

## ABSTRACT

Customer perceived value has been of interest in marketing literature, among academics and practitioners as the cornerstone to develop business and marketing strategies for years (Sweeney & Soutar, 2001; Fenandez & Bonillo, 2006; Korda, 2000). The restaurant industry is an intensely competitive sector with the potential to contribute to the growth of the economy. The process of restaurant selection and customer perceived value development are complicated since it involves cognitive and affective processes. The restaurant selection process encompasses rational decision making and emotional decision making which have not been clarified in previous empirical studies. Thus, this study attempts to understand the entire process of consumer decision making toward fine dining restaurant selection. Value adding strategies and emotional marketing are important to gain competitive advantage over competitors.

The purpose of this research is to investigate the key drivers of benefits and sacrifices simultaneously to customer perceived value toward fine dining restaurant selection comparing the behavior of Thai consumers and expatriates. This study provides consumer insights to understand the drivers of benefits such as food quality and, service quality, while the sacrifices of monetary and nonmonetary cost influence overall perceived value in fine dining restaurants. Moreover, new insights into consumer behavior regarding the role of emotion response toward the development of customer perceived value as the mediator are emphasized.

This study is based on two main theories: the Customer Perceived Value theory of Zeithaml (1988), and Mehrabian and Russell's Model (1978) of emotional response to build up the conceptual framework. The research design is conducted with exploratory research including in-depth interviews and a survey questionnaire. The proposed research model was tested with structural equation modeling and hypothesis testing techniques. The total number of completed questionnaires was 572 which included 411 Thai consumers and 161 expatriates. Additional tests were conducted for mediating testing and multiple group analysis.

The empirical results indicated that perceived value and monetary cost were the key factors that influence fine dining restaurant selection. The key drivers of food quality, service quality, monetary cost and nonmonetary cost influence overall customer perceived value in fine dining restaurants while atmosphere was not a significant factor. Additionally, only positive emotional response mediated the relationship between the key drivers of atmosphere, food quality and service quality to customer perceived value whereas negative emotional response did not mediate the relationship. Only positive emotional response played an important role in enhancing overall customer perceived value which in turn affected fine dining restaurant selection.

The findings revealed that the selection processes of Thai consumers and expatriates are significant different. Thai consumers are concerned about the three benefits of atmosphere, food quality and service quality. The two benefits of food quality and service quality enhance overall customer perceived value while the two benefits of atmosphere and service quality enhance positive emotion among Thai consumers. Positive emotion also enhances overall value. Thai consumers consider perceived value and monetary cost in fine dining restaurant selection. For expatriates, they are concerned about only two benefits of atmosphere and service quality which enhance positive emotion, which in turn affects overall value and fine dining restaurant selection. Thus, restaurateurs and marketing managers should implement value adding strategies and emotional marketing strategies for Thai consumers and expatriates.