

**A PRODUCT DEVELOPMENT PROCESS FOR THE FOOD OFFERING
IN A FAMILY OWNED RESTAURANT**



Bachelor's thesis

Valkeakoski Campus, International Business

Autumn 2020

Olti Golemi

International Business
Valkeakoski Campus

Author	Olti Golemi	Year 2020
Subject	Product development process for the food offering in a family owned restaurant.	
Supervisor(s)	Merja Helin	

ABSTRACT

The commission company for this thesis: Family Restaurant & Fast Food, is shifting from a partly fast food offering business into an only traditional Albanian food offering and needs a product offering development process in order to succeed. Numerous companies start as a result of an idea which would make a product or service better, however, companies need to design and develop new offerings in order to stay relevant in the market.

This study aims to analyze how factors such as market, customers, service, etc. impact on the product development process. Specifically, it investigates how can the factors mentioned above help the shaping, testing and launching of the new offering. To gather the information that will help Family Restaurant & Fast Food develop the new offering as an only traditional restaurant, a survey was distributed to customers on the case company's premises and they were asked to respond the questions. The results showed that: Central European tourists and Balkan tourists are the two most important and growing target markets, and that the stated needs were not the only important needs of the respondents.

These results suggest that the new only traditional food offering should include, larger portions, multiple language menus including accurate pictures, traditional music, traditional snacks included in the price etc. Furthermore, Family Restaurant & Fast Food should increase their focus on social media and launch the new offering during the slow months to not affect its sales

Keywords traditional, product, development, process, offering.

Pages 42 pages including appendices 6 pages

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1 INTRODUCTION

1.1 Purpose of thesis and commissioning company

Family Fast Food & Restaurant, is a family-owned restaurant in Ksamil, Saranda, Albania. The company operates during the summer months from May to October. During the highest season, the restaurant hires eight full-time employees along with the family of three. Family Fast Food & Restaurant, offers fast food products as well as traditional Albanian food. When it all started, the company would only offer fast food and grilled products. However, the owners noticed the increasing number of customers interested in traditional food. As a result, the company decided to add on their offering several Albanian traditional food products, which led to success.

Recently, the owners have decided to develop a new offering by only offering traditional Albanian food. The decision was made after noticing that the fast-food sector of the business was very costly and not delivering enough profit. But before making this change to their business, the owners needed a better view on who will be the customer, their needs and wants, preferences but most importantly, how to develop a new product and service selection based on Albanian tradition without making a big mistake which would cost them a considerable amount of capital.

The purpose of this thesis is to develop a new food and service offering for Family Fast Food & Restaurant. In addition, study the market, the way customers behave and their needs and wants, and the company's positioning in the market.

1.2 Research Question and Objectives

The research question which this thesis will answer is 'How can Family Restaurant & Fast Food develop a new product offering?'. As explained later in this thesis, a new product offering is not a completely new product or service but, it can mean an upgraded and improved product or service.

In this study, the author analyses the main theories of product development process together with the factors which influence the process. The main theories used in this study are the overall market, consumer analysis, segmentation and positioning and the product development process. The specific research objectives of this thesis are:

- Study the relevant theory which would help on conducting relevant practical research for Family Restaurant & Fast Food.

- Collect the necessary data to identify the market, customers needs and wants, and valuable information considering the product development process.
- Analyse the collected data to find valuable information which can be used on the development process.
- Use the information collected from the analysis section and recommend how the case company can execute the 'Product development process' in practice.

1.3 Methodology

Research is important to every company and organization, no matter the size of the organization. Organizations collect important, accurate and reliable information regarding the organization while conducting research. Research starts by identifying the topic of the research, strategy and research methods, collecting and analysing data and presenting the results based on the data collected. (Kothari, 2004) (Taylor, Sinha, Ghoshal, 2006)

Furthermore, the data can be divided into primary and secondary data. Primary data is collected by the author and secondary whereas the data, which is provided from research papers, literature etc. is called secondary data. (Taylor, Sinha & Ghoshal, 2006)

The author used a quantitative research method in this thesis. The data in this thesis is based on primary data collected by the author. The author provided the respondents with a questionnaire including structured and open-ended questions in order to get accurate and wide data. The aim was to collect as many responses as possible with customers of Family Restaurant & Fast Food on the company's premises in Ksamil, Saranda, Albania from 27.09.2019-01.10.2019. Participants were given as much time as they needed to fill in the survey anonymously and 14 participants completed the survey while it was viewed from 66 participants.

1.4 Thesis structure

The first chapter of this thesis is the introduction. In the introduction, the author presents the case company and the purpose of this study. In addition, the research question and objectives of the study are described shortly. Finally, the author provides an introduction to the research methods used in this study.

In chapter two, the author presents the first relevant theory. The author presents the definition of the importance of marketing research, the market concept and its' levels and the way market changes.

The third chapter consists of relevant theory regarding customer analysis. The author presents the reader with different factors that can influence the buying behaviour of a customer such as culture, social, personal and characteristics and needs.

Furthermore, in the fourth chapter, the author consists of information about segmentation, positioning and offerings.

The fifth and last chapter of the theoretical framework consists of, new product development process. The author goes through every step in, detail as this is the most important theory which will answer the research question.

Chapter six starts with the author presenting the data collected from the survey conducted. The results are presented in percentages, numbers, and statements from the respondents

The seventh chapter, the author analyses the data collected based on the relevant theory. This chapter aims to understand and interpret the data collected from the questionnaire.

Finally, the eighth and last chapter of the research presents the recommendations and suggestions on how the case company can proceed on developing the new offering in practice. The author uses the data from the previous chapter to give the recommendations.

1.5 Tourism in Albania in numbers

The tourism industry in Albania plays a key role in the economy of the nation. In this paragraph, the ways of arriving in Albania, main destinations, the purpose of visit, expenses and other characters will be described. Also, information about the importance of tourism in Albanian's economy and the number of tourists will be provided. The number of foreign citizens visiting Albania has drastically increased over the years. From approximately 3.2 million foreign citizens in 2013, in 2019 approximately 6.4 million foreign citizens visited Albania. (Ibrahimaj, 2018)

Albania is easily accessible by air, sea or land. From 2013-2017 around 2.1 million foreign citizens have accessed Albania by air. From year to year, an increase of 16,7 percent per year has taken place. Except, 2016-2017, the number of tourists arriving by air increased by 26.5 percent. However, tourists entering Albania through the air only occupy 10 percent of the total arrivals. Furthermore, the number of tourists accessing Albania by sea

has been around 1.3 million which only covers 6 percent of total arrivals. Besides, the number of tourists entering Albania by sea has increased 21 percent from 2016-2017. The number of foreign citizens entering Albania by land covers 84 percent of total inflows for the period 2013-2017. Approximately 17.5 million foreign citizens have entered Albania by land increasing by an average of 10.8 percent per year. (Ibrahimaj, 2018) See Figure. 1.1.

No.	Description	2013	2014	2015	2016	2017
	ARRIVALS OF FOREIGN CITIZENS TOTAL I+II+III	3.256	3.673	4.131	4.736	5.118
I	BY AIR	314	337	401	457	578
II	BY SEA	187	202	215	279	396
III	BY LAND	2.755	3.134	3.515	3.999	4.144

Figure. 1.1. The arrival of foreign citizens by mode of travel in thousand. (Ibrahimaj, 2018)

In 2017, the age group of 25-44 years old was the age group that mostly visited Albania with 42% where with 35% coming second was the age group of 45-64 years old. Furthermore, Kosovars, Macedonians, Montenegrins, Greek, and Italians are the top five foreign citizens visiting Albania. Taking into account only the directly related activities to tourism, an added value of 39 billion Lek (Albanian currency where 124 lek equals 1 euro) was generated. From 39 billion Lek, 25,5 billion lek were directly related to food and drink industries making it, the most important tourism industry. (Ibrahimaj, 2018) See Figure. 1.1

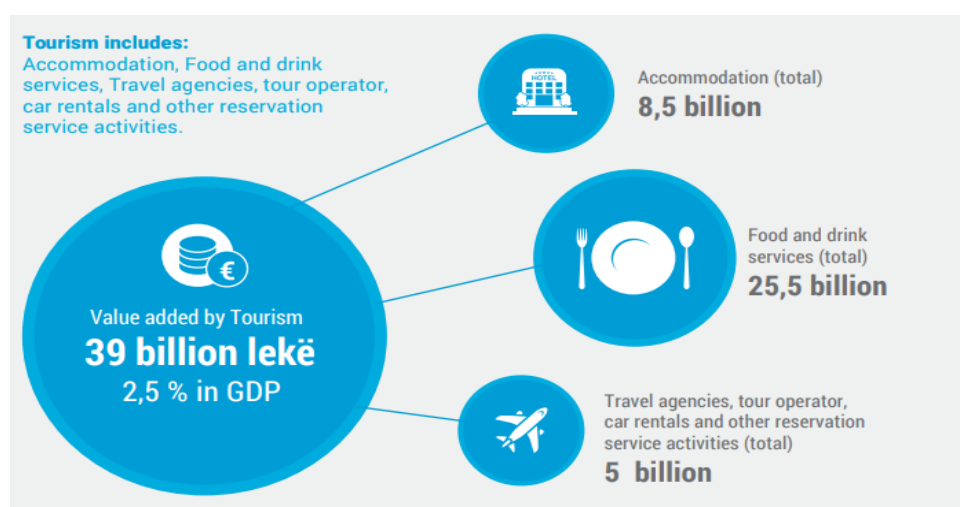


Figure. 1.2. Albanian tourism industry in numbers. (Ibrahimaj, 2018)

2 MARKET RESEARCH

2.1 Market

In order to focus on customers who are ready, able to pay and qualified, companies should narrow their focus by defining the market. The broadest level of definition is called when it comes to the marketplace is called the potential market. The potential market includes all potential customers that are interested in that product or service that the company is offering meaning the maximum number of customers that are interested in the product but not the ones that will buy the product. Furthermore, the potential market includes four subsets: the available market, the qualified market, the target market and penetrated market. (Burk Wood, 2007)

The available market includes all the customers who have access to the company's product as well as the required capital to afford the product. For example, the available market for 'Mercedes-Benz C-Class 6.3 AMG Model' is people who can afford the car and have access to a dealership to see and buy the car.

The qualified available market includes all the customers who are qualified to buy the company's product if there is, product-specific criteria characterising the product. For example, the qualified available market for 'Mercedes-Benz' includes buyers who are of a certain age to sign a legal contract and also be sufficiently credit-worthy to be able to obtain a loan. Target market is conducted by the group of qualified available market customers that an organization decides to focus on, serve. The example of 'Mercedes-Benz C-Class 6.3 AMG Model' will continue at this level too. The target market for this specific car would be, car buyers who are passionate about sports cars can afford and want a car in which operating costs are much higher than a normal C-Class Model.

The penetrated market is perceived as the smallest market of all. In this market customer who has bought or buy a specific type of the product that the company is offering. For the Mercedes-Benz company the penetrated market for its 'C-Class 6.3 AMG Model' would be people who previously owned a sports car categorised at the same level as their model. (Burk Wood, 2007)

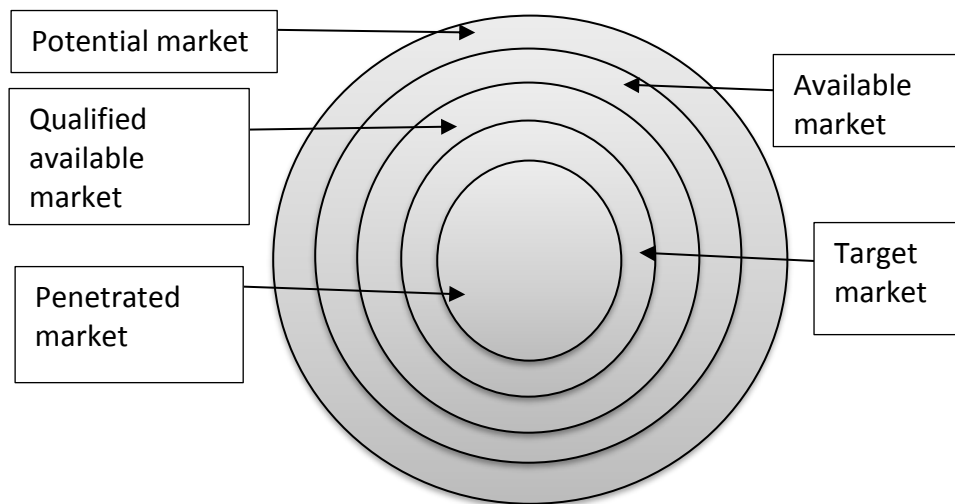


Figure 1.3. Market levels

2.2 Market Changes

There is no existing market which remains the same for a long time. Customers tend to stop or start buying a certain product every day. Besides, several external factors influence market changes as well, this is why detailed research and market trends tracking are needed. Furthermore, two critical changes that directly affect the size, as well as the nature of the market, are:

1. Number of customers. Important information about the number of the consumer population, whether it is increasing or decreasing, needs to be collected. Also important is to know how much it is decreasing or increasing.
2. Purchases. Investigating how the trend in purchases has change is required. (Burk Wood, 2007)

The purpose of this detailed research in these particular fields is, to determine how are they likely to affect customers in the market. For example, the Dutch corporation Philips has its division in India called Philips India. Marketers in India are spotting an increase of the population in India and a massive increase in middle-class customers. Population growth means more hospitals, clinics etc. Adding the increase of the middle class, Philips India has invested heavily to market a new range of medical equipment. (Burk Wood, 2007)

2.3 Market share

Organizations are always interested to know their product's or brand's market share as well as the share that their competitors held. However, companies should remember that market share will always change when the market is growing or shrinking. 'Market share is defined as the

percentage of sales within a market accounted for by a company, brand or product, as calculated in terms of units or money'(Wood, 2007, 53).

Furthermore, by dividing the organization's volume of sales expressed in units or monetary terms by the total market's volume of sales expressed in the same units or monetary terms, companies will be able to calculate their market share. For example, if a company is selling five thousand units of certain products and in the market, there are twenty thousand units sold of the same product in total, meaning that the company plus its competitors have sold twenty thousand units, the company's share would be twenty-five percent ($5000/20000=0,25$ (which in percentage means 25%). (Burk Wood, 2007)

Market share is a 'tool' that helps organizations to spot potential problems or opportunities. Companies tend to at least estimate their product's share to detect any possible shifts. Furthermore, knowing the market share and adding the market change knowledge will help companies by delivering a better picture of what customers and rivals are doing. Also, the combination of market change and market share will provide the company with important information to avoid the company's marketing plan shifting in the wrong direction such as, attracting a market which is shrinking or a market that is being less and less profitable. (Burk Wood, 2007)

3 ANALYSING CUSTOMERS IN CONSUMER MARKETS

Some different factors and experiences can affect what customers buy and how many of the customers buy. What companies should keep in mind is that to understand their customer and develop a profitable market targeting, companies should analyse various factors such as characteristics and needs, cultural elements, social connections, and psychological element. See Table 1.1. (Burk Wood, 2007)

Customer characteristics & needs	Social connections
Demographics such as age, occupation, family status Problem that product will solve Changes in stated/unstated needs Customer- perceived value	Family and friends Work associates Organisations Opinion leaders
Cultural elements	Personal and psychological elements
Culture Subculture Class	Life cycle Lifestyle, psychographic Motivation and attitudes

Table 1.1 Understanding behaviour in consumer markets
(Wood, 2007, p. 55)

3.1 Characteristics and needs

As it is presented on the above-given table (Table 1.1), characteristics, such as age, family, gender, etc. directly affects what customers perceive as needs and are buying. For example, Huggies, a disposable nappies company, markets its products to families with babies. Besides, companies which provide skin-care products market most of their products to females as they are more likely to perceive them as a need than males. (Burk Wood, 2007)

Once companies have information about their customer needs it is time to ask about the problem that customers want to solve by buying this certain product as well as finding unstated needs and wants that can be uncovered through marketing research. (Burk Wood, 2007)

Furthermore, when customers buy products to satisfy their needs, they receive a certain value delivered from the product. The difference that the customers experience between the total benefits delivered from the product and the total price of the product is perceived as value. If a company can deliver more or unique benefits for a price that your customer is paying, is more likely that the customers perceive more value. (Burk Wood, 2007)

3.2 Cultural elements

Customers raised in different culture or country, which share different preferences, beliefs etc. do not have the same wants, needs or buying behaviour. Marketing research helps companies avoid potential misconceptions. (Burk Wood, 2007)

The biggest cause of a person's wants and behaviour is culture. Culture influences on buying behaviour vary from country to country. For instance, when a U.S community was trying to market themselves in Taiwan, they learned how important of a role cultural factors play. The U.S community arrived in Taiwan and started giving out free green baseball caps. Meanwhile, in Taiwan, elections were only one month away and green was the political opposition party's colour. In addition, in Taiwan, men wear green when their wife has been unfaithful. If companies fail to spot and adjust these differences can lead to ineffective marketing. In addition, international marketers should adapt their marketing strategies according to international markets. (Burk Wood, 2007)

Furthermore, shifts to a greater diet, more leisure time, informality, are called cultural shifts. Cultural shifts happen all the time and marketers are to spot the shift and provide the required products. For instance: the cultural shift towards healthier living and eating, has created a market for lower fat food, training clothing or training equipment.

Subcultures are groups within a larger culture where each of these groups shares a particular lifestyle, religion or ethnicity and affect directly buying behaviour. (Burk Wood, 2007)

Also, another influencer consumer behaviour is class distinction where consumers in certain class buy and use a product in a different way. Besides, people in a lower class tend to imitate the buying behaviour of a higher class. (Burk Wood, 2007)

3.3 Social connections

What, how and when consumers buy can also be influenced by social connections such as friends, family members, work colleagues etc. Customers tend to analyse and determine is any of the connections above-mentioned influence a particular product's usage, purchase and how do these connections affect the customer's buying behaviour. As it is mentioned above where customers tend to follow or imitate buying behaviour of another class, others follow buying behaviour of their older siblings, employees imitate their managers etc. (Burk Wood, 2007)

Famous people who possess special skills and are admired by a lot of customers are perceived as opinion leaders as they influence the purchase behaviour of the others. It is not a coincidence that marketers single out these opinion leaders for special marketing promotion of their products or brand. (Burk Wood, 2007)

There is a lot of small groups which can affect a person's buying behaviour. Small groups such as family, neighbours with whom there is a regular but informal interaction are called membership groups. In addition, small groups such as trade unions or religious groups with whom a more formal interaction exists, are called secondary groups. Furthermore, people constantly get influenced by reference groups that they do not belong. For instance, a teenage basketball player hopes that one day he will play for Chicago Bulls, this is what is called an aspirational group.

Reference groups expose people into new buying behaviours, a new selection of products, brands and lifestyle, that's why marketers study the reference groups of their target market to provide the new products before their competitors. (Kotler, Armstrong 1999)

In addition, there are opinion leaders in every reference group and companies need to reach the opinion leaders. Opinion leaders can influence people's buying behaviour because of their special skills, knowledge or other characteristics. For example, Chrysler which is a car company, decided to lend their new cars to 6,000 opinion leaders in 25 cities. In the end, 98% of the opinion leaders, recommended this car to other people and as a result, Chrysler sold out production on the first year. However, the importance of group influence is not as important to every product or brand. Group influence is important when the product is easily spotted and visible. On the other hand, when the product is used privately group influence is not that important as the product is not visible and no one else will notice it beside the customer. (Kotler, Armstrong 1999)

Family is the most important consumer buying organization and family members can play an important role in shaping buying behaviour. In addition, the family has been researched several times where marketers try to find the influence of husbands, wives, and kids on buying behaviour. Husband-wife involvement is mostly depended on the product. However, as lifestyles evolve so can the buying roles. For instance, traditionally wives have been the main buyer for the family in areas such as food, household product and clothing, counting. However, with 70 percent of women having jobs out of their home, this is changing. As a result, marketers constantly research specific patterns in their target markets. (Kotler, Armstrong 1999)

Furthermore, children can play a very important role in shaping and influencing the family's buying behaviour. For example, Chevrolet a car company advertised it's a new family car in a colouring book for kids and also introduced it in malls, where kids could watch their favourite

programs in the back of the car. This made a considerable number of families choosing the Chevrolet instead of competitor vans, as their kids picked the Chevrolet. (Kotler, Armstrong 1999)

Family, clubs or organizations are only some of the groups that a person belongs. Role and status are the two terms that define a person's position in each group. For example, Anna Flores, plays the role of a daughter with her parents, the role of a wife when it comes to her family and the role of brand manager on her company. A role includes the activities that Anna is expected to perform according to the people around her. Her buying behaviour will be influenced by each of her roles.

In addition, a status is carried by every role which is why people choose a product that will show their status in society. (Kotler, Armstrong 1999)

3.4 Personal elements

This category is related to personal elements that can influence the consumer market such as lifestyle, motivation, attitude as well as a life cycle. People are positioned in different life-cycles such as married, divorced, single, single but cohabitating etc. In each of these life-cycles, people have different needs and wants and this turns into potential opportunities. (Burk Wood, 2007)

Over their lifetimes, people change the goods and services they purchase. Age, often, influences the change in food, furniture, or clothing. In addition, the family life cycle plays an important role in shaping a customer's buying behaviour. In order to not lose their customers, companies develop products and marketing plans in terms of each life-cycle stage. Traditionally, family life cycles would include young singles, married couples with children and married couples without resident children. However, nowadays, family cycles include young couples with children, young divorced people with children, divorced middle-aged people with children, older unmarried people etc. (Kotler, Armstrong 1999)

A person's occupation influences the goods and services purchased. For example, white-collar workers will buy more suits than blue-collar workers. A marketer's job is to identify these occupation groups and spot the customers who would be interested in their product. Several companies are specialized in producing products needed by a specified occupational group. For instance, computer software companies design unique products for accountants, lawyers and doctors. (Burk Wood, 2007)

A person's product choice is very closely connected with a person's economic situation. Companies can only redesign, reposition and reprice their product if economic indicators show so.

A person's pattern of living is labelled as lifestyle. Although people can come from the same subculture or social class, they can still have very different lifestyles. AIO dimensions measurement helps companies understand these forces. AIO stands for activities, interests, and opinions. A large number of research firms have developed lifestyle classifications. The most common classification used is 'Values and Lifestyles' or (VALS2). VALS combines demographic and purchases patterns with psychological attitudes. Two are the major dimensions: self-orientation and resources. Self-orientation dimension analyses the patterns of attitudes and activities that help people build their social identities. There are three self-orientations that VALS uses: principle-oriented buyers, status-oriented buyers, and action-oriented buyers. Furthermore, customers within each orientation are classified by their levels of resources. Resources are defined in terms of income, education, health energy and other factors. Finally, if carefully used, the lifestyle concept can assist the marketers to understand changing consumer values and how they influence buying behaviour. (Burk Wood, 2007)

A person's buying behaviour is influenced by the person's distinct personality. *'Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment'* (Kotler & Armstrong, 199, p.145). When marketers analyse consumer behaviour, personality can be very useful.

3.5 Psychological Factors

Motivation, perception, learning and beliefs and attitudes are four major psychological factors which further influence a person's buying behaviour.

A person's needs are divided into biological and psychological needs. Food and water, for example, are biological needs which come as a result of hunger and thirst. On the other hand, psychological needs include recognition, esteem or belonging. Motive, which is also known as drive, is a need that is pressing to direct the person to seek satisfaction. Psychological needs are not strong enough to make the person react at any given moment. Theories of human motivation have been developed during the years from psychologists. Two of the most popular motivation theories are Sigmund Freud's and Abraham Maslow's theories. However, they have quite different opinions on consumer analysis and marketing. (Kotler, Armstrong 1999)

Freud assumed that people are not conscious of the real psychological factors influencing their behaviour. Besides, Freud suggested that people do not fully understand the motive of purchasing a product. For example, when a person buys an expensive camera, the person will describe the motive as wanting it for a hobby. However, at a deeper level, the person

might want an expensive camera to impress others with her hobby. In a deeper, level the person might buy the expensive camera to make the person feel young again. As a result, in-depth information is collected from motivation researchers in order to, understand the deeper motives for buying a product. (Kotler, Armstrong 1999)

Maslow's approach is different. Maslow stated that human needs are arranged from the most important one to the less important. Figure 1.4

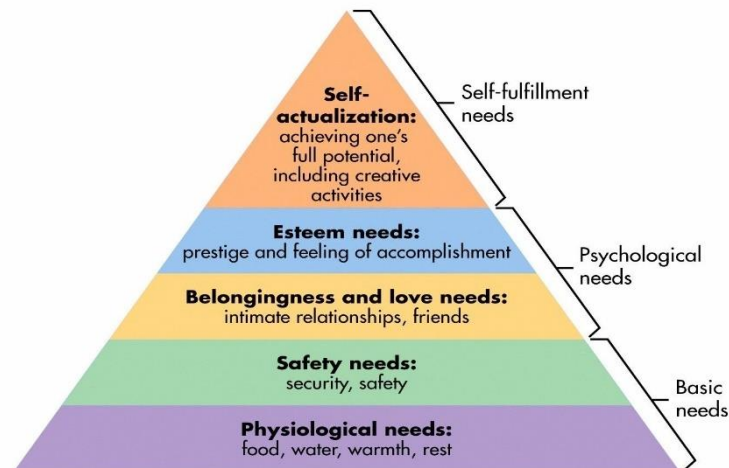


Figure 1.4. Maslow's hierarchy of needs (Kotler & Armstrong, 1999, p. 147)

A person will begin by trying to satisfy the most important need at first. After that need is satisfied, it will not be a motivator anymore so the person will move on to satisfy the next important need. For example a starving person will not show interest in any other product rather than food in order to satisfy the most important need first. (Kotler, Armstrong 1999)

- Perception

Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world. (Kotler & Armstrong, 1999, p.147)

Two people who perceive a situation differently may act very differently from each other even when they are in the same situation and have the same motivators. Selective attention, selective distortion, and selective retention are the three perceptual processes which make people form different perceptions. The process where people ignore most of the information is called selective attention. From thousands of ads per day people will only pay attention to a very small amount of those ads. As a result, marketers should work very hard in order to avoid their ads getting screened out from the customers. (Kotler, Armstrong 1999)

Selective distortion describes the process where people decide to interpret in a way that will support their ideas and beliefs.

Furthermore, select retention describes the tendency of people to only remember the good points about the product they already believe is good and forget the good points of other competing brands. (Kotler, Armstrong 1999)

- Learning

As people act, they learn. The changes in a person's behaviour linked with experience are called learning. Learning happens as a result of the interplay of drives, stimuli, cues, responses, and reinforcement. Marketers can build demand for a product by associating it with strong drives, using motivational cues and providing positive reinforcement. (Kotler, Armstrong 1999)

4 SEGMENTATION, OFFERINGS AND VALUE

4.1 Segmentation, target markets and positioning.

Nowadays, numerous options are offered when it comes to almost every product. There are different kind of bread, cereal, movies, restaurants, cars etc. This is the reason why marketers tend to divide the market into segments. They divide groups of potential customers who may require different product and service mixes by examining differences such as: behavioural, demographic and psychographic, among them. (Kotler et al. 2012)

After the identification of the market segments, the ones that present more potential should be chosen and called the company's target markets. Furthermore, the firm builds a market offering for each target market which positions in the mind of potential customers while delivering wanted benefits. For example, Volvo builds its cars for customers who are firstly concerned about their safety by positioning its vehicles as the safest vehicle the customer can buy. (Kotler et al. 2012)

The term competition includes all the possible direct rivals that offer the same product as you do or potential substitutes in the market. If we try to count companies that have no competition, we would need the fingers of only one hand. In order to properly understand competition, competitor analysis should be performed. Collecting, organising and interpreting of information about actual competitors are what is called competitor analysis. We can see competition in positioning for example. When a company positions its brand in a buyers mind it positions it against other brands which compete to get the same positioning. The knowledge collected through performing competitor analysis is important as you want to have that unique and important positioning on the buyer's mind. (Kotler et al. 2012)

4.2 Offering and brands

Companies respond to customer needs by developing an effective value proposition. The value proposition is a set of benefits which will further satisfy customer needs, which is usually represented by an offering. An offering can be a package which combines various products, services or experiences.

In addition, an offering from a known source is called a brand. Every company wants to develop and build a strong brand image. (Kotler et al. 2012)

4.3 Value and satisfaction

The customer will choose the offering which is perceived as the one which delivers the most value, where tangible and intangible benefits are included adding here the price. Value is perceived as a combination of the product itself, service and price which is called the customer value triad. Product and the service increase the value wherein the other hand price decreases the value. (Kotler, Keller, Brady, Goodman, Hansen 2012)

‘Satisfaction reflects a person’s judgement of an offering’s perceived performance in relation to expectations’. (Kotler, Keller, Brady, Goodman, Hansen 2012, 14). The customer will be disappointed if the product doesn’t match his expectations. If it matches the expectations the customer will be satisfied and if your product exceeds them, he/she will be delighted.

5 DEVELOPING AND MANAGING OFFERINGS

5.1 Introduction

A company needs to have a product which customers want to buy. Numerous companies are started as a result of an idea which would make a product or service better. However, companies need to design and develop new offerings, in order to stay relevant to the market.

In the majority of companies, developing new offerings is a process that never stops. For example, some companies start with a price that the customer is willing to pay and they design the product to match what the customer is willing to pay.

In addition, what needs to always be clear is that a new product can be a new improved product. Companies like Ariel or Capri Sun, for example, they add new technologies or new flavours to their product. (Saylor Academy, 2012)

5.2 The New Offering Development Process

In a continuously changing environment and customers needs and wants, companies must constantly develop new products. Research and development departments play a very important role in developing new products. However, a new product could also be labelled an existing but improved product. (Kotler, Armstrong 1999)

As a result of the desire to be innovative, new product tends to fail at a high rate. A study shows that 80 percent of new consumer packaged product tend to fail. In addition, more than 33 percent of the new products fail at launch.

Although the company could have a good actual idea, the price could be set too high, the target market could be much smaller than expected etc. All the above-mentioned factors could be the reason a certain new product failed. (Kotler, Armstrong 1999)

The solution is a well-planned 'new-product development process'. Figure 1.5 shows the whole process of developing a new product.

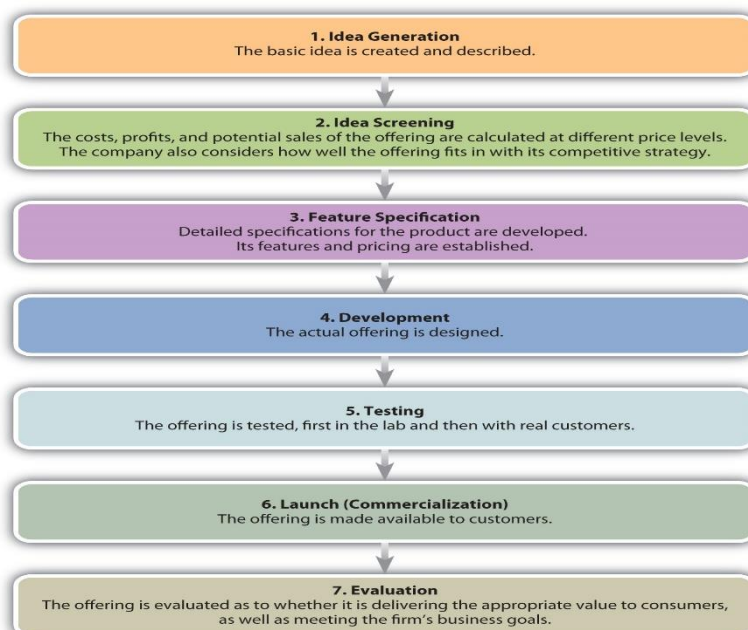


Figure 1.5. The new product development process (Saylor Academy, 2012)

5.3 Idea Generation

Idea generation is the first step in the new product development process. Companies generate hundreds of ideas in order to find the right one. A study was conducted between the product managers to see how many products would reach the market. The result was that out of 100 ideas only 39 made it to the product development process whereas only 7 reached the market. Furthermore, only one out of 100 ideas reached its objectives. Meanwhile, solid sources of new product ideas include distributors, suppliers, competitor, customers, internal sources and others. (Kotler, Armstrong 1999)

For instance, internal sources include manufacturing and salespeople, engineers, scientists and others. Whereas Toyota for example, stated that they get two million ideas submitted from its employees and more than 85 percent are implemented. (Kotler, Armstrong 1999)

Furthermore, listening to the customers is considered as a very important source to get new product ideas. Creating surveys is one of the ways companies can learn more about customers needs and wants. Also, it is common that consumers create uses of their own. For example, Avon discovered a new use of its Skin So Soft bath oil where customer described it as a great bug repellent. Therefore, Avon offered Skin So Soft Suncare Plus which provides insect repellent, waterproof SPF 15 and moisturizers. However, competitors are not less important when it comes to new product ideas. Companies follow their competitors to get ideas about their new products. In addition, they buy products from their competitors and take them apart. Afterwards, they analyze their sales and decide if they

should bring out a new product. For instance, Ford copied Audi, BMW and Toyota when designing Ford Taurus. (Kotler, Armstrong 1999)

Last but not less important, distributors and suppliers can give their contribution to many good new product ideas. By being very close to the customers, resellers can pass information regarding customers problems and new product possibilities. Where on the other hand, suppliers can keep the company updated on their new products, concepts or techniques that can be used in developing a new product. (Saylor Academy, 2012)

5.4 Idea Screening

Idea screening is the first idea-reducing stage in the new product development process. In this stage, ideas get filtered and only the ones that have more potential proceed to the next stage.

As a result of greatly increasing costs on each stage, companies have to move forward only with the ideas that are more likely to succeed. Various companies have decided to have their executives describe the new product idea. In addition, the executives provide an estimation of the market size, competition, price etc. Furthermore, some companies, set a group of general criteria such as the usefulness of the product, if it will help reach the company's goals and objectives, the required resources to produce the product etc. (Kotler, Armstrong 1999)

Some companies conduct concept development and testing at this stage.

- Concept Development

Toyota will be taken as an example in this chapter again. For instance, Toyota decides to commercialize its experimental fuel-cell-powered electric car. This new technology which reduces pollution will give Toyota a great advantage towards competitors. However, the company needs to develop the new product and find out which are the potential target markets and how interested every target market is. Finally, they have to choose the one who is more interested and is able to purchase the product. For example, Toyota developed three very different concepts:

1. A second car which would be used only for short trips, in the town, going at the store or visiting relatives.
2. A sports car which would attract young people and would be medium-priced.
3. An environmental-friendly car which would be practical and low pollution. (Kotler, Armstrong 1999)

- Concept Testing

Concept testing means testing new product concepts with groups of potential consumers. The reason for conducting concept testing is to get customer feedback before launching the product which means, more money spent on an offering that might not satisfy the customer. These concepts can be physical concept products or symbolical. (Saylor Academy, 2012)

Two of the many methods that are used to test concepts include focus groups and depth interviews. These two are research techniques which can be used also in the upcoming stages such as the development process. However, the feedback collected by both methods must be evaluated by people who are representatives of the target market. (Kotler, Armstrong 1999)

Furthermore, the new product concept should also have process feasibility, which is, the degree to which the firm can manufacture and service the product. *“The feasibility analysis allows early feedback on key quality criteria of the forming process.”* Also, process feasibility plays a very important role in financial feasibility as the company’s goals will not be met if the costs of manufacturing or servicing the products can not be controlled. *“A great-looking design is really only great if it works right.”* Above all, at this stage, risk must be analyzed. Two types of risks are investment risk and opportunity risk. (Saylor Academy, 2012)

The possibility that the company will not reach its financial goals and objectives is called investment risk.

Whereas, opportunity risk, is the possibility of better possible ideas which are ignored by the company, as a result of, focusing and investing its resources in the idea at hand. (Saylor Academy, 2012)

5.5 Feature Specification

On this next step, the company focuses on which features are considered more important to the customer at different price points. The firm narrows down the product’s features in correlation with the price. For instance, some customers desire a premium version of the product which will cost more and have extra features where, on the other hand, some customers desire a more practical, simple and low prices product. (Kotler, Armstrong 1999)

The process where the company designs an offering based on the customer’s desired benefits is labelled as quality function deployment or **(QFD)**. Quality function deployment is a very important process as it begins with a very strong understanding of customer’s needs and wants. For instance, the QFD process has helped HP to build different features on

different printers targeted to different customers with different needs. QFD has been on the market for 50 years helping companies put customer's needs first throughout the new product development process. The quality function deployment process starts by creating and collecting information through surveys. Next, all customer's requests, demands and preferences are ranked by their importance, helping the company understand what the customer wants the product to do. Finally, when the product is ready the product can be released with the confidence that it is meeting customer's requirements. (Product Plan, 2020)

Quality function deployment process is mostly used when the company is developing a product or service rather than creating something completely new. The reason is a large number of customer feedback already existing that can help the process move forward. (Kotler, Armstrong 1999)

5.6 Development Stage

After the specifications are written, and the offering designed, it is time to develop the product and the strategy of how the product will be marketed. For instance, during the development process, a restaurant does not need a new dish to only taste good but also be made in a desirable time from the customer and make a profit for the restaurant. (Saylor Academy, 2012)

- Marketing Strategy Development

In the Concept Development stage, there were three different concepts for Toyota's new fuel-cell-powered car. Suppose that the concept number three suits best with Toyota's objectives and also tests the best, the next step is introducing the concept three to the market.

Marketing Strategy Development is the process where the company designs a marketing strategy for introducing its new offering to the market. The marketing strategy development includes three very important parts:

1. The first part includes a detailed description of the sales, market share, target market, position and profit goals on the first years. For example: The target market for Toyota's Concept 3 is young, well-educated individuals or small families looking for a practical and environmentally friendly car. The car will be positioned as cheaper to maintain, less polluting than normal cars, and less restricted than electric cars. Toyota's objective is to sell 100,000 cars in the first year. (Kotler, Armstrong 1999)
2. The second part describes the first year's planned price, distribution, and marketing budget. For example: Toyota's Concept 3 will be offered in three different colours including air-conditioning and power-drive features which will be optional. It will be priced 18,000 dollars with 15 percent off the price to dealers. Dealers will get an extra 5 percent discount on each car if they sell more than 10 cars

per month. In addition, a \$20 million budget will be spent on advertising the car which will be advertised as a low emission car. Furthermore, \$100,000 will be spent from the company in order to find out who is buying the car and how satisfied they are with it. (Kotler, Armstrong 1999)

3. The third and last part of the marketing strategy development describes the sales, profit, and marketing mix strategy on the long term. For example:

Toyota expects to capture a 3 percent long term share of the total car market. In order, this goal to be achieved, the car's quality will start high and get improved continuously. If there will be healthy competition in the market, the price of Concept 3 will be increased after two or three years. In addition, the budget for finding out who is buying the car will be reduced to \$60,000 per year after the first year. (Kotler, Armstrong 1999)

- Product Development

Product development is the stage where products turn from a drawing, word description, into a physical product. Only when an idea passes all the previous stages of a new product offering development process, is ready to be developed into a tangible product. At this stage, engineers will discover if the product idea can be turned into a workable product. In addition, the product development stage requires a big investment. (Saylor Academy, 2012)

The research and development sector of the company plays a very important role at this stage. The research and development sector has to create a prototype which will make the customer excited, be manufactured within a short period and meet the budget costs set from the company. (Kotler, Armstrong 1999)

However, developing a successful prototype the product has to undergo various functional tests and it can take days, months or even years in some cases. For instance:

Shaw Industries, a carpet producing company, pays people \$5 per hour to walk on their carpets 8 hours per day. The total steps are around 20,000 which would make the carpet last for several years in normal life use.

Furthermore, the management should spot what characteristics make the prototype a product that the customer will consider. In Toyota's case, its electric car needs to be well built and comfortable. However, different customers have different opinions on what a well-built car means. (Kotler, Armstrong 1999)

5.7 Testing

Testing is the step where actual customers make sure the new products work in everyday life and under real-world conditions. At this stage not only, the product is tested but in addition, marketing aspects such as delivery, service etc. are tested. (Saylor Academy, 2012)

Test marketing gives the marketer the opportunity to test pricing, advertising, positioning, and budget level before going to full exposure of final product introduction. (Kotler, Armstrong 1999)

However, the disadvantages of test marketing are the enormous costs and allowing competitors to earn an advantage. As a result, companies tend to skip test marketing when the costs of developing the product or if they are very confident that the product will be a success. For instance: simple line extensions and imitation of other famous brands usually do not go through the test marketing process. Even though the test marketing costs are high, those costs look small compared to making a major mistake.

There are three different approaches that companies follow when conducting test marketing:

- Standard test Markets
 - Controlled test Markets
 - Simulated test Markets
- (Kotler, Armstrong 1999)

- Standard Test Markets

Companies which follow standard test markets find several representative cities and conduct a full marketing campaign. Companies use surveys and other tools to find out how satisfied are the customers with the products. The collected results are beneficial for the company as they can estimate national sales and profit as well as improving the product if needed. However, there are several disadvantages following standard test markets such as:

- High Costs
- Long Time (as long, as three years)
- Competitors are able, to monitor and interfere
- Competitors can develop a defensive strategy

Standard test markets are the most used approach despite the abovementioned disadvantages. However, numerous companies have discovered that controlled and simulated test markets are more beneficial for them. (Kotler, Armstrong 1999)

- Controlled Test Markets

Several research companies keep controlled group of stores which have agreed to sell new products for a fee. These companies help to track customer's behaviour from the television advertisement to the checkout counter. For instance, Nielsen's Scantrack and Information Resources, Inc's. (IRI) BehaviourScan measures television viewing of all chosen customers which are expected to buy the product and review it. In addition, special commercials are sent towards this specific group of people. After customers buy the new product from cooperating stores they have to show an ID which makes possible, the collection of data such as sales of the new product, repeated purchase, how the consumer reacts towards the new product, etc. (Kotler, Armstrong 1999)

The controlled test market is cheaper to be conducted comparing it to standard test market as well as, it is conducted in a shorter time frame. However, the downside of a controlled test market is being too "controlled". Numerous companies are afraid that their product will not reach their target market and as a result, the feedback will not be as accurate as on standard test markets. In addition, controlled test market allows the competitors to take a look at the company's new product. (Kotler, Armstrong 1999)

- Simulated Test Markets

Several companies follow the simulated test market process. On this process, the consumer is introduced to several products including the new products. A small amount of money is offered to the consumers where after that, consumers are invited to a store where the new product is also being sold. The consumer than can keep the money, buy the new product, or buy competitor's product. Shortly, the company contacts the customer regarding their purchase or nonpurchase decision. In case of a purchase, the consumer is contacted weeks later to determine the product's usage, satisfaction and repurchase intentions. (Kotler, Armstrong 1999)

Comparing simulated test markets approach to controlled and standard test markets approach, the costs of simulated test markets are much smaller, the timeframe is much shorter, and it keeps the product out of competitors reach. (Kotler, Armstrong 1999)

However, the small samples and simulated shopping environments, does not make the simulated test market's results as reliable as, controlled and standard test markets approach. (Kotler, Armstrong 1999)

5.8 Commercialization

Finally, if the management received promising results from test marketing, the company is ready to officially introduce the product into the market. The company will face high costs including renting a facility to manufacture the product, advertisement, sales promotion, and other marketing-related efforts during the first year. (Kotler, Armstrong 1999)

The company should first set the time when to launch the product. Companies must be careful to not damage another product's sales or launch their new product during a financial crisis.

Next, companies have to decide where to launch their product. Some companies choose to launch the product in specific regions while the company watches and makes improvements ready for the next region. (Kotler, Armstrong 1999)

5.9 Evaluation

The last stage of the new product development process is evaluation. During this stage, the management will monitor the product's progress. Companies, at this stage, are constantly modifying their offering based on the carefully and constant evaluation. Features might be added or subtracted followed by changes in price or the way the product is marketed. The time that each company takes to evaluate their new offering depended on the company, industry and products or services being developed. (Kotler, Armstrong 1999)

6 PRACTICAL RESEARCH

6.1 Data collection-Survey

The survey was conducted by the author with the help of waiters at “Family Restaurant”. The survey took place in the period of 27.09.2019-01.10.2019. In addition, this survey was directed to the customers of Family Restaurant. It was stated to the customers that the answers would be analysed in order to get a better view of what customer’s wants. Furthermore, the waiters of the restaurant, informed the respondents that the survey would serve as a research study for a bachelor thesis.

- Demographic factors

The total number of responses was 14 and as shown in Figure 1.6 the responses were divided equally between male and female gender.

Gender

Number of responses: 14

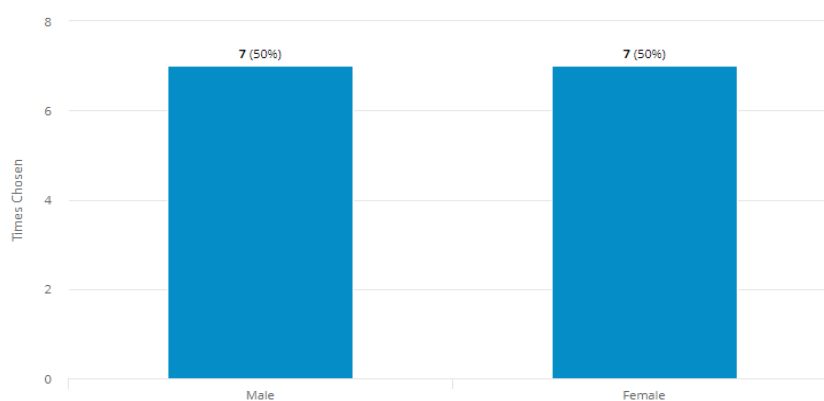


Figure 1.6. Gender of the respondents

Furthermore, the author provided five age group options. First, 18-24 years old where approximately 14% of the respondents belonged. Second age group, 25-30 years old where 21.4% of the respondents belonged. Third age group, 30-40 included 28.57% of the respondents. Fourth age group, 40-50 years old registered the lowest number of respondents with only 7.14%. Fifth age group included respondents older than 50 years old

which together with age group three (30-40 years old) counted for the majority of the respondents with 28.57% each. See figure 1.7.

Age

Number of responses: 14

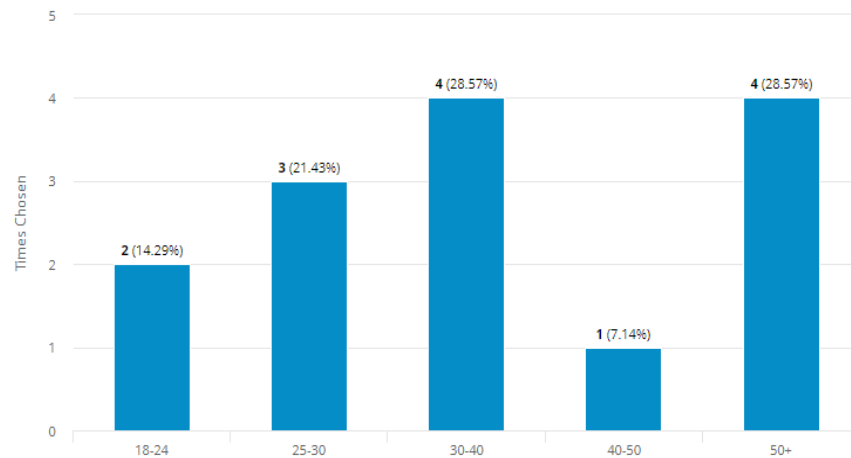


Figure 1.7. Age of the respondents

The author discovered that 50% of the respondents were single whereas 42.86% of the respondents were married. In addition, only 7.14% of the respondents were divorced. See Figure 1.8.

Status

Number of responses: 14

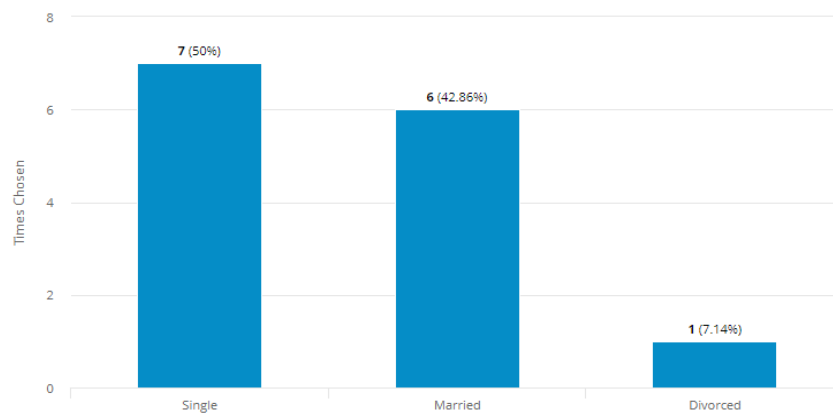


Figure 1.8. Status

Moreover, as Figure 1.9 shows, the majority of the respondents were travelling with their family counting 57.14% of the total answers. On second place counting for 35.71% of the respondents were the ones travelling with their friends. Respondents who were travelling alone counted for only 7.14% of the total number of respondents.

Who are you traveling with?

Number of responses: 14

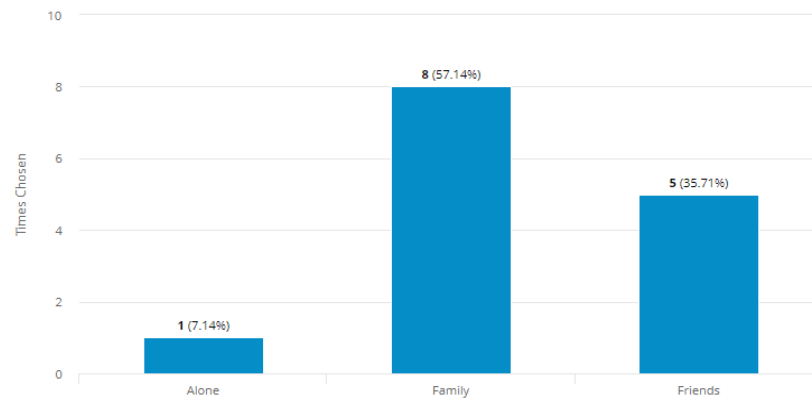


Figure 1.9. Travelling groups

When respondents were asked if they were travelling with kids, it occurred that the majority of 85.71% were traveling without kids. Whereas, only 14.29% were traveling with kids. See Figure 2.0.

Do you have kids with you?

Number of responses: 14

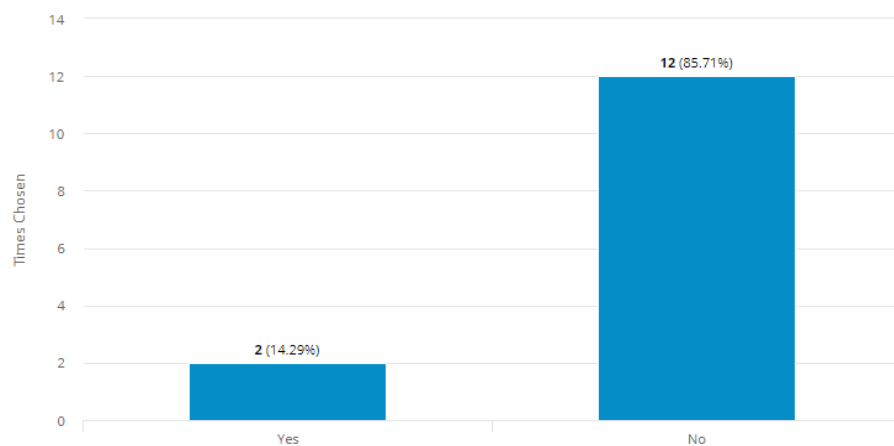


Figure 2.0. Kids or no kids

The author provided the respondents with 4 different options regarding how long were they staying in Ksamil. Where 64.29% of the respondents answered that they were staying 0-6 days in Ksamil. Moreover, 21.43% of the respondents were spending 1-2 weeks in Ksamil. It occurred that, the number of people who were spending 2-3 weeks or more on holiday was very low, 7.14% per each category. See Figure 2.1.

How long are you staying in Ksamil?

Number of responses: 14

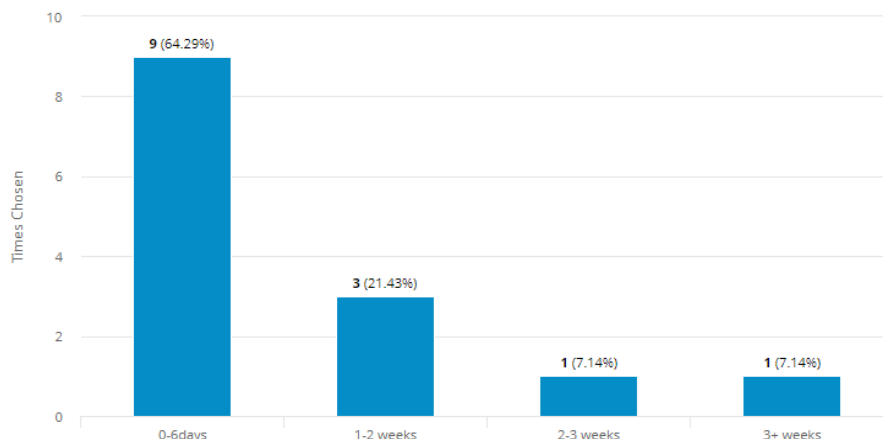


Figure 2.1. Duration of holidays

- Attitude towards to the local traditional food when travelling

Next, the author invited the responders to rate their interest in Albanian food from a scale 1-10. Not at all is the left side of the scale and represented by number 1, on the other hand, extremely interested is on the right side of the scale represented by number 10. When investigating how interested the responders were on Albanian traditional food, the majority of the responders found themselves on the positive side of the scale. None of the respondents found themselves on the maximum value of the scale (10-extremely interested) however 28.57% rated their interest by 9. See Figure 2.2.

How interested are you in Albanian traditional food?

Number of responses: 14

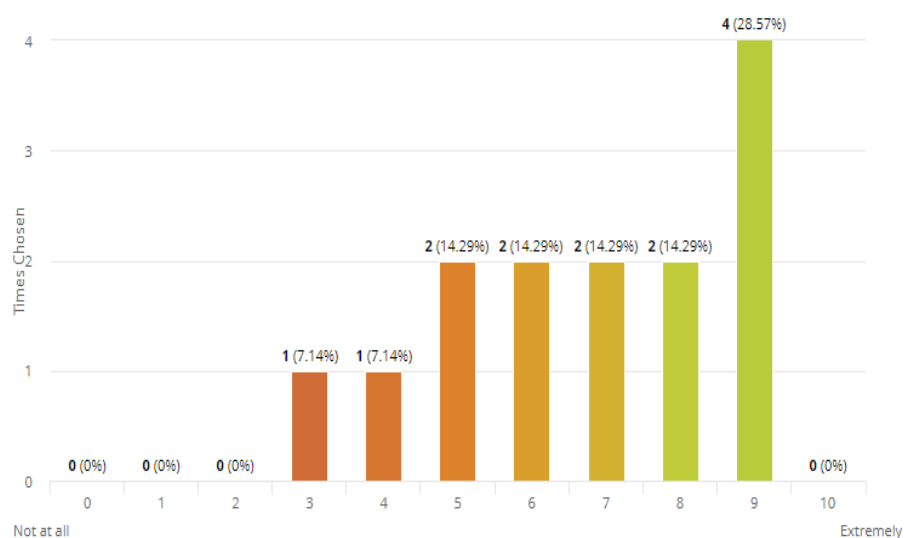


Figure 2.2. Interest level towards Albanian traditional food

When asked if they were interested in trying Albanian traditional food, 85.71% of the respondents affirmed that they would (figure 2.3). Besides, responders confirmed that they have tried traditional food in other places that they have been Figure 2.4.

Are you interested in trying Albanian traditional food?

Number of responses: 14

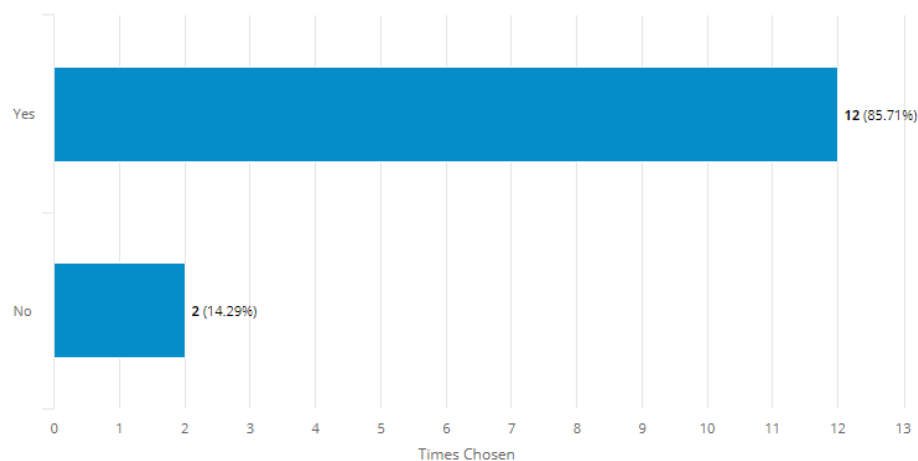


Figure 2.3 Respondents that would try traditional Albanian food

Have you tried traditional food in other places you have visited?

Number of responses: 14

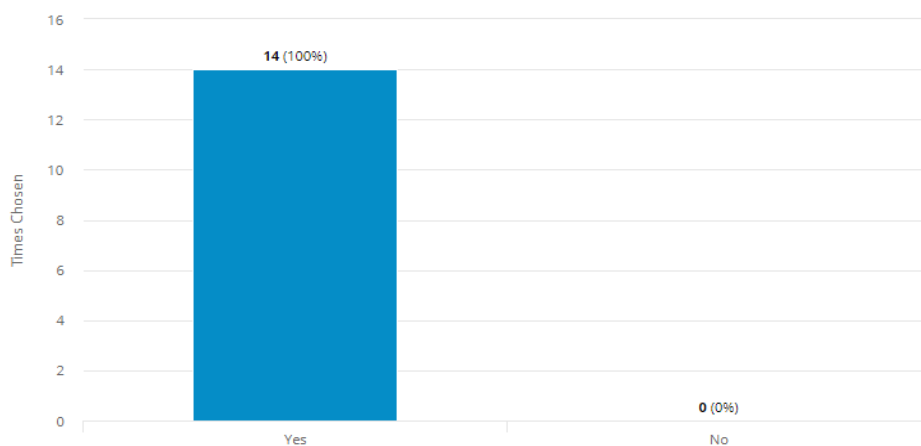


Figure 2.4. Number of respondents that have tried traditional food in other places

When asked if the respondents would choose traditional Albanian food, 78.57% of the respondents affirmed that they would (Figure 2.5). In addition, the majority of respondents affirmed that bigger portions and higher prices are more important than small portions and lower prices (Figure 2.6). Only four out of fourteen respondents answered that slightly smaller and cheaper portions are more important to them.

Would you rather try traditional Albanian food or eat fast food?

Number of responses: 14

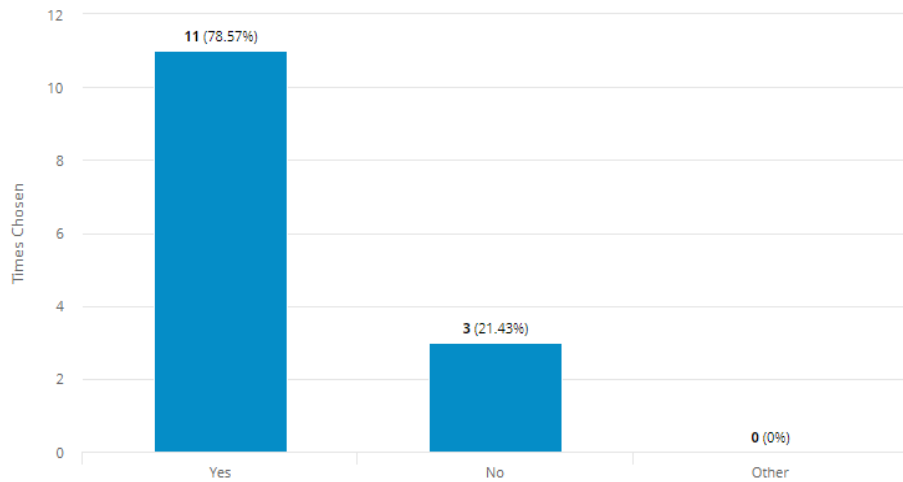


Figure 2.5. Number of respondents willing to try Albanian food instead of fast food

Importance of the service

What is more important to you?

Number of responses: 14

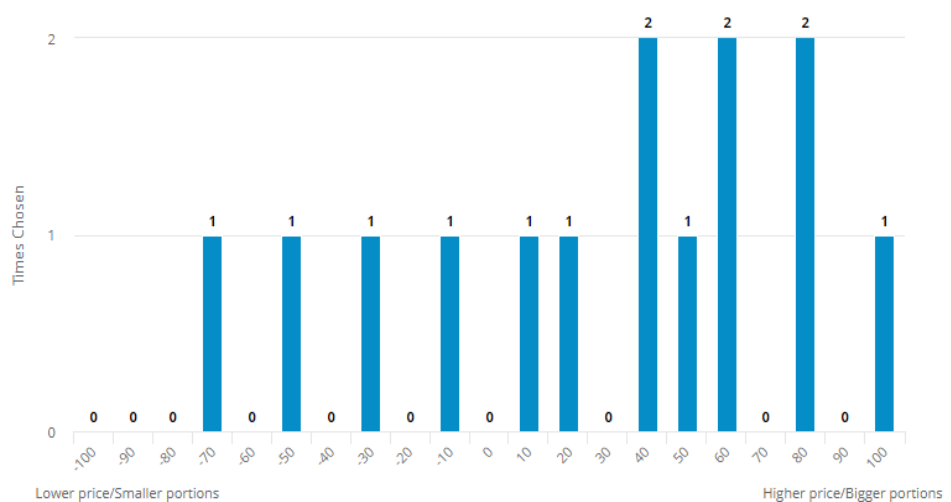


Figure 2.6. The importance of size and price

Furthermore, when investigating the role of customer service, the majority of the respondents (13 out of 14), considered customer service as an important factor for them coming back (Figure 2.7). However, when respondents were asked if a relationship between the customer and the restaurant is important, the answers were distributed quite evenly.

57.14% of the respondents perceived a possible relationship as important whereas, 42.86% of the respondents did not perceive a relationship as important (Figure 2.8).

How important customer service is to you regarding coming back to a restaurant?

Number of responses: 14

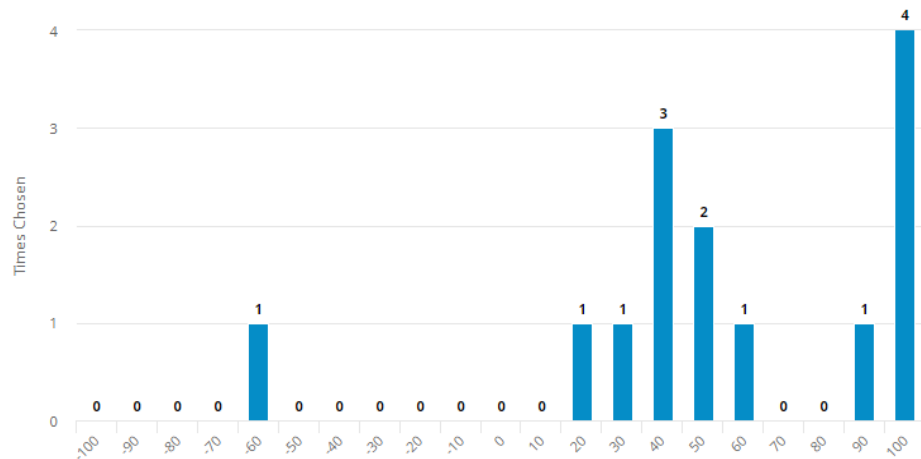


Figure 2.7. The importance of customer service (-100 to 0 = not important, 0 to 100= very important)

How do you feel about a relationship between you as a customer with the restaurant?

Number of responses: 14

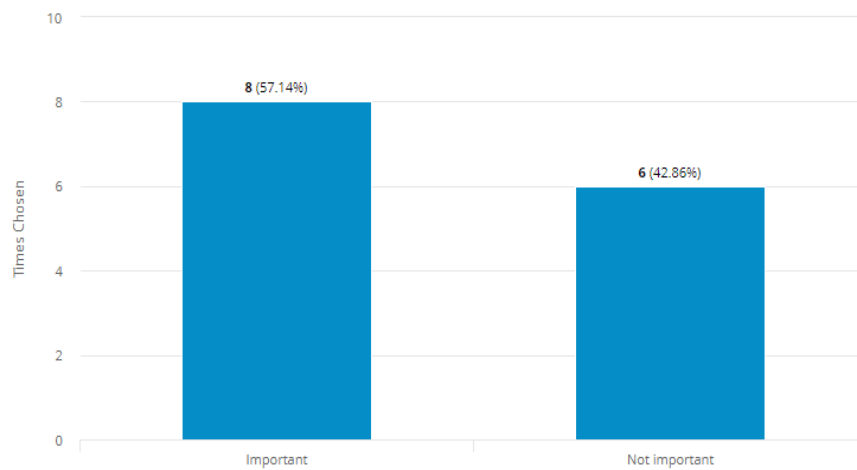


Figure 2.8. The importance of a relationship between the restaurant and customers

When investigation the way respondents would prefer to give feedback, it occurred that the majority of the respondents (64.29%) would prefer face to face feedback with a manager or the owner. Feedback on social media and online platforms was preferred from 35.71% of the respondents and 21.43% of the respondents preferred a feedback box as a way to give feedback. See Figure 2.9.

Furthermore, the author wanted to discover what platform would the respondents use in order to find a restaurant. It occurred, 85.71% of the respondents use Trip Advisor when looking for a restaurant. Instagram was used from 35.71% of the total number of respondents, Facebook was used from 7.14% of the respondents. In addition, tangible flyers were not one of the ways that the respondents would use to find or visit a restaurant. See Figure 3.0.

Which way would you choose to give your feedback and suggestions about the restaurant?

Number of responses: 14

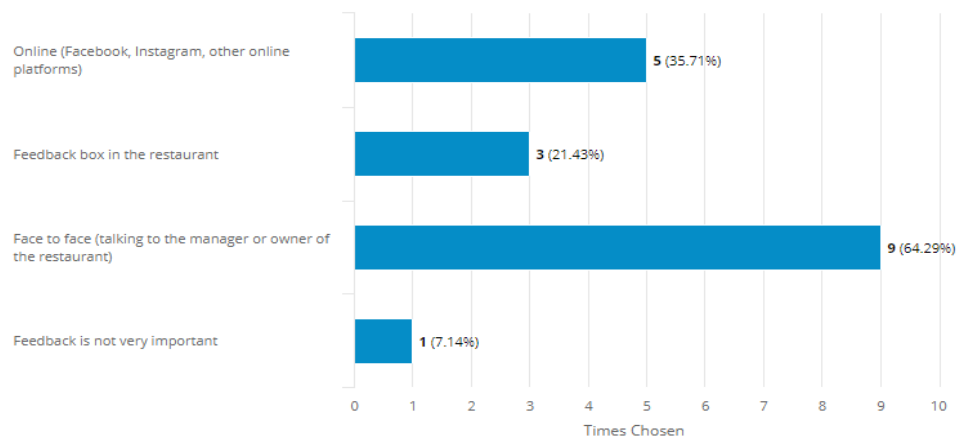


Figure 2.9. Preferred way to give feedback

What is the platform that you would use to find a restaurant?

Number of responses: 14

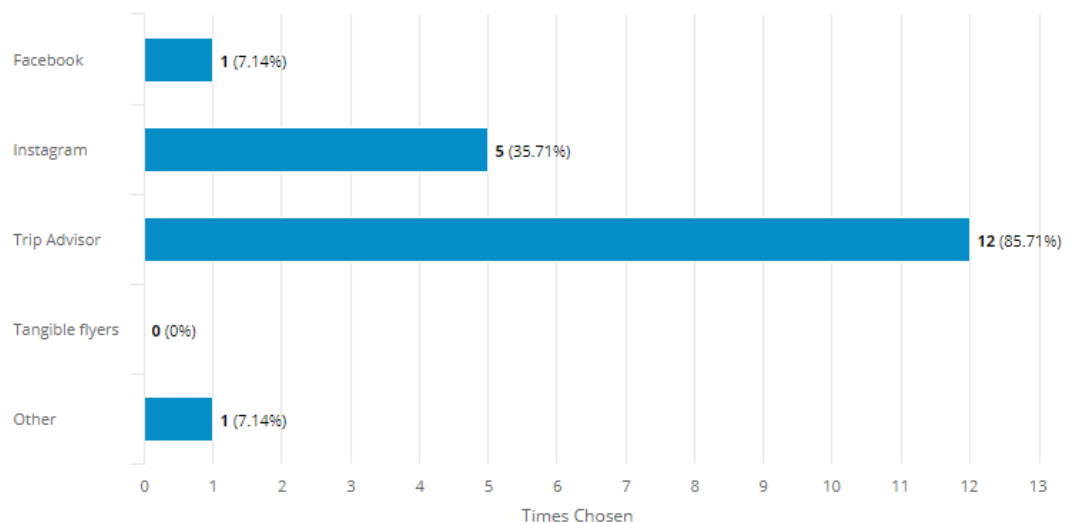


Figure 3.0. Respondents' favourite channel when looking for a restaurant

Furthermore, the author investigated the qualities of a traditional Albanian food restaurant. The author listed a number of qualities from which the respondents could choose and provided seven open-ended questions. The objective of the open-ended questions was to get as many suggestions and opinions on what the respondents perceived as important in a traditional food restaurant. What additional services or product would they desire, how could a restaurant be their first choice, improvement suggestions, and what would they give and want to receive from a possible relationship between the restaurant and the respondents.

As seen in Figure 3.1, the most important characteristic describing the respondent's ideal meal is good service with 10 points. Fast service, on the other hand, scored only half of the points (5). Respondents gave 6 points to traditional music, making this characteristic the second most important characteristic of their perfect meal. Only 2 points for regular restaurant music which marks the least important characteristics form the respondents. Two more important characteristics were big and higher-priced portions and reserved tables.

- Development ideas from the respondents

Describe the characteristics of your ideal meal in a restaurant

Number of responses: 14

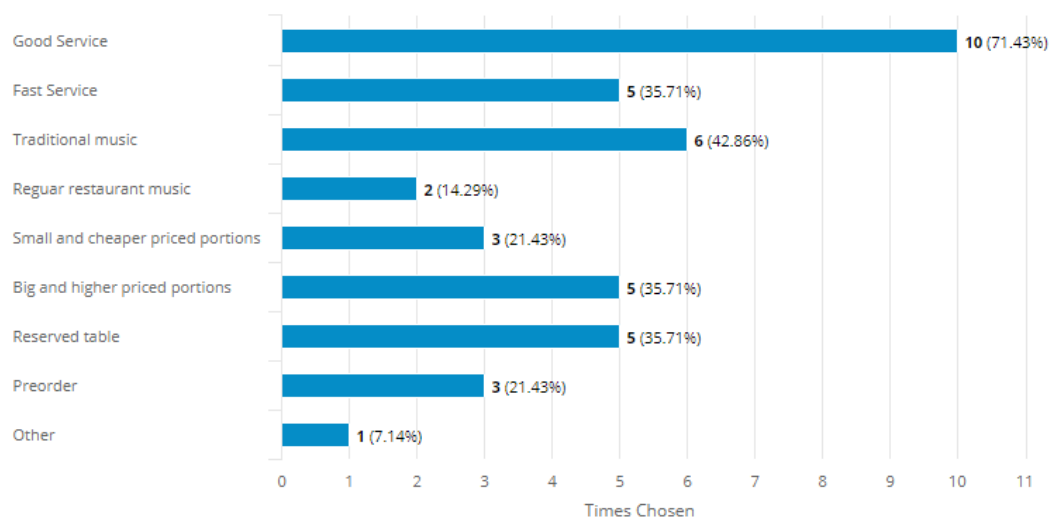


Figure 3.1. Characteristics of respondents' ideal meal in a restaurant (traditional)

Moreover, the author asked the respondents on what optional snack would they prefer when ordering. There was, different answers from the respondents:

- Nachos
- Dessert
- Fli (traditional Albanian food)
- Yogurt sauce and white bread
- Fruits
- Dry fruit peanuts
- Yogurt or homemade cheese

In addition, respondents were asked if they secretly perceived something as important. It occurred that there was a large number of characteristics from the respondents:

- Menu to be in multiple languages
- Warm service
- Good service
- Fast service
- Warm service and a joke while waiting for food
- Music and friendly serving
- Menu with pictures and different languages
- Menu with accurate photos
- Hospitality
- The food taste and the way they serve it

Several respondents suggested that traditional restaurants in Ksamil should add more seafood and more traditional music, when they were asked on how could traditional restaurants in Ksamil could improve. In addition, respondents highlighted also the fact that food should be served on the table at the same time for all the guests.

Here are some of the respondents' opinions on how can traditional restaurants improve:

- more traditional environment
- cheaper
- faster service and traditional music instead of pop music
- the restaurants should use more traditional music
- they should add more seafood
- a better costume serve and traditional Albanian music
- meal at one time for all table
- food for a table should be delivered to all guests at the same time
- decoration
- more confident and friendly staff

Moreover, the author invited the respondents to express their opinion on how a restaurant (traditional) can be their first choice. It occurred that, traditional music, good service, and tasty food were perceived as the most important characteristics for most of the responders.

- good place to stay
- peaceful place and fast service
- traditional music
- traditional music, good service, and real traditional Albanian food
- good service, tasty food, and quiet place
- good atmosphere and good food
- good quality food and good prices, good service
- good location, choices in the menu

As above mentioned, responders were asked about how they perceive a possible relationship between the customer and restaurant. Several respondents perceived it as important. In addition, the author was interested to know what would the customers want from this relationship and what they were willing to give.

Above some of the respondents wants from a possible relationship:

- well I would like to receive some discount once upon a time
- best service
- you should get what you came for

And what the respondents were willing to give to this relationship:

- more money (spent)
- good review and tip the waiter
- tip the waiter and a good review

7 ANALYSIS

As above mentioned, the questionnaire objective is to give the author insight about the customers and how they behave, segmentation and target market, the restaurant market, characteristics that would shape the new offering of Family Restaurant and customer relationship.

After analysing, the consumer market in the tourism industry, it occurred that the number of tourists is increasing every year. With a 16% increase every year, the tourism industry will be a profitable industry in the future. Besides the food and drink industry count for more than 60% of the whole tourism industry profits.

Furthermore, the most common age groups visiting Albania are 24-44 years old and 45-64 years old. After conducting the survey, the author realized that the same group ages are the ones that mostly visit the restaurant, making these group ages the most suitable target markets for the family restaurant. In addition, as the number of consumers is increasing every year, this target market is not a decreasing market. The growing number of tourists and consumers who are more interested in traditional food was one of the main reasons that Family Fast Food and Restaurant wants to provide a new offering where the focus will be only on traditional food.

Various factors such as characteristics and needs, cultural elements, social connections and psychological element that can the way consumers behave in consumer markets.

It occurred, the majority of male respondents were aged 40-50 and 50+ coming from Central Europe such as Netherlands and France, and Northern Europe such as Norway as well as, Balkan Countries such as Kosovo, Bosnia and Slovenia. What was pointed out during the analysis of the data was that male respondents from Central Europe, were more interested in fast service than good service. In addition, the importance of a reserved table and pre-ordered food was more important to respondents from Central Europe. Furthermore, when asked, respondents from Central Europe perceived a possible relationship between the restaurant and the consumer as not important.

On the other hand, respondents coming from Balkan countries valued good service instead of fast service, and a relationship between the

restaurant is important. In addition, they added that warm service and hospitality are very important.

Furthermore, when analysing the data, it occurred females' age played an important role when considering the size and the price of the products. Younger females chose bigger portions and higher prices where older females chose otherwise. While analysing, it occurred that potential customers may require different product and service mixes by examining differences such as: behavioural, demographic, and psychographic, among them leading to, dividing the potential market into segments

The customer will choose the offering which is perceived as the one which delivers the most value, where tangible and intangible benefits are included adding here the price. Analysing the answers from the respondents, the author discovered that the majority of customers would pay a higher price for larger portions. This first step would satisfy the respondent's need, which in this case, is hunger. But as Freud explained, that people do not fully understand the motive of purchasing a product, the author found out that warm, welcoming service is another need that needs to be satisfied when respondents enter a traditional restaurant. Features that customers secretly perceive as important are as important as the product itself. Several respondents suggested that a more accurate menu in different languages and accurate pictures would help satisfy their needs. In addition, traditional music is another intangible and deeper motivation for a customer to choose a traditional restaurant.

Furthermore, as technology is shifting everything towards digitalization so has the way the respondents chose to find a restaurant. As seen from the answers above, majority of the customers chose Trip Advisor which is a platform you see reviews, menu, location and more information on the restaurant. However, the majority of respondents wanted to give feedback face to face instead of other platforms. It occurred that the respondent wanted to be heard and that their feedback would not end up somewhere that no one would read it.

8 RECOMMENDATIONS

On this chapter, the author, with the help of theoretical and practical research, will answer the research question. The author will give recommendations on 'How can Family Restaurant & Fast Food develop a new product offering?'

Furthermore, the limitations of this study as well as further research needed will be presented.

8.1 Recommendations on the development ideas

As mentioned in the fifth chapter where the new product development process was presented, the first step on this process is the 'Idea Generation'. In this case, Family Restaurant & Fast Food, had already completed this stage when considering shifting their business into a pizza and traditional food or shifting towards only traditional food offering restaurant would be better for business.

In addition, the owners of the case company had already estimated the workforce, costs, and profit leading to a conclusion that only traditional food would be better for the business. This step would cover the second step of the new product development process 'Idea Screening'. In addition, the owners stated that they were aware of the extra traditional dishes that needed to be added on the menu to provide a choice for everyone.

As seen from the questionnaire and the statistics of tourism in Albania, group ages, gender, and nationalities vary and every each of the visitors could be a potential customer. However, the author recommends that the Family Restaurant & Fast food should focus on two different target markets. Central European middle-aged tourists and middle-aged tourists coming from the Balkans account for the majority of the total number of tourists. In addition, the majority of interested people in traditional food was middle-aged tourists. As a result, the author recommends shaping of the offering based on their opinions as the above-mentioned target markets make a stable and every year increasing market.

Furthermore, the author recommends concept testing to be conducted. It is recommended that the concept testing includes middle-aged males and females coming from the Balkans and Central Europe in order to collect valuable feedback. The author suggests a questionnaire that includes structural and open-ended questions in order to get accurate and broad feedback. However, Family Restaurant & Fast Food should take into consideration the degree to which they can produce and serve the food as they change for a partly fast food offering into an only traditional food offering. The new idea of only traditional food will only work if the preparing of the dishes and the serving of the dishes work right.

Furthermore, the author recommends the case company to focus on the features of the product. As seen in the previous chapter, the author conducted a survey in order to help Family Restaurant & Fast Food to shape the new offering. However, further research should be conducted with the target markets on the above-mentioned stage 'concept testing'.

As Kotler and Armstrong stated on their 'Principles of Marketing' book, *'Giving a solution only for the stated need might lead to shortage of the customer'*. Family Restaurant & Fast Food must help their customers learn what they want in order to create an advantage. After analysing the answers from the respondents, the stated need of the customer is tasty food.

However, the author recommends Family Restaurant & Fast food to not satisfy their stated need but shape their new offering to satisfy the customer's real, unstated, delight, and secret needs. Features such as big portions priced considerably higher, a fast or slower serving of their food, snacks including yogurt sauce with white traditional bread, traditional Albanian alcohol called raki or fruits and dessert included in the price, or menu in different languages and accurate pictures of the food so the customers know what they are ordering. In addition, Central Europeans' preferred a faster and simpler service while respondents from the Balkans responded that a better and warm service is what they want. As a result, the author, recommends several 'Day's Specials' dishes which would be prepared and served quicker than other dishes from the menu.

After the offering's features are specified, the author recommends the company to start the development process. After the new offering has passed through all above-mentioned steps it is time for Family Restaurant & Fast Food to start developing the offering. The restaurant has to create a prototype to make the customer excited applying all the above-mentioned features. The kitchen should cook something that will taste good, the waiters should serve good and the time between the moment of ordering and receiving food should be considerable. In addition, multiple language menus, traditional music on the background, 'Day's Specials' introduced from the waiter etc.

Furthermore, the author suggests the case company test its' new offering in real-world conditions including the newly added products, service and delivery. At this stage, Family Restaurant & Fast Food should conduct research considering the prices, positioning on the market etc.

It is recommended for the case company to conduct a test marketing because the collected results will be beneficial for the company as they estimate sales, profit and possible improvements that need to be done. Family Restaurant & Fast Food should follow standard test marketing because they already have a strong base of customers.

Finally, Family Restaurant & Fast Food should not decide to launch the product during the busiest months such as July or August. The author recommends launching the new offering during May because there are enough potential customers that can give their opinion on the new offering and if changes need to be made, the company can redesign the offering for the upcoming months without damaging the sales of other products during the busiest months when the costs are higher.

8.2 Limitations

The findings of this study have to be seen in the light of some limitations. Firstly, the lack of previous research on the topic. The author was able to access previous research but not completely related to the traditional restaurant topic, as a result, the author had to develop an entirely new research typology.

The second limitation concerns the research sample. The author used Family Restaurant & Fast Food's existing customers as a sample and provided them with a survey. From, 66 times that the survey was viewed, it was only completed 14 times. The waiters of the case company mentioned that the language (English) was the problem. Not all customers could answer it in English.

The third limitation concerns the survey. The author did not ask enough information from the respondents considering their lifestyle, culture, motivation etc.

The last limitation concerns competition. The author did not analyse the competitors which could give the author a better idea on new products, prices etc.

8.3 Recommendations on further research

On this chapter the author will present areas on which more research is needed.

- Concept testing

As above-mentioned, Family Restaurant & Fast Food should conduct research concerning concept testing. Concept testing will help the case company to spot new dish opportunities and feature specifications. As the customer is in contact with the competitors, information can be collected

- Marketing Strategy Development

Marketing strategy development includes a detailed description of the sales, market share, target market of Family Restaurant& Fast Food. In addition, position and profit goals in the first years, planned price is analyzed. Also, distribution, and marketing budget, describes the sales, profit, and marketing mix strategy in the long term. No company can be good at everything and they have limited funds. As a result, they need to decide choosing to be good at one thing and concentrate their funds. (Kotler, 2000)

9 REFERENCES AND APPENDICES

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APPENDICES

Appendix 1

SURVEY QUESTIONNAIRE, PAGE 1 OF 7

Gender

Male Female

Age

18-24
 25-30
 30-40
 40-50
 50+

Status

Single
 Married
 Divorced

SURVEY QUESTIONNAIRE, PAGE 2 OF 7

Who are you traveling with?

Alone

Family

Friends

Do you have kids with you?

Yes

No

Where are you from?

How long are you staying in Ksamil?

0-6days

1-2 weeks

2-3 weeks

3+ weeks

Appendix 3

SURVEY QUESTIONNAIRE, PAGE 3 OF 7

How interested are you in Albanian traditional food?

Not at all

Extremely

0	1	2	3	4	5	6	7	8	9	10
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Are you interested in trying Albanian traditional food?

Yes

No

Other

Would you rather try traditional Albanian food or eat fast food?

Taking into account that traditional food is more expensive

Yes

No

Other

Have you tried traditional food in other places you have visited?

Yes

No

What is more important to you?

Lower price/Smaller portions

Higher price/Bigger portions

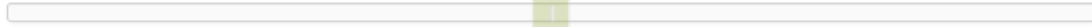
Appendix 4

SURVEY QUESTIONNAIRE, PAGE 4 OF 7

How important customer service is to you regarding coming back to a restaurant?

Not at all

Very much



What additional snack you would like to have when you order?

For example nachos, bread, fruits

What is something that you secretly consider as important when you visit a traditional restaurant?

For example, the menu to be in multiple language, music, design of the plate etc.

Appendix 5

SURVEY QUESTIONNAIRE, PAGE 5 OF 7

Describe the characteristics of your ideal meal in a restaurant

You can select multiple options. If other, type in the empty box.

Good Service

Fast Service

Traditional music

Regular restaurant music

Small and cheaper priced portions

Big and higher priced portions

Reserved table

Preorder

Other

SURVEY QUESTIONNAIRE, PAGE 6 OF 7

What suggestions for improvement you have to traditional restaurants in Ksamil?

How can a restaurant be your first choice?

What is the platform that you would use to find a restaurant?

You can select multiple options. If other, please specify!

Facebook

Instagram

Trip Advisor

Tangible flyers

Other

SURVEY QUESTIONNAIRE, PAGE 7 OF 7

How do you feel about a relationship between you as a customer with the restaurant?

Important

Not important

If you find it important, describe would you like to receive from this relationship?

Also, what would you be willing to offer?

Which way would you choose to give your feedback and suggestions about the restaurant?

You can select multiple options.

Online (Facebook, Instagram, other online platforms)

Feedback box in the restaurant

Face to face (talking to the manager or owner of the restaurant)

Feedback is not very important

Please, give any further suggestions here, thank you!