

RIT Croatia

Senior Project

Smart Casual Restaurant Concept

Split Smart Casual Restaurants: Are We Doing The Real Thing?

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## **Abstract**

Smart casual restaurant concept is business approach that combines top quality products with casual atmosphere. It is one of the top growing trends, closely connected with service co-creation and authenticity. This paper investigates in what measure and how successfully do top ranked restaurants is Split apply the concept. To determine the answer, 50 restaurants were observed on TripAdvisor. Data was collected based upon customer reviews and photos. Results showed that 30% of examined results successfully apply the concept, whereas others fail mostly within service quality dimension. Based upon the findings, restaurants applying the trends become market leaders. Others who aspire to become so should improve within service quality and atmosphere design.

## **Key words**

Smart casual, bistronomy, co-creation, authenticity, service quality, restaurant trends, observation

## **Introduction**

The purpose of this paper is to investigate the smart casual restaurant concept and to conduct a research on whether top ranked restaurants in one of the major Croatian tourist destinations, Split, execute this strategy.

In the past few the decades world has witnesses a tremendous change with all economies and all industries being affected, especially the service industry. Industry is generating more of goods and services than at any point in history (Prahalad and Ramaswamy, 2004). The variety of products and services is vast, however the quality of those services is sometimes questionable. Although the competition is becoming more severe, contemporary customers witness a large number of copy cats who offer practically the same services as others, however lower in quality. The role of consumer in today's economy is changing and consumers have evolved. They are becoming more knowledgeable than ever, they have different, global views and they can experiment with variety of products and services. (Prahalad and Ramaswamy, 2004).

The reason behind the change is advancement of technology. We live in the age of internet, which allows consumers to share experiences, learn about different goods and services and have different view than just the one from their own culture. This change is highly affected by globalization, increased connections between people and countries around the world via expansion of international economic ties, exchange of ideas and cultural points of view (Albrow, Martin and Elizabeth King, 1990). Applied to restaurant business, this means restaurant potential

customers can today access information from all around the world. They can learn about the food trends, they know where the best ingredients come from. In other words, restaurant customers of today cannot be fooled.

Furthermore, intercultural globalization causes customers to learn about different cultures, creating a strong wish to try food from different cultures and gastronomies. Globalization, information access and technological change have caused the change in consumers understanding of value. Value has progressed, and the system has changed from company centric to a consumer centric. Consumer's role has changed vastly, from an isolated, uninformed and passive individual, to a connected, knowledgeable and active participant in experience creation process. (Prahalad and Ramaswamy, 2004)

A new paradigm is happening, value creation process has changed. The accent was once on the company, goods and services and things they provide. Now, accent and the focus should be consumer, with his/hers own set of needs and desires. Consumers want to be actively involved and they want to participate in the service creation process. Prahalad and Ramaswamy (2004) have declared this as co-creation process, where both consumer and a company create value which is based on personalized experience. As different as their interests in the relationship can be, the value of each stakeholder cannot exist without the other. When creating value in a restaurant, this is especially evident. There would be no sense if the customer is sitting by the table with an empty plate, nor would it make sense for chefs to make food for no one. Therefore, what customer receives is the basic fulfilment of his/hers needs wrapped in the whole concept of food presentation and the story behind it. However, the value is not so much in the food

anymore, but in the personalized and staged experience during which he or she can as well be educated, make new social connections and create some great memories. The value lies in the experience, not just the food itself. On the other hand, the restaurant receives revenues and the feedback from the customer and which creates new audience through social media.

Next step in the art of a good experience co-creation is unique personal experience. According to Prahalad and Krishnan (2008), experience is all about the personal point of view. Value was once about product, nowadays it is about experiences. Co-created experience is a social movement of the new age. In order for a certain company to be successful and to distinguish themselves from competition, redesigning systems to co-create the value is a must. (Prahalad and Krishnan, 2008) Remarkable restaurant experiences are the ones in which there can be 100 customers at the same time, but each and every one of them feels special.

The process of co creation brings many benefits to both sides. Consumers level of satisfaction is higher because they get exactly what they are looking for. Moreover, it creates new channels of communication for businesses, new ways of generating revenues and new ways to develop their products, because this change has caused for managers to think outside of the box and come up with new ways of conducting business.

There are certain steps in experience co-creation, or how Prahalad and Ramaswamy (2004.) called them, building blocks. Consumers and companies must communicate in many steps of a process, which is called dialogue. Dialogue is described as interactivity, communication, engagement and willingness to act on both sides (Prahalad and Ramaswamy, 2004). It occurs in

some kind of forum, a space where communication is enabled. This step is very important in the restaurant business, since the forum is not only the actual restaurant. Forum is moreover extended to the whole market which creates the base for education and innovation through mass interaction via social media. Chefs communicate their message on the plate, customers via payment and word of mouth where the interaction is flipped back in the cyber space. With the rise of technology, ways to communicate have expanded and managers must use the fact in their own advantage.

Furthermore, consumers want to have access to the products, they want to know the risks and they want transparency. This means – transparent origin of ingredients, educated staff, communicated benefits of certain meals, open kitchen, etc. Restaurants who set an example by conducting transparent, coherently communicated business are the ones who capitalize on possibilities of contemporary economy. The expectation of transparent business is not only contained in personal interaction, it is now expected in any point of business conduction and it is the reality in business today. (Craven, 2015)

In order for experience to be successful, it must be carefully designed. According to Pine and Gilmore (1999) work is theatre. Service managers act as directors and employees as actors. Furthermore, service must be authentic. Consumers of today easily can distinct between real and fake, therefore authenticity is a must. (Pine and Gilmore, 2007) Crucial fact in this case is the choosing the right people to work with. Educated chefs, who do not need to be strictly dressed and known world wide, but rather the accent is on their knowledge and capabilities. In addition communicative, efficient waiters, who take pride in their job are the key to success.

A good experience is about engaging the customers and therefore experience is consisting of four realms, entertainment, escapist, esthetic and educational. Entertainment is purely absorbing through the senses, without actually engaging. Educational is absorbing while participating. In the escapist, the guest is part of the experience and is completely immersed in it. Experience is successful when all four realms are combined and the boundaries between them are blurred. (Pine and Gilmore, 1999) The best experience is created when the customer in the restaurant cannot recognize where the acting stops and reality begins. The goal is to get them so immersed in the experience that they will remember it forever. Combination of food presentation, well planned and executed actions from staff, atmosphere and ability for them to learn something new are the building blocks of a good, well designed restaurant experience.

To conduct secondary research, it is necessary first to explain basic facts about trends in restaurant industry in general. Let's first explain the smart casual concept which is a "social" movement in the restaurant industry brought about by the "liquid modernity" trends of a ubiquitous casualization. Smart casual is about delivering a top quality service, designing top quality experience while maintaining a relaxed atmosphere in a casual environment. In recent times, it has been proven as a really good concept to attract customers. Customers are tired of stuck-up fine dining restaurants with with table cloths and elite customers. Restaurant industry is changing towards a concept in which almost anyone can enjoy top quality food for a reasonable price. (Pearlman, 2013)

Concept of smart casual is closely linked to bistronomy, a blend of casual bistros and sophisticated gastronomy. Bistronomy is concept in which simple and authentic dishes are prepared sophisticatedly and presented with warmth (Bosshart, Muller, Hauser, 2010). While bistronomy was once almost an insult (Samuel 2011), today it is no strange thing for a chef in a bistro to be highly recognized as an expert.

To be able to actually proclaim a restaurant as a smart casual restaurant, one must first understand key features on which to evaluate restaurant success. Based on research paper: According to Mohammad Haghghi, Ali Dorosti, Afshin Rahnama and Ali Hoseinpour (2012), four pillars, or four key points on which to evaluate restaurant success were identified – food quality, environment, service quality and price. Additionally, eWoM (electronic word of mouth) is added, making it totally five pillars on which to evaluate restaurant success. Although goods and services can be perceived as one thing, they can actually be described as set or a group of certain characteristics (Rosen, 1974; Triplett, 1969). These characteristics attract the customer to decide to buy. They include menu design and pricing which lead to customer satisfaction if they are well executed (Annaraud, 2007; Atkinson and Jones, 1994).

Customer satisfaction is very important because it contributes to creation of reputation, which is a critical factor of restaurants success (Soon Yim et al., 2014). Restaurants offer services, which means they cannot be tested before used. Therefore, consumers seek for other people's opinion before making a decision to buy. (Luca, 2011) They use Yelp.com or TripAdvisor.com to find out what others experienced and what to expect.



With the rise of technology, eWoM has become one of the most influential factors in restaurants reputation. Anyone can now find out about offers, menus, décor, etc. People decisions are shaped by blog posts and social media influencers. (Soon Yim et al., 2014)

EWoM is influenced and created by all the rest of the pillars mentioned above. However, it also has other influences, meaning positive service, food quality, environment and affordable price create positive reputation and eWoM, which then again has positive impact on perceiving service as affordable. (Soon Yim et al., 2014)

Now, when five pillars, or five key categories on which to evaluate restaurants success have been identified, key features of bistronomy within these categories must be identified. According Alison Pearlman (2014), key features were identified and described in the table below. eWoM is not included in the table, since it doesn't have any particular features, rather it has to be positive for restaurant to be successful, for the reasons which are described in the Methodolgy.

<b>Food Quality</b>	<b>Environment (atmosphere)</b>
Fresh and best ingredients Originality Presentation Taste	Informal décor Open kitchen Casually dressed staff Communal table
<b>Service Quality</b>	<b>Price</b>
Education Experience immersion Authenticity Attentivity	Affordable

In the primary research top restaurants in Split will be examined on whether they follow smart casual concept. Croatia as a destination is seasonal and the period of business is short. Therefore, it is necessary to have successful business in order to generate revenues in a short period of time. Customers come from mainly developed countries such as USA, UK, Germany, Scandinavian countries, etc. They are well educated and they know what to expect from a certain service. They are willing to spend the money. They stay for shorter terms in a certain city, 3-4 days and they want only top quality experiences. (Tourist Board Split, 2017) When it comes to the restaurant scene in Croatia, menus are more-less still traditional. There are some pioneers of bistronomy and smart casual approach, such as Bokeria in Split.

## Methods

The aim of a primary research of this project was to discover to what extent do top ranked restaurants in Split apply smart casual restaurant concept and how well do they apply it. The reason behind the research lies within the author's interest in the restaurant industry and the belief that Croatian restaurant scene, specifically Split restaurant scene is lacking authentic smart casual restaurants. Based on the above literature review my hypothesis was that restaurateurs take the line of least resistance by avoiding those characteristics of smart casual concept which are hard to accomplish (education dimension within service quality characteristic, originality within food quality characteristic and smart casual atmosphere in general). I also believe that restaurateurs who follow the trends will end up in the 50 places on TripAdvisor and that at least 50% percent of them will be counted as smart casual.

The research on Split restaurants was done in a way of data collection. 50 top ranked restaurants were observed on TripAdvisor and were evaluated upon what was identified as smart casual restaurant characteristics in the secondary research of this project. Restaurants were evaluated upon food quality, service quality, atmosphere and price. For each restaurant, 15 random reviews were read and studied for mentioning some of the elements of smart casual restaurant. Moreover, photos posted both by owners and reviewers were studied to determine if restaurants excel in food presentation and whether they cover the aspects of casual atmosphere.

Within first three characteristics (food, service and atmosphere), 4 dimensions have been identified as crucial ones to be satisfied in order to proclaim a restaurant as a smart casual. Food quality characteristic is consisted of fresh ingredients, food presentation, originality and taste. When it comes to service quality, restaurant needs to fulfil requirements of education dimension, meaning customers are educated about either the food or wine, or techniques in preparation by one of the staff (waiter, sommelier to chef). Furthermore, guests should feel immersed in the experience, and service should be attentive and authentic.

As mentioned few times in this project, atmosphere in smart casual restaurants should be relaxed and obviously casual. That means that in the primary research, the elements looked for were informal décor, informal staff, open kitchen and communal table. When it comes to informal, it means staff are dressed similar to what they would dress in day to day activities (ex. Checkered shirts, jeans, sneakers, etc.), rather than wearing white shirts and bow ties. Moreover, décor should resemble to home, with warm colors, elements of wood and industrial materials (steampunk style). Open kitchen concept is closely connected to education dimension of service quality, and communal table allows customers to come on their own, meet new people in relaxed, casual environment, enjoy fine food and learn something.

The fourth characteristic, the price needs to be affordable. Since TripAdvisor has a system where customers rate the restaurants based upon price, it was fairly simple to determine if price is perceived as affordable by customers. Each property on TripAdvisor is assigned between one and four Dollar signs (\$-\$\$\$\$), meaning one Dollar sign is extremely cheap and four Dollar

signs are extremely expensive. We decided to qualify restaurants with two and three Dollar signs as affordable.

## Data Analysis

Data was gathered and put in a spreadsheet. For each element mentioned in a certain review, (+) sign was assigned, and for each element not mentioned (0) sign was assigned. If a certain element was mentioned in a negative context, (-) sign was assigned. Then the signs were added up, where each (0) cancelled one (+), and each (-) cancelled two (+) signs. If (+) signs prevailed in the end, the graded element was given (+) as a summary of all 15 reviews. Furthermore, 3 out of 4 elements needed to have (+) sign in summary in order to have (+) sign in one of the characteristics. In the end, restaurant had to qualify as positive in all 4 characteristics (food quality, service quality, atmosphere and price) to be counted as smart casual.

After collecting raw data and putting it into spreadsheets, first step was to determine which percentage of examined restaurants qualifies as smart casual. Later on, restaurants that were considered as smart casual were examined to see if there is co-relation between the year of opening and restaurant location. On the other side, restaurants that failed were examined to see what the elements that caused them to fail were. IBM statistical analysis tool (SPSS) was used to determine the correlation between elements where restaurants fail and overall negative result of a restaurant in general. In other words, to determine which elements caused restaurants to fail mostly as smart casual.

This method could also be applied to other cities and locations, since it covers basic elements of what smart casual concept is, independent of geographical location.

## Results

The results found through primary and secondary research helped determining what smart casual concept, what are its characteristics and in what measure and how successfully it is applied. The reason behind it was to see if there is a gap in the market and what can be done in order to improve restaurant offer in Croatia, particularly in Split, since that particular geographical area was of the highest interest to the author.

The results showed that 15 out of 50 restaurants examined qualified as a smart casual, meaning 30% qualify. Hypothesis was that at least 50% percent of the examined restaurants will qualify as smart casual, meaning the result was lower than anticipated. (Figure 1) .When it comes to correlation of the year of opening and being qualified as smart casual, 11 out of 15 smart casual restaurants were open within last 5 years (73%). (Figure 2) .Regarding location, 13 out of 15 are located within city center (86%). (Figure 3).

Results of particular categories showed in which category restaurants mostly failed to be smart casual. (Table 1)

Restaurants mostly failed to fulfill requirements within education dimension (M=1.32), followed by open kitchen concept (M=1.36), presence of communal table (M=1.38), experience immersion (M=1.44) and originality (M=1.46). For these dimension standard deviation was also

among the highest ones. Education dimension showed SD of 0.471, open kitchen concept SD of 0.485, communal table presence SD of 0.490, experience immersion SD of 0.501 and originality showed SD of 0.503. These results show that restaurants need to improve within these dimensions, since they show the lowest mean numbers and highest SD numbers, meaning there are big differences between restaurants.

When it comes to those successful ones, they excelled within dimension of taste ( $M=2.00$ ), attentivity in service ( $M=1.94$ ), price ( $m=1.92$ ) and décor ( $M=1.82$ ). These categories also showed fairly lower standard deviation, with attentivity showing SD of 0.240, price showing SD of 0.274 and décor showing SD of 0.388. These results show restaurants mean numbers are high and SD is fairly low, meaning excellence within these dimensions stretches across most of the restaurants.

Average scores were found within informal staff dimension ( $M=1.66$ ), food presentation ( $M=1.68$ ), authenticity ( $M=1.72$ ) and fresh ingredients ( $M=1.78$ ). These results show that within these dimensions restaurants can easily improve.



## Discussion

Based on the secondary research of smart casual restaurant concept and primary research on how well the concept is applied in Split restaurants, the conclusion is drawn that we can do much more. When I say we, I mean restaurateurs, since I aspire to become a successful one in the future. The main reason behind the research was a belief that there is a gap in the market and that restaurateurs would mostly fail in applying this concept appropriately because of the lack of willingness to learn.

The results denied the hypothesis that at least 50% of top ranked restaurants will turn out to be smart casual, showing that we have still much to do and we still need to learn more in order to stay on track with the trends. Another interesting conclusion drawn from the fact that restaurants who do not follow the trends can still end up within top 50 in Split is that besides the restaurant industry, our tourist board should invest more time attracting top clients. We are lacking knowledgeable hospitality workforce who has necessary knowledge and skills to attract better customers by creating better services, better marketing campaigns and better Croatia as a destination in general.

During the research, limitations of TripAdvisor as a platform upon which a research can be done were identified. Firstly, suggested is that in the category of restaurants, standards on which to evaluate should be established, such as FOOD FRESHNESS, PRESENTATION, TASTE, ATTENTIVITY, DÉCOR, and should be graded same as the restaurant in general (with bubbles). The way TripAdvisor is now, it is very subjective and left to one's personal opinions.

Results confirmed the anticipation that experience creation, education of customers, originality and informality will be the elements where restaurants will mostly fail. Firstly, these are the hardest elements to accomplish. Secondly, we still have a lot to learn to move ourselves from formalities of our culture. Suggested is that we take what is best from our culture and heritage, combine it with best ingredients and wrap it all together in an innovative and sophisticated concept where it becomes truly authentic. That concept called smart casual unfortunately seems a bit unreachable by restaurateurs in Split.

### Appendix

Figure 1.

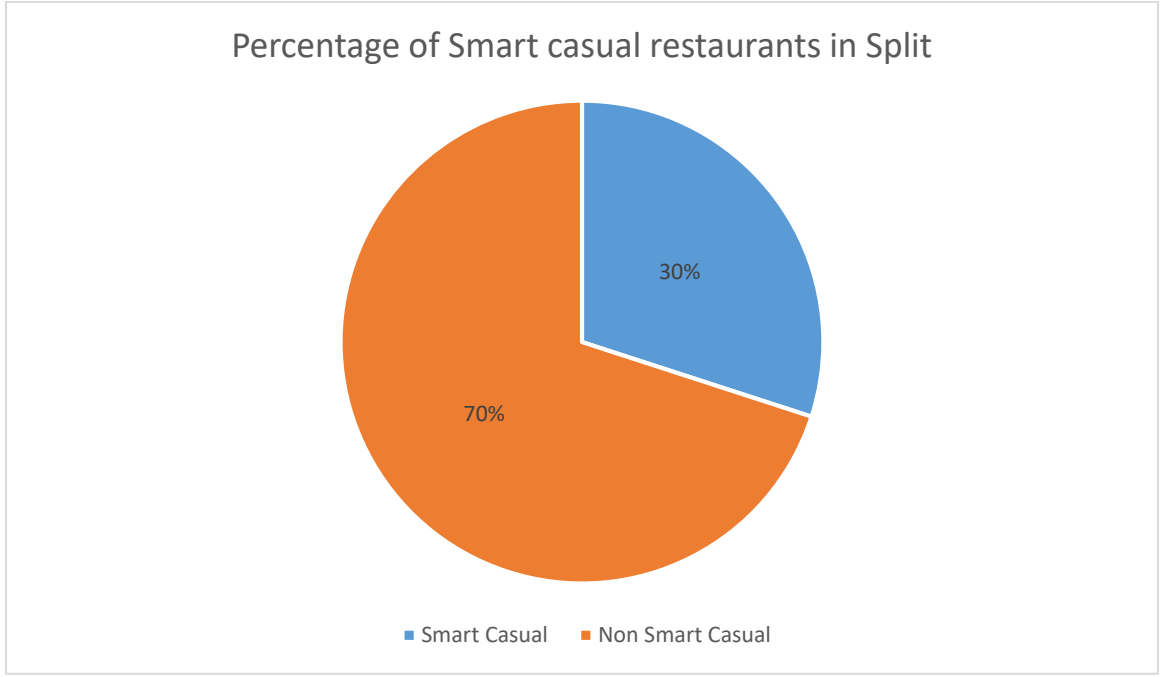


Figure 2.

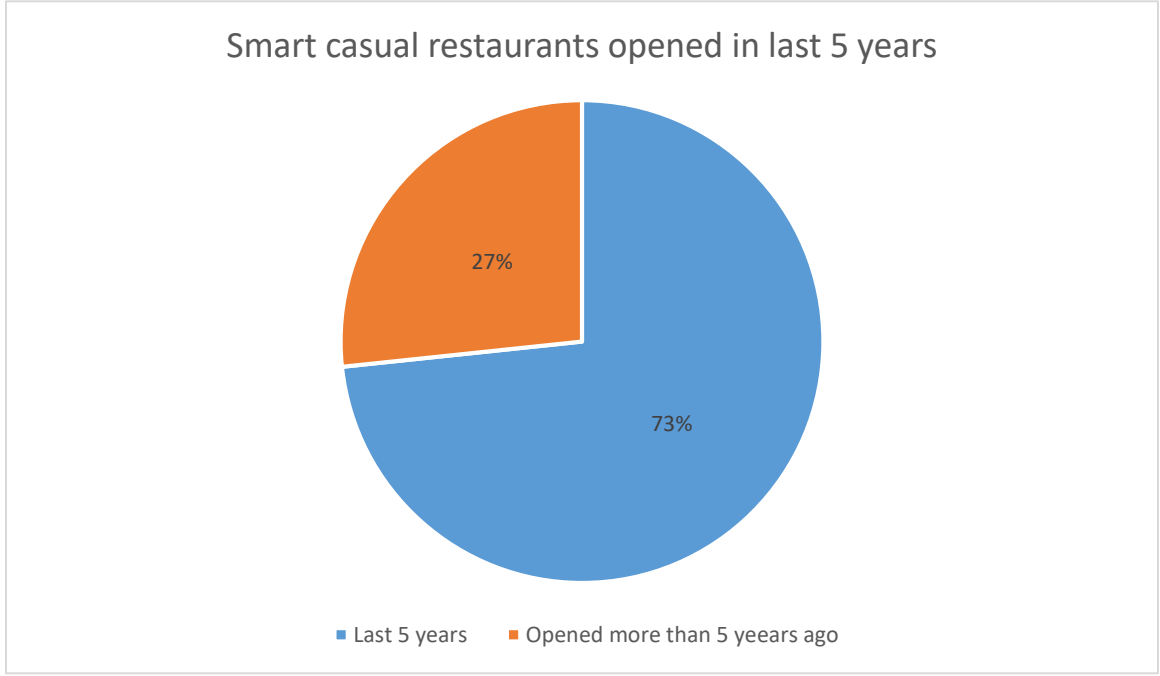


Figure 3.

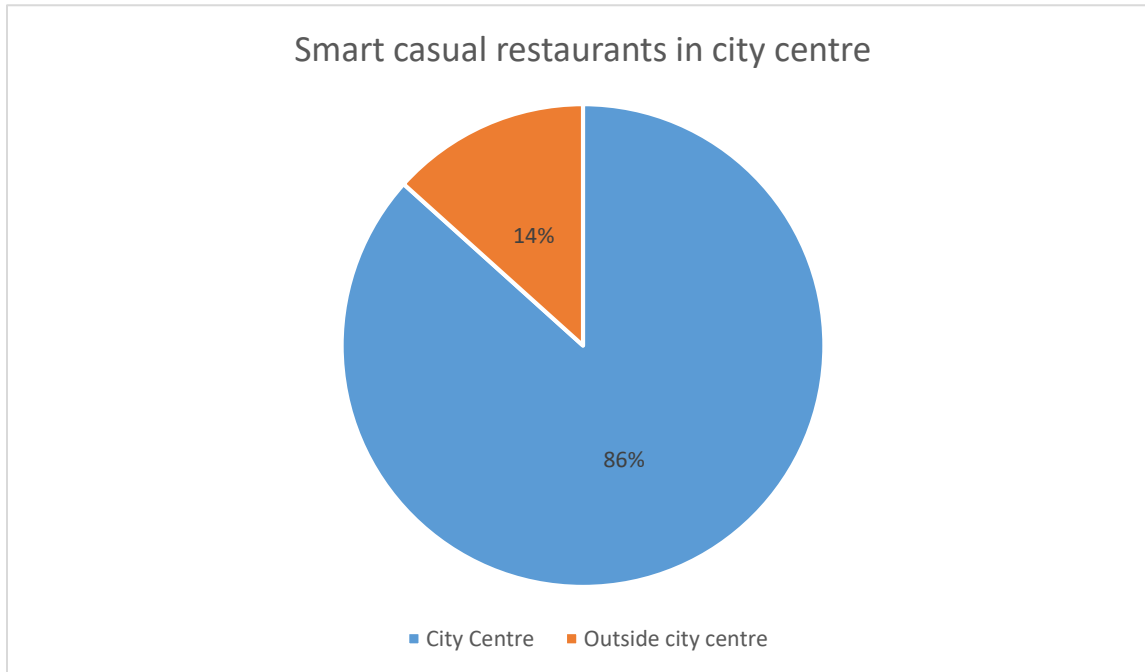


Table 1.

<b>Descriptive Statistics</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
Fresh Indgr	50	1	2	1.78	.418
Authenticity	50	1	2	1.72	.454
Presentation	50	1	2	1.68	.471
Taste	50	2	2	2.00	.000
Originality	50	1	2	1.46	.503
Education	50	1	2	1.32	.471
Experience	50	1	2	1.44	.501
Attentivity	50	1	2	1.94	.240
Informal Décor	50	1	2	1.82	.388
Informal Staff	50	1	2	1.66	.479
Open Kitchen	50	1	2	1.36	.485
Comm Table	50	1	2	1.38	.490
Price	50	1	2	1.92	.274
Valid N (listwise)	50				

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