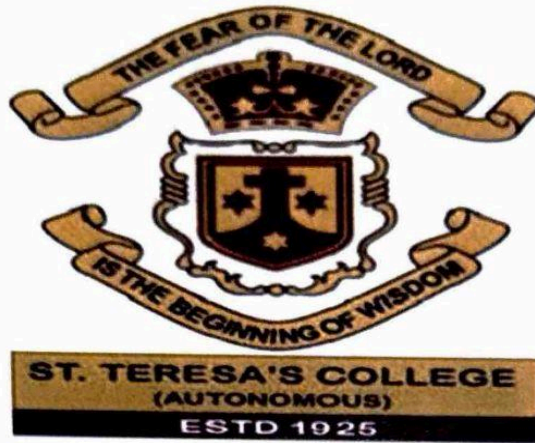**Bachelor of Management Studies (International Business)**

ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM

COLLEGE WITH POTENTIAL OF EXCELLENCE
Nationally Re-Accredited at 'A++' Level (Fourth Cycle)

March 2025

Dr. TESSLA ARAKAL 28/04/25

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CERTIFICATE

This is to certify that the project report entitled, "The Illusion of Value : How Servicescapes of Eateries Influence Consumer Perception", is a bonafide record submitted by Ms Aleena S Krishna, Reg. No.SB22BMS003, in partial fulfillment of the requirements for the award of the Degree of Bachelor of Management Studies in International Business during the academic years 2022-2025.

Date : 28 · 04 · 2025

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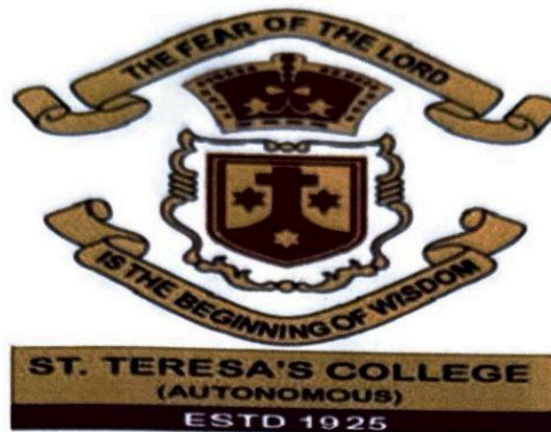

CERTIFICATE

This is to certify that the project report entitled, "The Illusion of Value : How Servicescapes of Eateries Influence Consumer Perception", is a bonafide record submitted by Ms. Aleena S Krishna, Reg. No.SB22BMS003, in partial fulfillment of the requirements for the award of the Degree of Bachelor of Management Studies in International Business during the academic years 2022-2025.

Date: 28/4/2025

Dr. SUNITHA T R
INTERNAL FACULTY GUIDE

DECLARATION

I, *Aleena S Krishna, Reg. No.SB22BMS003*, hereby declare that this project work entitled *"The Illusion of Value : How Servicescapes of Eateries Influence Consumer Perception"* is my original work. I further declare that this report is based on the information collected by me and has not previously been submitted to any other university or academic body.

Date: 28·04·2025

ALEENA S KRISHNA

Reg No. SB22BMS003

EXECUTIVE SUMMARY

This research project investigates the often-overlooked yet powerful role of servicescapes—the physical and ambient environment of service settings—in shaping consumer perceptions, satisfaction, and behavioral intentions within the restaurant industry. Drawing upon the concept introduced by Bitner (1992), the study explores how various servicescape elements influence not just the dining experience but also the perceived value of the food and service offered, sometimes independently of the core product quality.

The restaurant industry, both globally and within India, has undergone a paradigm shift—from being purely function-oriented to becoming experience-driven. In urban India especially, where eating out is a cultural activity linked to celebration, leisure, and social identity, consumers now seek spaces that offer not only good food but also aesthetic, comfort, and emotional engagement. This study places particular emphasis on Indian eateries, subtly integrating the regional, cultural, and symbolic elements that affect consumer expectations and satisfaction.

Key servicescape variables explored include ambience, décor, layout, service quality, staff behavior, aesthetics, cleanliness, and spatial arrangement. The research categorizes how each of these variables contributes to customer perception and, in turn, influences outcomes such as customer satisfaction, revisit intention, perceived brand value, and word-of-mouth promotion. By decoding how customers subconsciously assign value based on their surroundings, this study highlights the illusion of value—the psychological framing where the environment enhances or detracts from how food quality, price, and service are judged. For instance, the same meal may be perceived as premium or average depending on the lighting, music, staff demeanor, or even seating comfort. Through this lens, the research seeks to provide both academic insight and practical implications for restaurant owners, service designers, and hospitality managers. It demonstrates how strategic servicescape design can be a powerful tool in influencing consumer behavior & enhancing loyalty.

Ultimately, this project contributes to the growing body of service marketing literature by grounding the abstract concept of servicescapes in a real-world, culturally rich industry—offering both theoretical understanding and actionable direction in the evolving landscape of experiential dining.

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INTRODUCTION

1.1 INTRODUCTION OF STUDY

Consumer perception plays a critical role in shaping the success of eateries, influencing customer satisfaction, perceived value, and revisit intentions. While factors such as food quality and pricing are key determinants of consumer choice, the *servicescape*—a term coined by Bitner (1992) to describe the physical and atmospheric elements of a service environment—has been shown to significantly impact how customers perceive value. This study explores how servicescape elements create an *illusion of value*, shaping consumer decisions beyond the tangible aspects of the dining experience and influencing their likelihood of returning.

The servicescape of an eatery encompasses various factors, including ambience, layout, décor, aesthetics, service quality, staff interactions, and overall customer experience, all of which influence consumer behavior and their revisit intentions. Ambience, shaped by lighting, music, scent, and temperature, affects diners' moods and emotions, directly impacting their satisfaction and willingness to return. Layout and spatial design influence comfort, privacy, and movement within the space—elements that can encourage customers to extend their visit or choose the establishment for future dining experiences. Décor and aesthetics, such as color schemes, artistic elements, and furniture, contribute to the overall atmosphere and branding, subtly affecting consumer perceptions of quality and exclusivity.

Beyond the physical setting, service quality and staff interactions are crucial determinants of customer revisit intentions. The behavior, professionalism, and attentiveness of staff significantly shape the dining experience. A warm greeting, personalized service, and efficient responses create a sense of hospitality that enhances customer satisfaction and encourages repeat visits. Conversely, poor service, inattentiveness, or lack of engagement may lead to dissatisfaction, discouraging return visits even if other aspects of the servicescape are well-designed. The interplay between staff behavior, ambience, and perceived service efficiency directly influences whether customers feel inclined to return or seek alternative dining options.

These elements collectively contribute to consumer perception of value, which extends beyond tangible factors like portion size or ingredient quality. Customers often associate well-curated environments and exceptional service with higher value, even if the actual food

remains unchanged. This perception strongly affects customer loyalty and revisit intentions, as diners are more likely to return to eateries that provide a positive and memorable experience. Establishments that fail to create an appealing servicescape risk lower retention rates, regardless of competitive pricing or menu offerings.

This study aims to analyze the relationship between servicescape elements, consumer perception of value, and customer revisit intentions. By examining these factors, the research will provide insights into how eateries can strategically design their spaces, optimize staff interactions, and enhance overall service delivery to encourage customer retention. Through a combination of qualitative and quantitative methodologies, this study will explore the psychological and behavioral impacts of the servicescape, offering valuable implications for restaurateurs, marketers, and consumer psychologists.

1.2 STATEMENT OF PROBLEM

In the competitive food and beverage industry, consumer perception of value extends beyond food quality and pricing. The *servicescape*—encompassing ambience, décor, aesthetics, layout, cleanliness, and service quality—shapes dining experiences and can create an *illusion of value* that influences customer decisions and revisit intentions.

Despite its impact, the extent to which these elements affect perceived value and repeat visits remains underexplored. Do visually appealing spaces enhance perceived quality? Does an inviting environment drive loyalty? This study examines how specific servicescape factors influence consumer perception of value and revisit intentions, offering insights for restaurant management, hospitality marketing, and consumer behavior strategies.

1.3 LITERATURE REVIEW

Bitner, M. J. (1992). "Servicescapes: The Impact of Physical Surroundings on Customers and Employees." Journal of Marketing, 56(2), 57-71. This foundational study introduces the concept of *servicescapes*, emphasizing how the physical environment of

service settings influences customer behavior and perceptions. Bitner categorizes servicescape elements into ambient conditions (lighting, music, temperature), spatial layout, and signs and symbols, arguing that they shape consumer emotions and behavioral responses, including satisfaction and revisit intentions. This study establishes a framework for analyzing how eatery design impacts consumer perception of value.

Baker, J. (1986). "The Role of the Environment in Marketing Services: The Consumer Perspective." In *The Services Challenge: Integrating for Competitive Advantage* **(pp. 79-84).**

Baker explores how aesthetic and atmospheric cues, such as interior design, color schemes, and background music, influence consumer impressions and decision-making. The study finds that customers often associate attractiveness with quality, leading them to perceive greater value in an establishment that invests in visually appealing decor. Even when product offerings remain unchanged, strategic use of lighting, textures, and overall ambiance can enhance perceived quality and justify premium pricing. Furthermore, Baker highlights that the emotional response triggered by an aesthetically pleasing environment increases customer dwell time, engagement, and likelihood of returning. This supports the idea that restaurants can create an *illusion of value* through carefully curated aesthetics, making servicescape design a powerful marketing tool.

Ryu, K., & Jang, S. (2008). "The Influence of Restaurants' Physical Environments on Customer Emotion and Behavioral Intentions." Journal of Hospitality & Tourism Research, 32(1), 56-72.

This study empirically examines how restaurant ambience, layout, and aesthetics impact customer emotions, satisfaction, and revisit intentions. Using survey-based research, Ryu and Jang demonstrate that a restaurant's physical environment elicits emotional reactions that directly affect consumer behavior. Elements such as comfortable seating, spacious layouts, and visually appealing interiors contribute to a pleasant psychological experience, making customers more likely to return. The study finds that restaurants with well-designed spaces see higher customer retention rates, even when food quality is comparable to competitors. It further highlights that negative ambience, such as excessive noise, poor lighting, or an uninviting atmosphere, reduces perceived value and discourages repeat visits. These findings reinforce the importance of a holistic servicescape strategy in driving customer loyalty.

Hwang, J., & Ok, C. (2013). "The Antecedents and Consequences of Customer Satisfaction in the Foodservice Industry." International Journal of Hospitality Management, 34, 1-10.

This study focuses on the role of staff behavior, service quality, and ambience in shaping customer satisfaction and loyalty. The authors argue that human interactions within the servicescape are just as influential as physical design. Their findings show that staff friendliness, attentiveness, and professionalism significantly enhance customer experience, increasing perceived value and encouraging repeat visits. Poor service, on the other hand, can outweigh the benefits of an aesthetically pleasing environment, negatively affecting revisit intentions. The study also finds that fast response times and proactive service recovery efforts improve customer retention, even in cases of minor service failures. This highlights the importance of well-trained staff in reinforcing the servicescape's impact on consumer perception.

Han, H., & Ryu, K. (2009). "The Roles of the Physical Environment, Price Perception, and Customer Satisfaction in Determining Customer Loyalty in the Restaurant Industry." Journal of Hospitality & Tourism Research, 33(4), 487-510. Han and Ryu explore the complex interplay between physical environment, price perception, and customer loyalty. The study reveals that aesthetic appeal and service excellence create a psychological perception of higher value, even when pricing is slightly above market averages. Customers are willing to pay more if the restaurant's ambience, cleanliness, and layout create a premium experience. Additionally, the study finds that high service quality enhances perceived fairness in pricing, making consumers less price-sensitive. The authors highlight that restaurants with superior design and service experiences enjoy greater customer loyalty, as diners are more likely to return to establishments that offer a balanced mix of visual appeal, comfort, and efficient service. This research supports the idea that servicescape investments can justify premium pricing and enhance long-term profitability.

1.4 SIGNIFICANCE OF THE STUDY

This study is significant as it explores the psychological and behavioral impact of servicescapes on consumer perception, shedding light on how ambience, aesthetics, layout, cleanliness, service quality, and staff interactions shape the perceived value of an eatery.

While traditional research emphasizes food quality and pricing as primary drivers of consumer satisfaction, this study highlights how external factors create an "illusion of value" that influences customer decision-making and revisit intentions. Understanding these dynamics provides valuable insights for restaurant owners, marketers, and hospitality managers looking to enhance customer experiences, improve retention rates, and optimize pricing strategies. Additionally, this research contributes to the broader field of consumer behavior and service marketing, offering a framework for evaluating how environmental cues subconsciously affect purchasing decisions and brand loyalty in the food service industry.

1.5 SCOPE OF STUDY

This study focuses on examining how servicescape elements—including ambience, aesthetics, layout, cleanliness, service quality, and staff interactions—influence consumer perception of value and revisit intentions in eateries. The research is limited to dining establishments, ranging from casual restaurants to fine dining. The study primarily relies on consumer surveys, observational analysis, and existing literature to assess how physical and service-related factors shape customer satisfaction, emotional responses, and loyalty. While the findings may be broadly applicable to the hospitality industry, they are particularly relevant for restaurant managers, marketers, and business owners aiming to enhance customer experiences through strategic servicescape design and service quality improvements.

1.6 OBJECTIVES OF STUDY

1.   To examine how servicescape elements (lighting, noise, temperature, décor, cleanliness, and seating) influence consumer perception of value, dining experience, and revisit intentions.

2.   To assess the impact of service quality (staff attitude, efficiency, responsiveness, and communication) on customer satisfaction, loyalty, and likelihood of returning.

3.   To analyze the role of ambience, aesthetics, hygiene, and menu variety in shaping consumer preferences, service quality perception, and overall dining satisfaction.

1.7 RESEARCH METHODOLOGY

1.7.1 DATA COLLECTION

Data collection is a crucial step in research, allowing us to gather the necessary information to analyze trends, answer key questions, and draw meaningful conclusions. There are two main approaches to collecting data: primary data collection and secondary data collection.

Primary data collection involves gathering original, firsthand information directly from sources. Researchers use methods such as observations, interviews, questionnaires, and case studies to capture fresh insights tailored to their study. These approaches help understand real-world behaviors, opinions, and experiences, making the findings more relevant and specific. Secondary data collection, on the other hand, relies on information that has already been recorded by others. This includes published sources like government reports, public records, and financial statements, as well as unpublished sources such as personal letters, diaries, and research manuscripts. These existing resources provide valuable background and context, helping researchers build on prior knowledge without starting from scratch.

By combining both primary and secondary data, researchers can develop a well-rounded perspective, ensuring their study is insightful, credible, and backed by strong evidence.

1.7.2 SAMPLING

1.7.2.1 Population

A population refers to a group of individuals or elements that share common characteristics relevant to a study. The population size is determined by the total number of individuals who fit the study's criteria.This study's population includes individuals of all ages who visit eateries, making them key respondents in assessing how servicescapes influence perception, satisfaction, and revisit intentions.

1.7.2.2 Sample Size

The sample size refers to the subset of the population selected for the study. A total of 74 responses were obtained, with questionnaires distributed via WhatsApp and Instagram to maximize reach and engagement with the target respondents.

1.7.2.3 Sampling Technique

Sampling methods are broadly classified into probability and non-probability sampling.

Probability sampling involves a random selection process, ensuring each individual in the population has an equal chance of being chosen. This method enhances the reliability and generalizability of findings. Common types include simple random, systematic, stratified random, cluster, and multistage sampling. Non-probability sampling, on the other hand, relies on the researcher's discretion in selecting participants, which may introduce bias and limit the ability to generalize results. Examples include convenience, purposive, quota, and snowball sampling.

This study employed a probability sampling technique to ensure data collection was objective and representative. By eliminating selection bias, this approach captures authentic respondent opinions, leading to more empirical and meaningful results. Probability sampling is essential in securing a diverse range of perspectives, making the findings more robust and credible.

1.7.3 Tools used for Data Collection

The questionnaire for this study was carefully structured to align with the research objectives and gather data on how servicescapes influence consumer perception, satisfaction, and revisit intentions.The first section collects demographic information such as age, gender, and educational qualifications to establish a general background of the respondents.

The core section focuses on key variables, including ambience, décor, cleanliness, service quality, and overall dining experience.

A Likert scale was used, allowing respondents to rate their agreement on a scale from 1 (Strongly Disagree) to 5 (Strongly Agree). Additionally, nominal scale questions were incorporated for categorical responses. The structured format ensures the data is comprehensive and quantifiable, enabling meaningful analysis of the relationship between servicescapes and consumer behavior.

1.7.4 DATA ANALYSIS TECHNIQUE

This study uses **percentage analysis** to interpret the data, offering a clear breakdown of respondent preferences and trends for meaningful insights.

1.8. LIMITATIONS OF STUDY

Sample Size Constraint – With only 74 responses, the findings may not fully capture broader consumer trends.

Response Bias – Self-reported data may be influenced by social desirability or personal biases.

Focus on Perception Over Behavior – The study examines perceived value rather than actual consumer spending or revisit behavior.

Uncontrolled External Influences – Factors like time of visit, company, or prior experiences may affect responses.

Limited Regional Scope – Findings may not be generalizable to eateries in different cultural or economic settings.

CHAPTER 2

INDUSTRY PROFILE

2.1 The Restaurant Sector and the Strategic Role of Servicescapes

The restaurant sector is a dynamic and necessary pillar of the global service economy. It encompasses a broad spectrum: from food carts and casual family diners, all the way up to high-end fine dining options and themed restaurants. The product is food and beverages, but the food service experience is more than just consumption. The experience invokes emotions and senses through social engagement, making restaurants a unique fundamental aspect of urban life today. In recent years, the restaurant experience has continued to mature from just a place to eat food into a full experience—which includes décor, service style, and the overall thematic narrative—that creates a social context for experiencing food and beverage. Within the food-loving country, India, this has been a most defining trait, as traditional food habits and street food markets endure despite an increasing global reliance and aspiration for formal dining experiences in tasteful eating spaces. Notably, millennials and Gen Z urbanites, the Indian consumer is now seeking more than just taste—they are seeking ambience, social shareability, personalization, and cleanliness.

The spectrum of eateries encompasses:

(1) Quick Service Restaurants or QSRs: Quick service restaurants are an experience with quick service, limited menus with a high turnover. In India, we can see multinationals like McDonald's and local companies like Haldiram's, Wow! Momo and others that excel at restaurant layout, branding, and convenience delivery. (2) Casual Dining Restaurants: These are sit-down restaurants, offering a variety of menu options, and relaxed atmospheres. India has family restaurants like Barbeque Nation, Sagar Ratna etc that appeal to middle-income folks, to encourage eating out for good comfort food, for affordability.

(3) Fine Dining Restaurants: These restaurants are to appeal to those elite customers focusing on detail—plating, wine pairings, classical music, service, and experience. In India centers like Indian Accent or Dum Pukht blend heritage cooking with modern plating, aesthetics, and detail.

(4) Cafés and Concept Bistros: These are more coffee houses, book cafés, or simply aesthetically pleasing, comfortable hangout spaces that highlight individuality. Cafés like Third Wave Coffee or Blue Tokai are popular among younger customers and freelancers, showing further possible café diversity.

(5)Experiential and Themed Restaurants: These kinds of restaurants draw on design and story. In India examples can be found in village-themed dhabas like "Chokhi Dhani" or Bollywood-inspired spaces like "Lights Camera Action," where design affects diners' novelty and degree of engagement.

The Indian restaurant industry, particularly in metros like Kochi,Mumbai, Bangalore and Delhi is increasingly experience-driven. With growing urbanization and the proliferation of food aggregators like Zomato and Swiggy, customer expectations now blend digital ease with physical comfort. The post-pandemic era has further accelerated this shift, placing higher emphasis on contactless dining, sanitized environments, and psychological comfort—core areas influenced by the servicescape.

2.2 Understanding Servicescapes in the Restaurant Context

The specialized term servicescape was developed by Bitner (1992) and refers to the overall physical, sensual, and/or aesthetic environment in which a service process occurs. In the restaurant environment, this implication will include not only the functional aspects, e.g., layout and décor, but also the unseen environmental cues, for instance, lighting, sound, scent or aromas, space and spatial cues, temperature, and so on, that shape the consumer's perceptions and emotional states while consuming the service.A well-designed servicescape can be viewed as serving a variety of purposes;- (1) Functionally (the servicescape enhances the efficient flow of service and with it customer comfort during consumption), (2) Symbolically (the servicescape conveys brand identity, cues, and expectations about pricing and service), and (3) Psychologically (the servicescape contributes to consumer's current mood states, service satisfaction, and future behavioural intentions like repeat patronage, loyalty, and/or word-of-mouth). Within the Indian context, dining out can be closely associated with celebration, family gatherings, and/or showing one's status, which gives the servicescape even greater relevance as a communication medium. For example, a traditional South Indian restaurant might use banana leaves, brass utensils, mandated Carnatic music along with the ubiquitous scent of sandalwood to signify deeper levels of authenticity to Indian culture. In contrast, a luxurious ex-fusion café/bar, in Mumbai, might use an unfinished, industrial design, ambient lo-fi sounds like banging pots and pans, and simple aesthetics to appeal to a design-savvy and urban demographic.

2.3 Key Servicescape Variables in Restaurants

2.3.1 Ambience

Ambience is the atmospheric layer of the servicescape. It includes factors such as lighting, temperature, noise level, background music, aroma, and even color palettes. Each of these components can unconsciously alter a customer's perception of time, comfort, and satisfaction.

In Indian eateries, ambient elements often blend modern and traditional aspects—such as using warm golden lighting reminiscent of oil lamps, or piping in classical sitar music to create a serene mood. For QSRs and urban cafés, fast-paced music and cool-toned lights may stimulate quicker turnover and energize the space.

2.3.2 Décor and Aesthetic Appeal

Décor is the visual and tactile layer of the environment—furniture design, artwork, materials used, wall textures, and cultural symbols. In India, this could range from Mughal-era motifs in North Indian restaurants to minimalist bamboo and terracotta elements in Kerala's coastal-themed cafés.

Modern diners interpret décor as a proxy for brand quality and price point. Instagrammable aesthetics—like neon signage, mural walls, or rustic pottery—also serve as extensions of the restaurant's marketing and identity.

2.3.3 Layout and Spatial Arrangement

Layout refers to the physical configuration of the space—table spacing, queue design, service counters, kitchen visibility, and washroom placement. In high-density Indian cities, maximizing space without sacrificing comfort is a challenge. Smart layouts reduce congestion, ensure smooth flow of waitstaff, and provide zones for different customer needs (e.g., private booths for families, bar stools for solo diners).

Open kitchens, community tables, and rooftop arrangements have gained popularity for promoting transparency and sociability—key value elements in the Indian service context.

2.3.4 Service Quality

Service quality bridges the physical with the human. Promptness, attentiveness, staff knowledge, and willingness to accommodate special requests all affect consumer judgment. While food may attract first-time visits, service quality often determines return behavior.

Indian customers often value a balance between warmth and efficiency. In traditional settings, a server's ability to remember recurring customers or offer regional language interaction can deeply enhance loyalty and perceived care.

2.3.5 Staff Behavior and Presentation

Employees are key touchpoints in the servicescape. Their grooming, uniforms, tone of voice, and body language contribute to the perceived professionalism and ethos of the establishment.

In India, this also involves subtle cultural sensitivities—addressing elders with respect, offering additional items like papad or chutney without prompting, or serving food with the right hand. Uniforms in Indian restaurants may also reflect ethnic styles—like Nehru jackets or sarees—reinforcing brand identity through staff presentation.

2.3.6 Cleanliness and Hygiene

Especially in the post-COVID era, cleanliness has become a critical part of the servicescape. Visible sanitation efforts, clean restrooms, tidy table settings, and well-maintained floors all build subconscious trust. In India, where hygiene has historically been a concern in certain dining segments, this variable is now closely tied to consumer confidence and perceived value.

2.4 Interplay Between Servicescape and Consumer Behavior

The concept of servicescape in restaurants does not simply beautify a space, it actively becomes a consideration in how the customer views food quality, price, and taste. A well executed environment can disguise service lag, encourage more spending and facilitate customers returning. On the contrary, a poorly kept space or noisy environment can render even the best of food as exceptional.Matters such as ambience and layout can develop or shorten dwell time and perceived comfort. Factors such as service experience or staff conduct can stimulate emotional satisfaction and ultimately referrals. In India, where food is often spoken about in terms of community and celebration, intrusive components in a food and beverage experience can play a potential detrimental role to the overall environment and emotional bond to the brand.In conclusion, it can be said that servicescapes are silent persuaders. They assist in creating the illusion of value by wrapping up tangible goods (food and beverage) along with an immeasurable experience that has depth. In theory, the more converging sensory, visual and social frameworks are aligned, the better chance a customer will create a favourable perception of the brand and return.

CHAPTER 3

DATA ANALYSIS AND INTERPRETATION

3.1 DATA ANALYSIS AND INTERPRETATION

This study was conducted to explore the influence of restaurant servicescapes on consumer perception and decision-making, particularly in relation to their intention to revisit and their evaluation of value. The research focused on a specific age demographic, targeting individuals who frequently dine out and are more likely to be influenced by experiential factors such as ambience, décor, and service quality. A structured questionnaire was developed based on insights gathered through an extensive literature review, aiming to examine both dependent and independent variables linked to consumer perception. Regression analysis was employed to identify and measure the strength of relationships between key servicescape elements (independent variables) and consumer behavioral outcomes (dependent variables).

Primary data was collected from a sample of 75 respondents through surveys, targeting a general audience with varying dining preferences and experiences.

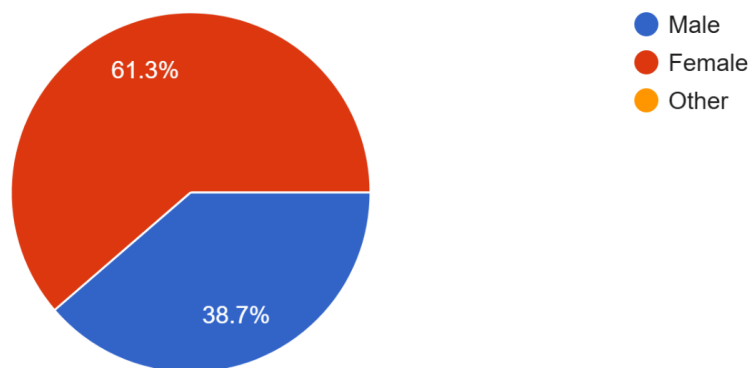## 3.2 DESCRIPTIVE STATISTICS

3.2.1 DEMOGRAPHIC REPRESENTATIONS

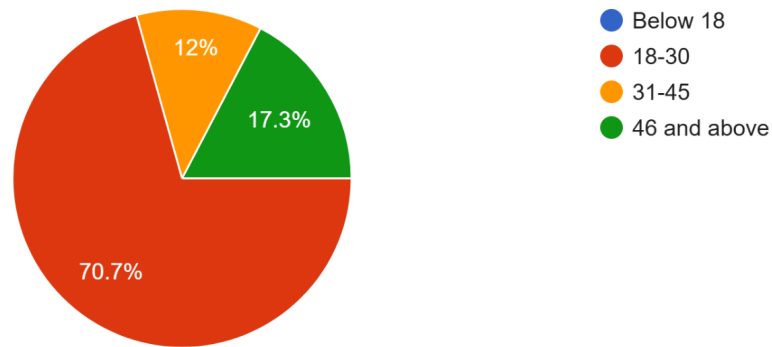*Figure 3.2.1.(a) Graphical representation of respondent's gender*

The sample majorly comprised female respondents. It comprised 61.3% female respondents and 38.7% male respondents.

Figure 3.2.1.(b) Graphical representation of respondent's age

What is your age group?
75 responses

The respondents majorly fall under the age group between 18-30 years. 17.3% of respondents are from age group 46 and above and the remaining 12% of respondents are from age group 31-45 years, and younger age groups.

Figure 3.2.1.(c) Graphical representation of respondent's income level

What is your monthly income?
75 responses
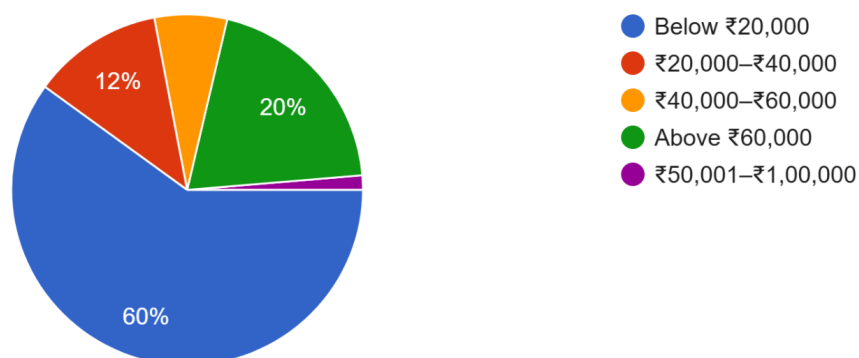


The majority of respondents (60%) earn below ₹20,000, indicating a largely low-income sample. 12% fall in the ₹20,000–₹40,000 range, and 6.7% between ₹40,000–₹60,000. 20% earn above ₹60,000, with only 1.3% in the ₹50,001–₹1,00,000 bracket

Figure 3.2.1.(d) Graphical representation of importance of lighting

How important is lighting in creating a positive dining experience?
75 responses

- ● Extremely Important
- ● Very Important
- ● Moderately Important
- ● Slightly Important
- ● Not Important
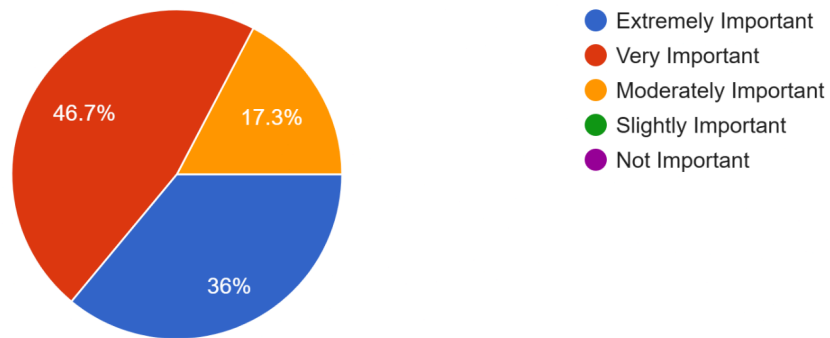
This analysis of 75 responses reveals that lighting is highly valued in dining experiences, with 46.7% rating it extremely important and 17.3% very important, totaling 64% who deem it critical. Another 36% consider it moderately important, while no respondents dismissed its role. The findings underscore lighting as a key ambiance factor for most diners. Restaurants should optimize lighting to align with these preferences for enhanced customer satisfaction

Figure 3.2.1.(e) Graphical representation of decor's influence on visits

How significant is the décor of an eatery in influencing your decision to visit it?
75 responses

- ● Extremely Significant
- ● Very Significant
- ● Moderately Significant
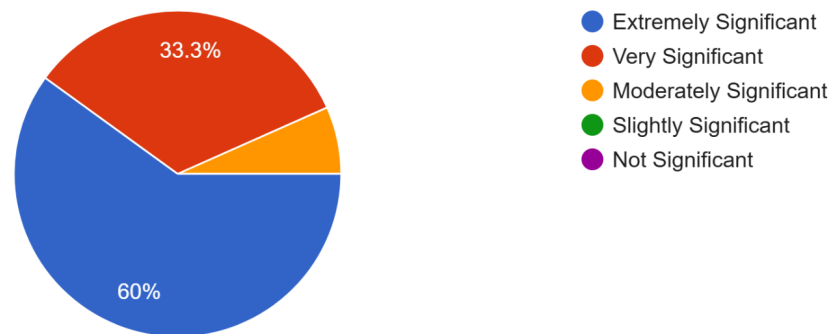- ● Slightly Significant
- ● Not Significant
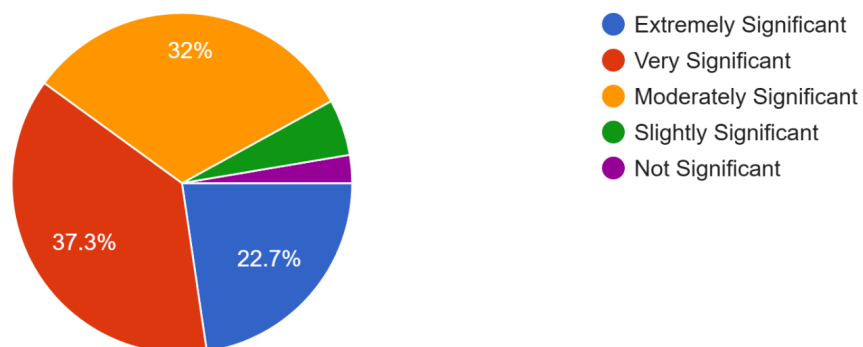
This analysis of 75 responses shows that 32% find décor *extremely significant* and 37.3% *very significant* in choosing restaurants, totaling 69.3% who consider it critical. Another 22.7% view it as *moderately significant*, highlighting décor's importance in attracting customers.

Figure 3.2.1.(f) Graphical representation of significance of staff attitude

How significant is the staff's attitude and friendliness in creating a positive dining experience?
75 responses

This analysis of 75 responses shows that 60% find staff attitude *very significant* and 33.3% *extremely significant*, totaling 93.3% who consider it critical. This near-unanimous response confirms friendliness as the top driver of positive dining experiences.

Figure 3.2.1.(g) Graphical representation of significance of cleanliness & hygiene

How significant is the cleanliness and hygiene of the eatery's restrooms in shaping your perception of its service quality?
75 responses
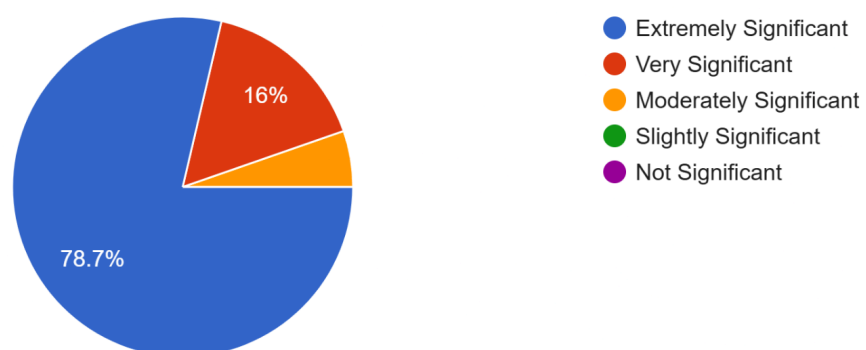
This analysis of 75 responses shows that 78.7% find restroom hygiene *extremely significant* and 16% *very significant*, totaling 94.7% who consider it non-negotiable. This overwhelming majority highlights cleanliness as a key factor in quality perception.

Figure 3.2.1.(h) Graphical representation of significance of comfortable layout

How significant is the availability of sufficient seating and comfortable furniture in ensuring a pleasant experience?

75 responses

- ● Extremely Significant
- ● Very Significant
- ● Moderately Significant
- ● Slightly Significant
- ● Not Significant
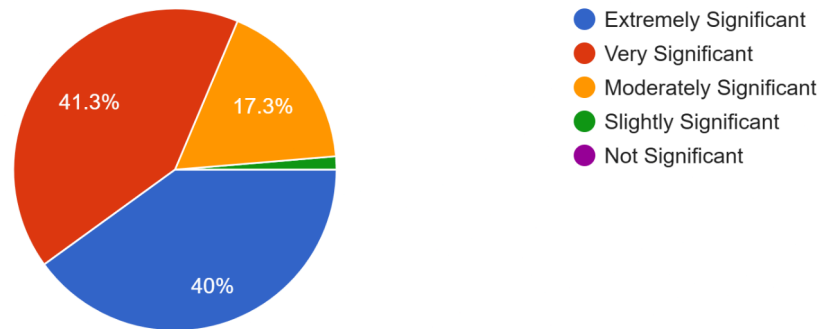
A majority of respondents considered the availability of sufficient seating and comfortable furniture to be important in enhancing their dining experience. 41.3% rated it as Very Significant, while 40% found it Extremely Significant. 17.3% considered it Moderately Significant, and only 1.3% viewed it as Slightly Significant, with virtually none marking it as Not Significant.

Figure 3.2.1.(i) Graphical Representation of the Perceived Impact of Servicescape on Value for Money

To what extent do you think the overall value for money is impacted by the 'servicescape' (decor, service quality, aesthetics etc:) of an eatery?

75 responses

- ● To a great extent
- ● To a moderate extent
- ● To a minimal extent
- ● Not at all
- ● Yes, significantly
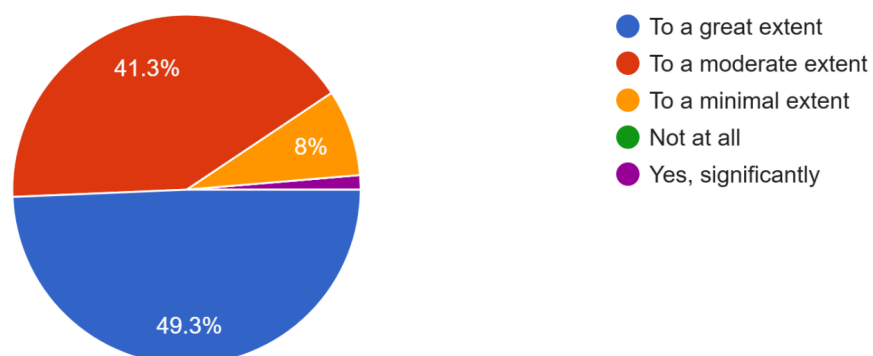
This analysis of 75 responses shows that 41.3% believe servicescape impacts value *to a great extent* and 8% *to a moderate extent*, totaling 49.3% who consider it influential. Another 49.3% view it as having *minimal* impact, revealing a split in customer perceptions of environmental factors' value contribution.

Figure 3.2.1.(j) Graphical Representation of Likelihood to Recommend an Eatery Based on Ambience, Layout, and Décor

To what extent would you recommend an eatery based solely on its ambience, layout, and décor?
75 responses
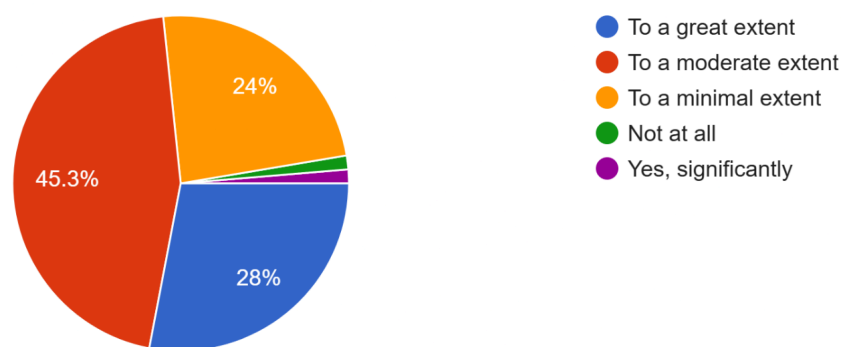
This analysis of 75 responses shows that 45.3% would recommend an eatery based on ambience, layout and decor *to a great extent* and 24% *to a moderate extent*, totaling 69.3% who value atmosphere highly. Another 28% see it as *minimally* influential, confirming visual appeal as a key driver of word-of-mouth.

Figure 3.2.1.(k) Graphical Representation of the Impact of Cleanliness and Hygiene on Perceived Value

How much does the cleanliness and hygiene of an eatery influence your perception of its value?
75 responses
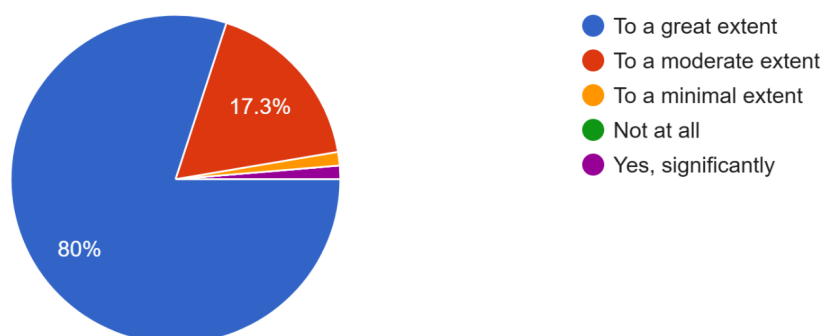
This analysis of 75 responses shows that 80% believe cleanliness influences value to a great extent and 17.3% to a moderate extent, totaling 97.3% who deem hygiene critical. This near-unanimous response positions cleanliness as non-negotiable for value perception.

This analysis of 75 responses shows that 56% say lighting/temperature affects their experience to a great extent and 36% to a moderate extent, totaling 92% who consider these factors significant. Only a small minority dismiss their importance.
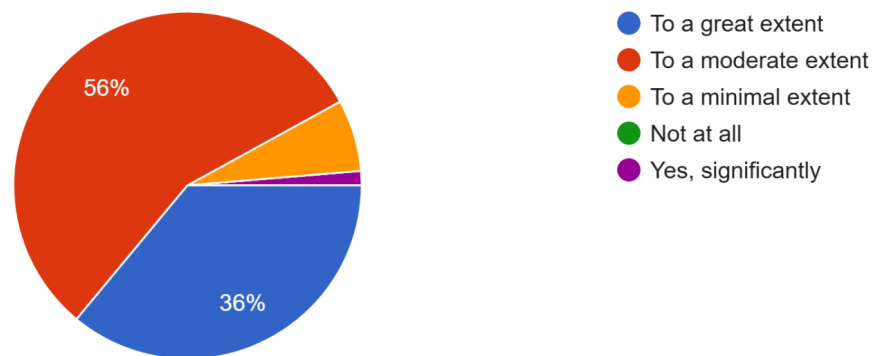
Figure 3.2.1.(l) Graphical Representation of the Impact of Lighting and Temperature on Dining Experience

To what degree does the lighting and temperature of an eatery affect your dining experience?
75 responses

The majority of respondents (56%) indicated that lighting and temperature affect their dining experience to a moderate extent, while 36% stated it impacts them to a great extent. A smaller portion (6.7%) felt it mattered to a minimal extent, and only 1.3% reported a significant impact under a separate option. No respondents selected "Not at all", suggesting that environmental comfort plays at least some role in shaping overall dining experiences.

Figure 3.2.1.(m) Graphical Representation of Return Intentions Based on Décor and Ambience

How likely are you to return to an eatery based on its decor and ambiance?
75 responses
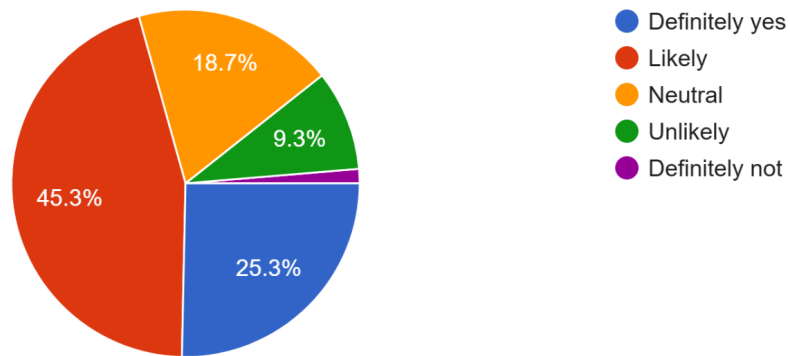
This analysis of 75 responses shows that 45.3% would *definitely* return due to decor/ambiance and 18.7% are *likely* to (64% combined), while 25.3% are *unlikely*, highlighting decor's strong retention power for most customers.

Figure 3.2.1.(n) Graphical Representation of Return Intentions Influenced by Service Quality

How likely are you to return to an eatery because of the quality of service provided?
75 responses
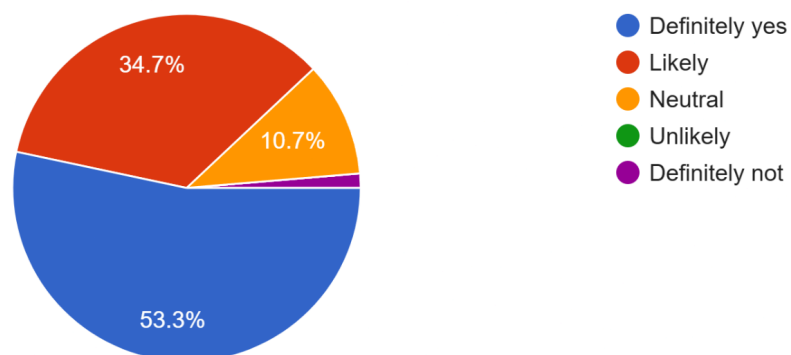
This analysis of 75 responses shows that 34.7% would definitely return for service quality and 10.7% are likely to (45.4% combined), while 53.3% remain neutral, indicating service alone may not guarantee repeat visits without other factors.

Figure 3.2.1.(o) Graphical Representation of the Impact of Aesthetic Appeal on Customer Revisit Intentions

How likely does the aesthetic appeal of an eatery influence your decision to return?
75 responses

- Definitely yes
- Likely
- Neutral
- Unlikely
- Definitely not

25.3%
37.3%
33.3%
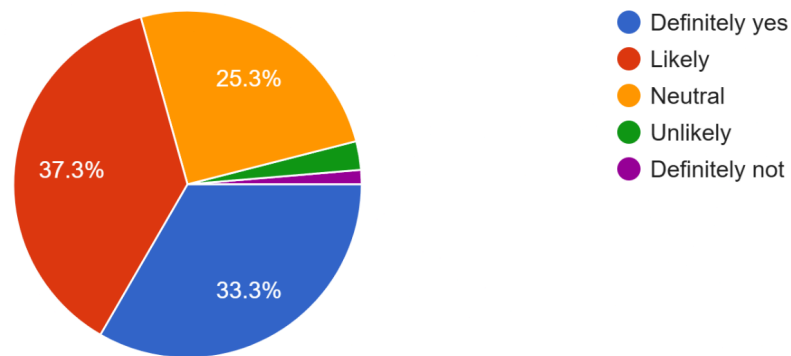
This analysis of 75 responses shows that 25.3% would *definitely* return for aesthetics and 37.3% are *likely* to (62.6% combined), with 33.3% *neutral*, confirming visual appeal strongly influences customer retention.

Figure 3.2.1.(p) Graphical Representation of Recommendation Intent Based on Overall Atmosphere and Ambience

How likely are you to recommend an eatery to others based on its overall atmosphere and ambiance?
75 responses

- Definitely yes
- Likely
- Neutral
- Unlikely
- Definitely not

45.3%
13.3%
38.7%
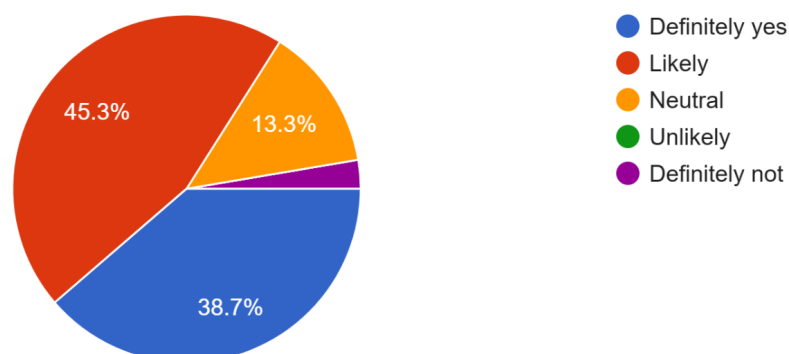
This analysis of 75 responses shows that 45.3% would *definitely* recommend an eatery based on atmosphere and 13.3% are *likely* to (58.6% combined), while 38.7% remain *neutral*, proving ambiance's direct link to customer advocacy.

CHAPTER 4
FINDINGS, SUGGESTION AND
CONCLUSIONS

4.1 FINDINGS

The study, based on 75 responses, aimed to explore how various servicescape elements such as ambience, layout, décor, service quality, aesthetics, lighting, and hygiene influence consumer perception and their sense of value in dining experiences. The findings are summarized as follows:

Key Findings

1. **Lighting**

64% of respondents considered lighting highly critical (46.7% extremely important; 17.3% very important). Notably, no one dismissed its role—highlighting its strong psychological influence on dining ambience.

2. **Décor**

69.3% found décor extremely or very significant when choosing a restaurant. This reinforces its role as a key aesthetic and emotional trigger in forming first impressions.

3. **Staff Attitude**

An overwhelming 93.3% rated staff behavior as extremely or very significant, underlining that human interaction is one of the strongest drivers of a positive dining experience.

4. **Restroom Hygiene**

Nearly all respondents (94.7%) considered hygiene non-negotiable, showing it's foundational to value perception—especially in an Indian context where sanitation awareness is growing.

5. **Seating and Comfort**

81.3% rated comfortable seating as very or extremely significant, further proving that spatial layout and physical comfort are integral to perceived value.

6. **Overall Servicescape Impact on Value for Money**

Responses were split—49.3% felt servicescapes significantly impacted value, while another 49.3% saw minimal influence. This divergence reflects the "illusion" element of the study: perception is subjective and not always aligned with actual utility.

7.   **Ambience/Layout/Decor and Recommendations**

69.3% said they would recommend an eatery based on ambience and layout alone, confirming these as influential in generating word-of-mouth and brand loyalty.

8.   **Cleanliness and Perceived Value**

97.3% felt hygiene played a significant role in value perception. Cleanliness, much like staff behavior, emerges as a hygiene factor—essential rather than optional.

9.   **Lighting and Temperature**

92% felt these significantly impacted their dining experience, with comfort-driven ambience playing a critical role in mood and satisfaction.

10.   **Return Intentions Based on Decor and Ambience**

64% expressed they would return based on ambience, highlighting the environment as a powerful driver of customer retention.

11.   **Service Quality and Return Intentions**

Although 45.4% said they would return for service alone, a notable 53.3% were neutral—implying service must be complemented by ambience or décor to ensure loyalty.

12.   **Aesthetic Appeal and Return**

62.6% said aesthetics influenced their decision to return, affirming visual stimulation as a strong emotional cue.

13.   **Ambience and Customer Advocacy**

58.6% would recommend a restaurant based solely on atmosphere, showcasing how sensory design elements translate directly into customer endorsement.

4.2 SUGGESTIONS

Based on the above findings, the following actionable suggestions are made for eateries:

1. **Invest in Ambience & Lighting**
   Subtle, well-thought-out lighting and temperature control can greatly enhance perception and mood, making customers more likely to return or recommend.

2. **Prioritize Staff Training**
   A friendly, attentive staff not only improves service quality but can also uplift the entire dining experience. Soft skills should be part of regular training.

3. **Maintain Impeccable Cleanliness**
   Especially in the Indian context, hygiene continues to be a deal-breaker. Restroom cleanliness and visible hygiene practices create trust and reliability.

4. **Design for Comfort**
   Ergonomic seating and thoughtfully spaced layouts directly affect how long customers stay and how satisfied they feel. Compact does not mean cramped.

5. **Balance Aesthetics with Functionality**
   Décor should not only be visually appealing but also align with the restaurant's theme, target audience, and functionality—offering a consistent sensory experience.

6. **Highlight Servicescape in Branding**
   Since ambience drives recommendation and return, eateries should actively promote their visual and sensory strengths on social media and in promotional material.

4.3 CONCLUSION

The findings of this study affirm a compelling truth in the food service industry: diners are not simply consuming meals—they are consuming *experiences*. The servicescape of an eatery—its ambience, décor, layout, lighting, cleanliness, and service cues—has proven to be a powerful construct in shaping consumer perception, influencing not only immediate satisfaction but long-term loyalty and brand advocacy.

Across all key variables studied, a striking pattern emerged: the environment in which food is served often holds as much, if not more, influence over customer perception than the food itself. This was reflected in several core findings—64% of respondents stated they would return solely based on décor and ambiance, while 58.6% would recommend an eatery primarily because of its atmosphere. Cleanliness was nearly unanimously deemed non-negotiable, with 97.3% affirming its direct link to perceived value. Interestingly, while service quality remains vital, it was not as powerful a predictor of return visits or recommendations as environmental aesthetics and emotional cues.

This reveals a significant shift in what today's consumer values: not just taste or price, but the totality of the experience. The servicescape, then, is more than a backdrop—it is an active participant in the value proposition. It engages the customer even before a dish arrives, and it continues to influence memory, satisfaction, and word-of-mouth well after the meal ends.

Even more noteworthy is that diners are *aware* of these influences. When directly asked, over two-thirds of the respondents acknowledged that elements like décor, temperature, and lighting shaped their dining decisions. This self-awareness stands in contrast to traditional economic models, where consumers are presumed to behave rationally based on tangible attributes like price and quality. What this study uncovers is the deeply psychological nature of dining—how design, ambiance, and emotional comfort subconsciously steer choice and evaluation.

In this context, the servicescape functions as a **built-in marketing tool**. A well-crafted environment does not need loud advertisements—it silently communicates quality, care, and intent. It invites customers, retains them, and encourages them to become informal promoters of the brand. Beautifully designed spaces are photographed, shared, and reviewed, allowing the restaurant to market itself organically through the impressions it creates.

Moreover, this research highlights that customers remember how a place made them *feel* more than they recall the specifics of a dish. Emotional memory—fostered by warm lighting, curated music, appealing décor, or staff demeanor—has a stronger recall than the menu itself. When restaurants manage to align all sensory elements into a cohesive experience, they build not just satisfaction but *emotional resonance*.

For restaurateurs, this offers a strategic insight: investing in servicescape design is not just an aesthetic decision—it is a growth strategy. It can:

- Differentiate a brand in a saturated market,
- Justify higher pricing,
- Encourage longer stays and return visits
- And turn casual diners into brand advocates.

In the end, this study emphasizes that dining is no longer only about consumption—it is about connection. The most successful eateries are not merely food providers; they are storytellers, emotion creators, and experience curators. In an age where shareability and emotional impact drive engagement, the *illusion of value* created by the servicescape is no illusion at all—it is a core part of how value is defined.

We do not dine with taste buds alone—we dine with our eyes, our ears, our emotions, and our instincts. And it is those restaurants that master the language of space, design, and experience that will truly stand out in today's competitive dining landscape.

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ANNEXURE

QUESTIONNAIRE

1. What is your age group?

- Below 18
- 18-30
- 31-45
- 46 and above

2.What is your monthly income?

- Below ₹20,000
- ₹20,000–₹40,000
- ₹40,000–₹60,000
- Above ₹60,000

3.What is your gender?

- Male
- Female
- Other

4.What type of area do you usually visit when dining out?

- Urban
- Suburban
- Rural

5.How important is lighting in creating a positive dining experience?

- Extremely Important
- Very Important
- Moderately Important
- Slightly Important
- Not Important

6.How important is the noise level in an eatery to your overall dining experience?

- Extremely Important
- Very Important
- Moderately Important
- Slightly Important
- Not Important

7.How important is the comfort of the temperature in most eateries?

- Extremely Important
- Very Important
- Moderately Important
- Slightly Important
- Not Important

8.How significant is the visual appeal of the décor in enhancing your dining experience?

- Extremely Significant
- Very Significant
- Moderately Significant
- Slightly Significant
- Not Significant

9.How significant is the décor of an eatery in influencing your decision to visit it?

- Extremely Significant
- Very Significant
- Moderately Significant
- Slightly Significant
- Not Significant

10.How significant is the staff's attitude and friendliness in creating a positive dining experience?

- Extremely Significant
- Very Significant
- Moderately Significant
- Slightly Significant
- Not Significant

11.How significant is the staff's ability to handle complaints or special requests in influencing your perception of service quality?

- Extremely Significant
- Very Significant
- Moderately Significant
- Slightly Significant
- Not Significant

12.How significant is the cleanliness and hygiene of the eatery's restrooms in shaping your perception of its service quality?

- Extremely Significant
- Very Significant

- Moderately Significant
- Slightly Significant
- Not Significant

13.How significant is the availability of sufficient seating and comfortable furniture in ensuring a pleasant experience?

- Extremely Significant
- Very Significant
- Moderately Significant
- Slightly Significant
- Not Significant

14.How significant is the variety of menu options (e.g., vegetarian, vegan, gluten-free) in influencing your satisfaction?

- Extremely Significant
- Very Significant
- Moderately Significant
- Slightly Significant
- Not Significant

15.How significant is the ease of communication with staff (e.g., language proficiency, clarity) in creating a positive impression?

- Extremely Significant
- Very Significant
- Moderately Significant
- Slightly Significant
- Not Significant

16.To what extent do you think the overall value for money is impacted by the 'servicescape' (decor, service quality, aesthetics etc:) of an eatery?

- To a great extent
- To a moderate extent
- To a minimal extent
- Not at all

17.To what extent would you recommend an eatery based solely on its ambience, layout, and décor?

- To a great extent
- To a moderate extent
- To a minimal extent
- Not at all

18.How much does the cleanliness and hygiene of an eatery influence your perception of its value?

- To a great extent
- To a moderate extent
- To a minimal extent
- Not at all

19.To what degree does the lighting and temperature of an eatery affect your dining experience?

- To a great extent
- To a moderate extent
- To a minimal extent
- Not at all

20.To what extent does background music or noise levels in an eatery shape your overall impression?

- To a great extent
- To a moderate extent
- To a minimal extent
- Not at all

21. How likely are you to return to an eatery based on its decor and ambiance?

- Definitely yes
- Likely
- Neutral
- Unlikely
- Definitely not

22. How likely are you to return to an eatery because of the quality of service provided?

- Definitely yes
- Likely
- Neutral
- Unlikely
- Definitely not

23. How likely does the aesthetic appeal of an eatery influence your decision to return?

- Definitely yes
- Likely
- Neutral
- Unlikely
- Definitely not

24. How likely are you to recommend an eatery to others based on its overall atmosphere and ambiance?

- Definitely yes
- Likely
- Neutral
- Unlikely
- Definitely not