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RESEARCH ARTICLE

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Abstract: As Thailand fulfills its goal of becoming the "kitchen of the world," it continually seeks to understand the various organizational issues surrounding the overseas operations of its Thai restaurants, for promotion and marketing purposes. This report discusses the data derived from a structural equation modeling of five factors—growth strategy, marketing mix, business characteristics, business norms, and business environment—in relation to the business performance of Thai restaurants in the United Kingdom (U.K.). Of the 1,600 Thai restaurants in the U.K., 300 were randomly sampled for the survey, from which either the restaurant owners or managers were interviewed using a self-accomplished questionnaire. Of the three predictors of business performance, marketing mix had the strongest effects, followed by growth strategy, and business characteristics. Of the three predictors of growth strategy and marketing mix, business norms and business characteristics were both dominant, followed by business environment. Overall, the structural equation model developed in this study had explained 64.8% of the business performance of Thai restaurants in the U.K. There is a need to re-examine the model factors in the context of industry-wide competition in order to understand the broader contexts of business performance.

Keywords: business performance, growth strategy, marketing mix, Thai restaurants, Thai food

Thai food, considered as delicious and exquisite as well as nutritious and healthy, is very popular throughout the world. Thai restaurants have a key role in the popularity of Thai food: apart from strictly maintaining the authenticity and quality of the said food, they also consistently showcase to their consumers—via their staff, services, and facilities (Lien, & Kao, 2008)—the other endearing and complementing facets of Thai culture, such as its warmth and hospitality (Auapinyakul & Deebhijarn, 2019). Roughly 15,000 Thai restaurants are found in various parts of the globe, of which an estimated 1,600 of mostly small- and medium-sized restaurants are in the U.K. (Sornsarhut & Sawmong, 2017). The relatively large number of Thai restaurants in the world, which continues to grow significantly until now, strongly suggests that these restaurants have been performing well as a business.

Much has been reported on the business performance of Thai restaurants—for instance in Australia (Leepaiboon, 2007) and the United States (Sukalakamala, 2004); however, little in empirical terms has been mentioned regarding the factors that interplay with such a performance, particularly in the context of the cross-border operations of restaurants

based in a competitive global market, such as the U.K. Given that Thailand is actively seeking to solidify the foothold of its Thai food in non-Asian overseas markets, especially in advanced economies (Auapinyakul & Deebhijarn, 2019), it would be advantageous for the government—for tourism promotion and marketing purposes—to gain more knowledge on the factors influencing the business performance of its restaurants in faraway locations.

This report discusses the data derived from a structural equation modeling of factors related to the business performance of Thai restaurants in the U.K. Overall, the report seeks to contribute to further the understanding of the wide-ranging organizational issues surrounding the experiences of Thai restaurants in foreign shores, as Thailand continues to move towards entrenching its role as the "kitchen of the world."

Framework and Hypotheses

The factors examined in this study in relation to the business performance of Thai restaurants in the UK are shown in Figure 1.

Like any other business, Thai restaurants—for them to operate, stay afloat, and expand—must perform at a feasible and sustainable level according to some pre-defined, albeit renewable, business goals. Business performance is defined in this study using four subjective measures, namely, customer

base, reputational status, overall performance, and competitive position. Rather than by happenstance, business performance, particularly that of companies operating in a fiercely competitive restaurant-laden market such as the U.K., is achieved according to rational design. In other words, the said performance is a product arising from the confluence of structural and organizational factors—those having to do with individual restaurants themselves (internal factors) and those having to do with the larger environment within which the restaurants are located (external factors). For the present study, the business performance of Thai restaurants is discussed in relation to four internal factors (i.e., growth strategy, marketing mix, business characteristics, and business norms) and one external factor (i.e., business environment).

Growth Strategy

Global brands seeking industry dominance and leadership are usually armed with a growth strategy—a set of systematic processes or activities that the management carries out to upgrade the performance of the business. One of these growth strategies involves the continual development of the expertise of the business (i.e., Thai food). In particular, this strategy would call for Thai restaurants to work, for instance, towards offering additional Thai food choices in their menu, perfecting the native authenticity of Thai food, or adapting the aroma and taste of Thai food to the palate of local consumers, all of which are considered
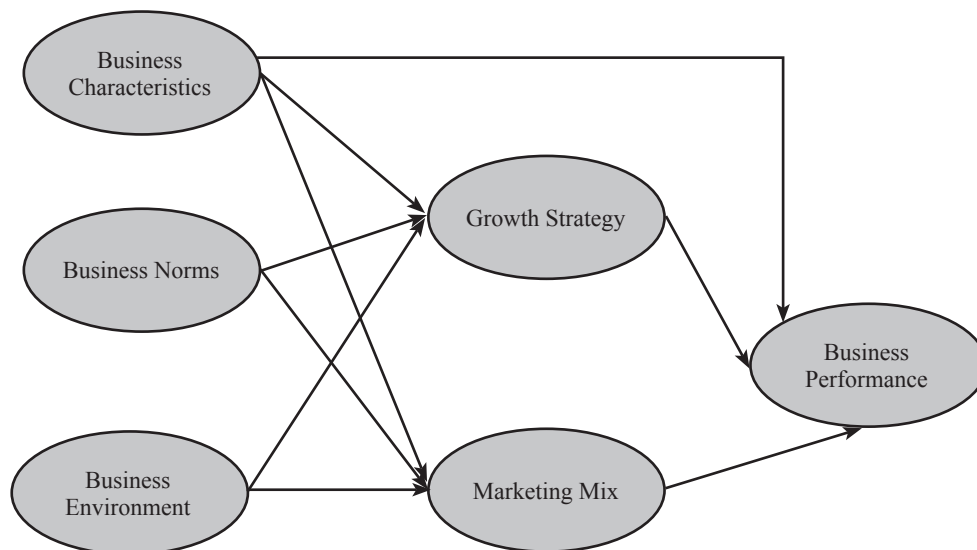

Figure 1. Study Framework

important by consumers (Poku et al., 2013). Another growth strategy involves the expansion of the business, where Thai restaurants could elect, for example, to lengthen their opening hours, add more tables or, most crucially, open satellite branches. These two growth-based processes are expected to increase the customer base and other performance measures of the business. The published literature (e.g., Hua & Templeton, 2010) has ample evidence on the robust relationship between business growth strategy and business performance among restaurants in general **(Hypothesis 1: Growth strategy has a direct effect on business performance).**

Marketing Mix

The growth strategy is typically accompanied by a systematic effort to inform and attract a critical mass of consumers to patronize the expertise and expansion of the business. Running parallel to the growth strategy of Thai restaurants, therefore, is the effective implementation of a marketing mix (Srinivasan, 2009), where product, price, promotion, place, people, planning, programming, and physical resources are intricately orchestrated, according to some design, to influence purchase as well as repurchase behavior. As an encompassing strategy, the marketing mix captures all of the possible aspects of the restaurant business, thereby the use of the mix means that the future of the business would not be left to chance. With the rightful mix—and in tandem with other organizational factors—the result should redound to greater awareness, knowledge, and purchase behavior among the consumers of Thai restaurants, or the crowding of restaurants (Jang & Moutinho, 2019); and to better business performance, specifically the broadening of customer base and improvement of reputational status and competitiveness of the business. **(Hypothesis 2: Marketing mix has a direct effect on growth strategy).** Precisely because of the proven benefits of the marketing mix that it necessarily forms a major part of the operations of any global brands. The empirical linkage between marketing mix and performance of restaurants is well established in the literature (e.g., Ghouri et al., 2011).

Business Characteristics

The quality and depth of growth strategy, marketing mix, and business performance would depend on whether Thai restaurants are imbued with the characteristics critical to advancing their business processes and goals. Although largely cognitive and attitudinal, characteristics are attributes that are instrumental in helping drive organizational behavior and performance. Specifically, having the characteristics as an opportunity seeker, knowledgeable, strategic, and a leader, which in turn suggest pro-activity, cognizance, innovation, and an aim to be at the front and center of things, could trigger major movements in the business (Moreo et al., 2019). These movements may be reflected in business performance **(Business characteristics have a direct effect (Hypothesis 3a) and an indirect effect (Hypothesis 3b) on business performance)** and strategies **(Business characteristics have a direct effect on growth strategy (Hypothesis 3c) and on marketing mix (Hypothesis 3d)).** The roles of business characteristics on business processes and outcomes are underscored in the research literature (e.g., Smallbone et al., 1995).

Business Norms and Business Environment

Any business must have normative organizational practices and expects to need and receive support and resources from the broader environment—most critically the public sector—to ensure the predictability and reliability of their business operations, and subsequently, to help them produce their desired business outcomes. On the one hand, practices could involve, for example, having and employing policy and work standards and management systems. As the local market has unforeseen and attendant demands, circumstances, and contingencies, practices could also involve the business' adaptation or adjustment to the demands of the local market. On the other hand, the broader business environment could be a source of economic, technological, political, and social support and resources for Thai restaurants.

The said norms and environmental resources—broad and encompassing as they are—would provide Thai restaurants a stable foundation, but the capacity of these factors to directly influence the target performance goal would be limited. However, these factors could be instrumental for planning and implementing the general business strategies (e.g., on growth and marketing). It is through their direct effects on business strategies that these factors would be able to exert their consequential influence on business performance. The intertwining of business norms with business strategies, such as that revolving

around business growth, has evidentiary support in the published literature (e.g., Ilhan & Durmaz, 2015; **Business norms have a direct effect on growth strategy (Hypothesis 4a) and on marketing mix (Hypothesis 4b))**. The linkage between the business environment, where the public sector provides broad-based support and resources to guarantee the success of the business sector, is wide common knowledge. In fact, top-tiered global markets are attractive to global brands because of the business-friendly atmosphere **(Business environment has a direct effect on growth strategy (Hypothesis 5a) and on marketing mix (Hypothesis 5b)).**

Methods

The data presented in this report were collected from a survey of Thai restaurants based in the U.K. Of the estimated number of 1,600 Thai restaurants in the country, 300 (18.8%) were randomly selected. From each sample, the study had interviewed either the owner or manager of the establishment.

A self-administered questionnaire was developed and employed for the interview. The instrument contained close-ended questions comprising a series of 5-item Likert scale statements representing measures for each of the six factors or variables examined in the study, namely, business performance, growth strategy, marketing mix, business characteristics, business norms, and business environment. The tool

was pretested and modified accordingly; as well, its reliability was tested, with results revealing high levels of reliability for all variables (Cronbach's Alpha coefficients > 0.85).

The gathered data were encoded, and after validating their correctness in the data file, were analyzed using the SPSS 23.0 and LISREL 9.2. The confirmatory factor analysis carried out suggested that the constructed model fits well with the observed data (X^2=480.85, df=245, p=1.02, GFI=0.97, AGFI=0.93, IFI=0.96, TLI=0.99, CFI=0.99, RMR=0.031, RMSEA = 0.022).

Results

Table 1 and Figure 2 present the results of the 10 hypothesized relationships involving the variables proposed in the structural equation model. All relationships were confirmed to be statistically significant (at $p <0.01$ or $p < 0.05$) and positively related to one another. In particular, growth strategy **(Hypothesis 1)** and marketing mix **(Hypothesis 2)** had their respective direct effects on business performance. Business characteristics had a direct effect **(Hypothesis 3a)** and an indirect effect **(Hypothesis 3b)** on business performance, whereas business characteristics have a direct effect upon growth strategy **(Hypothesis 3c)** and marketing mix **(Hypothesis 3d).** Business norms were confirmed for their direct effects on growth strategy **(Hypothesis 4a)** and marketing mix **(Hypothesis 4b)**,

Table 1

SEM Standard Coefficients of Influence

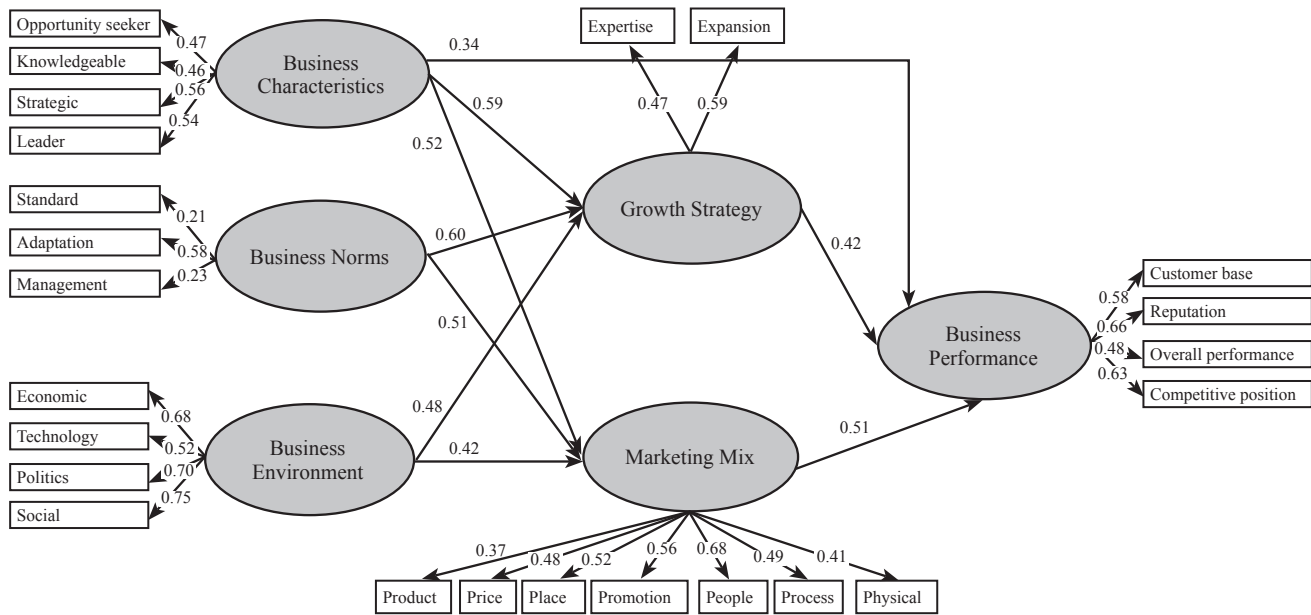| Variables	Business performance			Growth strategy			Marketing mix		
	Total effects	Indirect effects	Direct effects	Total effects	Indirect effects	Direct effects	Total effects	Indirect effects	Direct effects
Business characteristics	0.53**	0.19*	0.34*	0.59**	–	0.59**	0.52**	–	0.52**
Business norms	0.23*	0.23*	–	0.60**	–	0.60**	0.51**	–	0.51**
Business environment	0.11*	0.11*	–	0.48**	–	0.48**	0.42*	–	0.42*
Growth strategy	0.42*	–	0.42*						
Marketing mix	0.51**	–	0.51**						
Structural Equation	Business performance			Growth strategy			Marketing mix		
R^2 (Coefficient of determination)	0.648			0.733			0.598		

*p<0.05, **p<0.01

Figure 2. The Structural Equation Model of Factors Related to Business Performances of Thai Restaurants in the UK

and so was the confirmed direct effects of the business environment on growth strategy **(Hypothesis 5a)** and marketing mix **(Hypothesis 5b).** These findings suggest that the six variables included in the structural equation model were altogether intertwined, such that the observed increments in the independent variables (e.g., growth strategy and marketing mix) also meant consequent increments in the outcome variable (i.e., business performance).

A closer examination of the coefficients of influence in Table 1 suggests that some variables had stronger effects and, thereby, more influential than other variables. For example, among the three predictors of business performance, the one having the strongest direct effect was marketing mix (0.51), followed by growth strategy (0.42) and business characteristics (0.34). Moreover, among the three predictors of growth strategy and of marketing mix, business norms and business characteristics were both dominant for their equally strong direct effects, with business environment trailing behind. The indirect effects of business characteristics, business norms, and business environment on business performance, via growth strategy, were generally weak (range: 0.11–0.23), indicating that these three factors were more salient for their direct rather than indirect effects. Overall, 64.8% of the business performance of Thai restaurants in the

U.K. was explained by the structural equation model developed in this study (73.3% of the restaurants' growth strategy and 59.8% of the marketing mix were explained by the model).

Discussion

Towards strengthening the global foothold of Thai food (Auapinyakul & Deebhijarn, 2019), whose role in the expansion and sustainability of Thailand's highly-ranked tourism is strategic, a six-variable structural equation model was proposed and validated in the present study. The model confirmed the statistically significant relationships of the business performance of Thai restaurants in the U.K. with four internal factors (i.e., growth strategy, marketing mix, business characteristics, and business norms) and one external factor (i.e., business environment).

Essentially, a business is considered to have performed if the product it was selling had been purchased and re-purchased, which is an indicator of the high-level reputation of the product (Sun & Chen, 2014) by a critical mass of consumers; and that the product continues to stand tall among the competitors. For such a performance to materialize, however, the business has to efficiently and effectively develop and harness relevant factors, such as executing a marketing

mix and a growth strategy, having the appropriate business characteristics and norms, and tapping the wider business environment (in that particular order). Independently or in tandem with others, these factors should have exerted their distinctive mechanisms of influence. For example, the marketing mix should have formed consumer patronage, growth strategy to have improved product quality and accessibility, business characteristics to have provided the rightful attitudinal and behavioral foundation, business norms to have set administrative standards, and the larger environment to have fostered a business-friendly atmosphere. Consequently, these factors would have then enhanced the business as a whole. The structural equation model estimated the influence of such factors on business performance at 64.8%, which means that roughly two-thirds of the said performance of the U.K.-based Thai restaurants could be attributed to how their managements had envisioned, planned, and executed the business, and to a degree, to some external support.

Although organizational factors do predict business performance, their effects can only go that far in the presence and intensity of other factors, such as the industry-wide competition. As a global market, the U.K. is a haven of world-class restaurants whose cuisine and strategy are also zeroed-in, just like any other business, on capturing a good share of the market. The Thai restaurants interviewed here were thus fiercely competing against many other industry players in the U.K.—those offering non-Thai and Thai food products alike. Even if the growth strategy and marketing mix of these Thai restaurants were well carried out, therefore, their positive impact on business performance (e.g., consumer base) could have been easily tempered because the market was simply saturated. Having access to divergent food selections, consumers were less likely to consistently patronize the same food or the same restaurant. In the process, the salience of Thai restaurants and Thai food in the consumers' mind was likely diluted, which meant the restaurants' number of diners, as well as their level of business performance, were effectively constrained, as disclosed in the model's moderate coefficient of determination (R^2). Prospective modeling analyses need to calibrate the effects of competition in relation to the internal factors verified in the present study to fill in the existing knowledge gap on factors affecting the business performance of Thai restaurants in the U.K. However, to ascertain the true extent of its

effects, competition as a variable must be defined using an objective and rigorous measure rather than the subjective measure (i.e., competitive position) adopted for the current study.

The future of Thai restaurants overseas rests on how these critical tourism structures can be managed more effectively so that they continually rise above the competition (Ibrahim, 2008). Restaurant management must be able to respond adequately to several challenges arising from the competition. For example, how should the management win over the British population whose most popular watering holes are the British pubs? In view of the rising popularity of other exotic foreign foods in the U.K. (e.g., Vietnamese), how would they promote and market Thai food? Most importantly, how should they form and sustain their patrons' repurchase behavior, which is critical to business sustainability? Although Thai food is inherently attractive across a number of indicators, which would be key to the progressive movement of Thai restaurants to the top of the industry, it is not always provided to consumers in its authentic form. Several Thai restaurants have been reportedly offering less than authentic Thai food because their owners, managers, or staff were non-Thai citizens or they are not deeply immersed in the culture of Thai food. Restaurant managements have to guarantee product authenticity by embedding this element into the internal factors of their businesses (e.g., growth strategy, business characteristics, and business norms). In addition, a system of external oversight and certification where Thai restaurants in the U.K.—like their U.S. counterparts (Auapinyakul & Deebhijarn, 2019)—will be certified genuine, either as Thai Select or Thai Select Premium, would be a key strategy. In effect, Thai restaurants in the U.K. must continually reassess their internal structure and processes to account for and integrate the necessary demands of the industry-wide competition that is destined to prevail and metamorphose into something but friendly.

The current study's data offered here, on factors related to the business performance of Thai restaurants in the U.K., are not without some limitations. The data, which were drawn solely from the self-reports of interviewees, were unverified because these were not triangulated with counterpart data from official documents. Furthermore, the sample from which the data were obtained covered restaurants with widely-divergent organizational histories, sizes, and structures,

as well as food products. The analysis would have been more robust if some inclusion thresholds denoting the core characteristics of the sample were made. Despite these constraints, the data are important in advancing the understanding of the contextual drivers of business performance of Thai restaurants found operating in a global market.

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Declaration of ownership:

This report is our original work.

Conflict of interest:

None.

Ethical clearance:

The study was approved by the institution.

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