A STUDY OF VIABILITY OF OPENING SPORTS THEMED RESTAURANTS IN METROPOLITAN CITIES

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ABSTRACT

Sports-themed restaurants are the leisure places that combine fun activities related to sports such as pool, football, bowling with food and beverage. Some of the world's best sports-themed restaurants are ESPNZone, Underdoggs grills and Amoeba and the research is based to know the feasibility and profitability of opening sports- themed restaurants in metropolitan cities and aims to identify the possibility of providing a distinct service in the restaurant business for sports lovers. The scope of this study has been restricted to the people belonging to the age 16-40, as they are expected to be the primary customers of the place. The research evaluates the customer's willingness to pay extra for the services being offered in a sports-themed restaurant. The purpose is to segment the customers and see the correlation in the segments with income levels, occupation, etc. and also to determine the facilities that are most desirable in such restaurants i.e. whether the presence of gaming facilities are more important or good quality food and drinks, ambience, etc. play more significant role. For this survey, primary data is being collected using random sampling technique; the survey is done online in a structured format in New Delhi. After the survey was done, it was found that most of the people are willing to pay the extra amount for the extra facilities being provided by a sports-themed restaurant. The extra facilities demanded by them are games rather than food and ambience

Keywords: customer experience; income; metropolitan; themed restaurant; willingness to pay.

Introduction:

The metros in India have witnessed a growing surge in population as well as in disposable income of its residents. It has led to opening up numerous opportunities of businesses. People are willing to pay a premium for distinct services, food and leisure. Numerous restaurants, shopping malls, multiplexes and other means of entertainments have opened up. However, to be successful, there is a need to have differentiating factor. India, especially the metro cities are also home to sports lovers who are looking for opportunities of entertainment which involve games, etc.

Sports-themed restaurants are the leisure places that combine fun activities related to sports such as pool, foosball, bowling and the need for quality food and beverage. Some of the world's best sports-themed restaurants are ESPN Zone, Hard Rock Café, under doggs, Amoeba, etc. Earlier they were popular only in the western countries. However, there has been surge in such restaurants in India especially in metros like Delhi, Gurgaon, Pune, Mumbai, Bangalore, etc. This research aims to identify the possibility of providing a distinct service in the restaurant business for sports lovers.

Critical Review of literature and research gap identification:

This section will review the contributions of many researches which have helped in bringing this research forward. Though research has not been conducted on this topic but many research papers provide a basis of this research.

Stepping up the plate with a sports-themed concept by Stephen Tylor, published in Lodging Hospitality magazine in 1998, this article analyses the profitability of the restaurants based on winning teams and the strategies they have adopted for promotion. Consumers Preferences towards Restaurants: Examining Their Homogenity by Dr. Yogesh Upadhyay, Dr. Shiv Kumar Singh and Mr. Dhiraj Sharma published in the journal Advances in Consumer Research in 2009. This paper analyses Indian consumers 'preferences towards restaurants

and segments them on the basis of these preferences. Research paper by Sarah Tanford and Eunju Suh published in International Journal of Contemporary Hospitality Management (2013), How Restaurant Variety Indirectly Impacts Gaming for Different Casino Worth Segments Casino explains how dining experiences appeal to the tastes of different customers. Here two hotel casinos were taken as samples hence the research is limited to casino games only. It gives an insight to the indirect gaming and dining relationship in different restaurant types. If we talk about sports tourism instead of sports themed restaurants a noteworthy research paper, Sport Tourism: a Framework for Research by T. D. Hinch and J. E. S. Higham published in International Journal of Tourism Research in 2001 studies various features of sports which help in attracting tourists.

Research Methodology:
Problem Statement:

To evaluate the viability and benefits of opening Sports-themed restaurants in metropolitan city.

Scope of the Study:

For the purpose of this study, the scope has been restricted to the people belonging to the age 16-40 as they are the ones who are expected to be the primary customers of the place. Since the research topic focuses on viability of opening a sports-themed restaurant in a metro, in the current study New Delhi the scope is limited to responses gathered from people living/lived in New Delhi.

Research Objective:

The primary objective of the research is to evaluate the customer's willingness to pay extra for the services being offered in a sports-themed restaurant. The purpose is to segment the customers and see the correlation in the segments with income levels, occupation, age, etc.
The secondary objective is to determine the facilities that are most desirable in such restaurants i.e. whether the presence of gaming facilities are more important or other things like quality of food and drinks, ambience, etc. play more significant role.

Conceptual Model:

For the purpose of the research, the food facility being offered was specifically told to be of barbequed type and drinks will be mostly the mock-tails, juices in non-alcoholic category and restricted to beer in the alcoholic ones.
The ambience would involve the interior arrangements, lighting, and the presence of LCD screens playing popular sports matches such as cricket, carom, hockey, football, etc.
Fun games involve games which generally do not require practice or skill such as indoor basketball, Air-hockey, videogames, etc. Skill games are the games that require more training and skill and also require significant investments such as bowling, pool, foosball, etc.

Variables:

Following are the variables used in the study:
Independent variables include Age, Income, Occupation and Enthusiasm/passion for sports.

Dependent variables include Willingness to pay and Facilities needed to be offered.
Moderating variable include Sports climate and Regional sports culture
Intervening variables include Ambience
Interfering variables include Mood and Attitude
Extraneous variables include Frequency of entertainment visits to sports complexes. , Frequency of visits to restaurants and Food characteristics – vegetarian/non-vegetarian

Selection of Sample:

The geographical area that has been identified for carrying out research is New Delhi due its cosmopolitan character and ushering leisure and restaurant business. The samples will be between 16-40 years of age as they are expected to be the primary customers. The sample is expected to represent the metropolitan youth both men and women who have significant disposable income. The sample size is around 35.

Hypothesis:

The various null and alternative hypotheses that are being explored in this research are:
Hypothesis 1:
H0: There relationship between income of the customer and willingness to pay for availing such services is not significant.
H1: The relationship between income of the customer and willingness to pay for availing such services is significant.
Hypothesis 2:
H0: The relationship between sports enthusiasm and willingness to pay for availing such services is not significant.
H1: The relationship between sports enthusiasm and willingness to pay for availing such services is significant.
Hypothesis 3:
H0: The relationship between occupation of customer and willingness to pay for availing such services is not significant.
H1: The relationship between occupation of customer and willingness to pay for availing such services is significant.
Hypothesis 4:
H0: All the factors i.e. ambience, gaming facilities, location, quality of food, and music are equally important for customers.
H1: All the factors i.e. ambience, gaming facilities, location, quality of food, and music are have different importance for customers.

Methodology:
Questionnaire:

The questionnaire has been developed using the laddering technique. The Attribute-Value-Consequence chain had been developed after physically administering the questions on a sample in the Underdoggs Sports Bar & Grill in Ambience Mall, Vasant Kunj, New Delhi in Feburary,2013. The pre-test instrument thus prepared has been remodeled in the form of a questionnaire for Data Analysis.

Data Collection:

Primary Data is being used. Data has been collected using random sampling technique. Some of the data collection has

been done through personal administration through structured personal interview in the Underdoggs Sports Bar & Grill in New Delhi. Other respondents have been administered questionnaire via internet. Key variables are in the form of a Likert scale on the rating of 1-5. The age of the respondents is on interval scale. The income group is divided into 5 categories and the occupational status is student, unmarried professional, married professional or businessmen/entrepreneurs.

Data Analysis Plan:

The statistical tools used for analysis of primary data obtained through questionnaire and interviews are as follows:

Spearman's Rank Correlation Test:

It is a non-parametric measure of statistical dependence between two variables. It tells how well the relationship between two variables can be described using a monotonic function. The test is being used here as the data is enumerative in the form of ranks.

Friedman Test For A Randomized Block Design:

The Friedman test is a non-parametric statistical test used to detect differences in treatments across multiple test attempts. The steps involve ranking each row (or block) together and then considering the values of ranks by columns.

Data Preparation, Analysis and Interpretation:

The Fig 1 shows the classification of respondents according to their occupation.
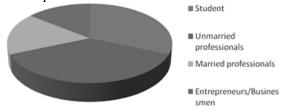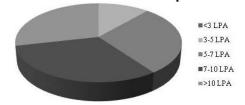

Figure 1: Classification of Respondents According To Their Occupation

The income group of the respondents is shown in the Fig 2.

Figure 2: Classifications of Respondents According To Their Income Group

Data Analysis and Validation of Hypothesis:
Hypothesis 1:

The first hypothesis is given as
H0: The relationship between income of the customer and willingness to pay for availing such services is not significant.

H1: The relationship between income of the customer and willingness to pay for availing such services is significant.

Method Used:

Spearman's correlation method is used between the income and the willingness to pay for availing such services. The results are given in TABLE 1.

Table 1: Spearman's Correlation between the Incomes and The Willingness To Pay

Correlations				Income	Willingness to pay
Spearman's rho	Income	Correlation Coefficient		1.000	.843**
		Sig. (2-tailed)		.	.000
		N		35	35
	Willingness to pay	Correlation Coefficient		.843**	1.000
		Sig. (2-tailed)		.000	.
		N		35	35
**. Correlation is significant at the 0.01 level (2-tailed).					

Interpretation:

On the basis of this test, it is evident that alternate hypothesis is true and that higher the income of the respondents, the more willing they are to pay extra.

Hypothesis 2:

H0: The relationship between sports enthusiasm and willingness to pay for availing such services is not significant.
H1: The relationship between sports enthusiasm and willingness to pay for availing such services is significant.

Method used:

Spearman's correlation method is used between sports enthusiasm and the willingness to pay for availing such services. The results are given in Table 2.

Table 2: Spearman's Correlation between Willingness To Pay and Sports Enthusiasm

Correlations			Willingness to pay	Sports enthusiasm
Spearman's rho	Willingness to pay	Correlation Coefficient	1.000	.103
		Sig. (2-tailed)	.	.556
		N	35	35
	Sports enthusiasm	Correlation Coefficient	.103	1.000
		Sig. (2-tailed)	.556	.
		N	35	35
**. Correlation is significant at the 0.01 level (2-tailed).				

Interpretation:

On the basis of this test, it is evident that alternate hypothesis cannot be validated and hence no significant relationship between passion for sports and willingness to pay extra can be established.

Hypothesis 3:

H0: The relationship between occupation of customer and willingness to pay for availing such services is not significant.
H1: The relationship between occupation of customer and willingness to pay for availing such services is significant.

Method Used:

Spearman's correlation method is used between occupation and the willingness to pay for availing such services. The results are given as in TABLE 3.

Table 3: Spearman's Correlation between Willingness To Pay and Occupation

			Willingness to pay	Occupation
Correlations				
Spearman's rho	Willingness to pay	Correlation Coefficient	1.000	.618**
		Sig. (2-tailed)	.	.000
		N	35	35
	Occupation	Correlation Coefficient	.618**	1.000
		Sig. (2-tailed)	.000	.
		N	35	35
**. Correlation is significant at the 0.01 level (2-tailed).				

Interpretation:

As evident from the test, there is a high correlation in the occupational status and the willingness to pay extra money for such services.

Hypothesis 4:
H0: All the factors i.e. ambience, gaming facilities, location, quality of food, and music are equally important for customers
H1: All the factors i.e. ambience, gaming facilities, location, quality of food, and music are of different importance for customers

Method used:

The method used is Freidman's test. The results are given in Table 4 and table 5.

Table 4: Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Location	35	3.3429	1.05560	1.00	5.00
Fun games	35	3.9143	.88688	2.00	5.00
Skill games	35	4.1143	.79600	2.00	5.00
Quality food and drinks	35	3.3714	.91026	1.00	5.00
Ambience	35	3.4000	.94558	1.00	5.00
Music and DJ	35	3.2857	.71007	2.00	4.00

Table 5: Test Statistics^a

N	35
Chi-Square	16.655
Degree of freedom	5
Asymp. Sig.	.005
a. Friedman Test	

As evident from the test, the Chi-square value is greater than the critical value and hence there is evidence that all the factors are not equally preferred by the respondents. To find which factors are favored most, we use the following table of ranks.

Table 6: Ranks

	Mean Rank
Location	3.17
Fun games	3.94
Skill games	4.34
Quality food and drinks	3.23
Ambience	3.20
Music and DJ	3.11

Interpretation:

It can be concluded that fun games and skill games are the most needed facilities desired in such restaurants followed by quality of food and drinks.

Major Findings from the research:

The major findings from the research can be summarized as follows
Maximum people belong to the categories that are willing to spend around Rs. 300-400. Hence, the pricing of the products should be done in such a manner so that average price per person on a single visit should come in that range only.
Majority of the customers of such restaurants are sports enthusiastic people of younger age either unmarried students or unmarried professionals. Their interest lies in the gaming facilities being offered by such restaurants than the food, location, or ambience.
Higher aged people belonging to married professionals or entrepreneurs are more interested in having a great ambience and delightful food rather than gaming facilities.
Even if the average income levels of the respondents are low, they would be willing to spend more money if they are sports enthusiasts. Hence, bringing the sports theme in the advertisements and promotion of the restaurant is necessary to attract such segment of people.
Occupational status and income play a major role in determining the amount the people are willing to pay for such services.
The gaming facilities and the food quality should be the focus areas for such restaurants instead of ambience, location or music.

Conclusion and scope for future work:

There is a significant demand in the market for a restaurant based on theme of sports as evident from the average amount the people are willing to pay per person for these types of services. The average amount comes out to be nearly Rs. 374 which is significantly higher than what an average consumer spends on a visit to a restaurant. In general the market

perception is also positive with respect to such a restaurant being opened. The most surprising in the research that location is considered to be very insignificant by majority of the population. Hence, the entrepreneur should do well to consider an inexpensive area in the city and spend more money on building the infrastructure facilities in the restaurants such as games.

While this research has tried to explore the acceptability of such restaurants in the youth of metropolitan cities, it has not been able to explore the various dimensions or perceptions in the youth for such restaurants i.e. if there are several such restaurants offering similar facilities, the consumers will base their decisions on which factors? E.g. if the gaming facilities are similar, then a large chunk of population coming in the clusters giving majority of importance to games will be more willing to go to a restaurant more conveniently located to them than where the best food is offered. Hence, further research can be conducted to determine the dependency relationships between various variables and what factors will be more important in the presence of similar antecedent variables. Another focus area can be the mode of payment i.e. whether the customers would want a-la-carte type of payment or packaged rate which will be cheaper in totality but costlier if the customers are only interested in availing select services.

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Appendix A: Questionnaire form for Sports restaurants

Name:					
Age:					
Occupation: (1) Student (2) Unmarried professional (3) Married professional (4) Businessmen					
Income : (1) < 3 LPA (2) 3-5 LPA (3) 5-7 LPA (4) 7-10 LPA (5) > 10 LPA					
For each item identified below, select the number to the right that best fits your judgment of its quality. Use the scale above to select the quality number.					

Description/Identification of Survey Item	Disagree	Neutral			Agree
1. Watching and playing sports excite you?	1	2	3	4	5
2. Do you think that location of a sports restaurant is most important?	1	2	3	4	5
3. Do you think that presence of indoor fun gaming facilities like indoor basketball, air-hockey, etc. is most important?	1	2	3	4	5
4. Do you think that presence of indoor skill gaming facilities like bowling, pool, foosball, etc. is most important?	1	2	3	4	5
5. Do you think that the quality of food and beverages offered is most important?	1	2	3	4	5
6. Do you think that the ambience of the restaurant is most important?	1	2	3	4	5
7. Do you think that music and DJ is most important?	1	2	3	4	5
8. What is the amount you are willing to spend per person on each visit to such restaurant? 1) <Rs. 200 2) Rs 200-300 3) 300-400 4) 400-500 5) >500	1	2	3	4	5

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