

Impact of the Physical Environment on Consumer Price Decision of Restaurant Industry in Sri Lanka

I A Livera

Department of Marketing Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka
ianuruddha.livera@gmail.com

Prof Sudath Weerasiri

Department of Marketing Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka
sudath@kln.ac.lk

This research aims to examine the relationships among three components of the physical environment (i.e., décor and artifacts, spatial layout, and ambient conditions) and price decisions in the Sri Lankan restaurant industry. A questionnaire-based survey was conducted to collect primary data from 150 young restaurant visitors using the convenient sampling method. The population of the study will be confined to Gampaha and Colombo districts. Descriptive statistics and statistical tools such as correlation coefficient and regression analysis were employed to analyze the data. The study reveals that all of the above variables have a positive relationship with pricing decisions. According to the Pearson correlation method, ambient conditions and décor, artifacts, and color have the highest relationship with price decisions. The research outcome would help marketing professionals in the restaurant industry, and domestic marketers create their marketing plan and activities. This will also be important to the customers who visit the restaurant to logically evaluate their purchase decisions and identify why they charge a different price. Maintaining favorable physical surroundings helps to create a reasonable price decision in the mindset of customers. Therefore, management should adopt a proper physical environment to make guests more comfortable and increase revenue generation. Today, restaurants have become fashionable, and customers expect a great environment when they visit the restaurant. Thus, the restaurant should use a combination of physical environment factors to impress customers on first sight and change consumer minds positively for price decision.

Keywords: *Consumer Price Decision, Physical Environment, Restaurant Industry*