

OPERATING ENVIRONMENT AND FEASIBILITY STUDY OF ETHNIC RESTAURANT IN VARKAUS

Yogendra Sangroula

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Author(s)			
Yogendra Sangroula			
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Abstract			
<p>Success of a business depends upon customers' choices and preferences. Understanding Customers' needs and preferences is a safe starting for any business. Further, feasibility of the business is also a prime concern before establishing a business. Starting a business, especially an ethnic restaurant, in a small town like Varkaus involves a great deal of uncertainty and risks in terms of market feasibility. This study highlights, using customer survey, customers' preferences and feasibility of ethnic restaurant in Varkaus. Discussions related to the strategic factors and internal operating environment, based on the interview with the ethnic restaurant owners, is another important contribution of this study.</p> <p>The objective of the research was to produce valuable information for the investors willing to start an ethnic restaurant in Varkaus. Results of this study suggest that even though there are positive signs of possibilities, establishing and operating an ethnic restaurant is quite challenging in Varkaus. It is not only because of small market size. The major obstacle comes from the competition.</p>			
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Operating environment, Ethnic restaurant, Establishing a Business, Varkaus			
Notes			

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1. INTRODUCTION

Fortune of any country depends upon its economic trends. Economic trends are determined by the success of businesses and entrepreneurship in the country. The word business covers all kind of enterprises that are operating at either large or medium or small scales. Businesses can be classified into different categories based on their nature and scale of operation. For example, on the basis of size operations, businesses can be classified as small, medium and big enterprises. (Diamond, 2012)

According to Finnish Enterprises agency (2011, 8) Finnish business that is in legal existence can be categorized into following four categories;

Sole proprietorship

Partnership

Private/ Public Limited

Cooperative

(Finnish Enterprises agency 2011, 8)

Sole trader (Toimintimi / Business Name) Professional trader	Partnership <ul style="list-style-type: none"> • General Partnership • Limited Partnership Foundation Documents: <ul style="list-style-type: none"> • Articles of association 	Limited Company <ul style="list-style-type: none"> • Private (Oy) • LimitAed (Oyj) Incorporation documents <ul style="list-style-type: none"> • Memorandum of association • Articles of association 	Co-operative Foundation Documents: <ul style="list-style-type: none"> • Memorandum of association • Articles of association • copy of constitution • Minutes of the board meeting; election of the chairman of the Board and the Chief Executive Officer

TABLE 1. Business Categories (Finnish Enterprises agency 2011, 8)

Regardless of size and scale of operations, every businesses and industry holds immense importance to the national economy. Small and medium sized enterprises are the back bone. Well functioning small and medium sized industries always produce positive impact in economy. These small and medium size businesses are instrumental in creating employment opportunities in local level. This in turn increases the purchasing power of the people in the country which not only uplifts the living standard of people, but also opens up new business opportunities. (Shrestha & Lama, 2011)

Big enterprises in the economy are double edged sword as they are source of economic strength and at the same time source of big economic risks. Irresponsible of big enterprise can plunge whole national economy into recession which could further extend to global recession. Thus, big enterprises have the impact both on positive and negative scale, significant impacts both capable of uplifting and disestablishing economy. In such tough situation when big enterprises cause economic downturns, it is the small and medium size economy that keeps national economy on track for recovery. Studying small and medium size enterprise provides an interesting research topic. (Zain, 2012)

This study focuses on the various operating environmental factors that affect the daily business of a small ethnic restaurant in Varkaus. Further, it also highlights the feasibility of restaurant business in Varkaus. The final result of this study is deemed to be valuable piece information for an entrepreneur seeking to establish a restaurant business in Varkaus. The value would be even higher for the one looking to establish ethnic restaurant. The study entails vital information regarding the procedure and process for establishing a business in Varkaus to greater details. The researcher conducting this research, being an entrepreneur of ethnic restaurant in Varkaus, has himself great deal of experience going through all these process himself. Thus, this study will clearly reflect his experiences which will only add value to the final result as information comes from real practice.

This study report includes mainly five sections: Literature review, Operating environment, Feasibility, Establishing and operating an Ethnic restaurant (Survey and analysis or research) and final conclusion of research. Review of finding of previous study related to operating environment and establishment of restaurant is presented in literature review section. Then, operating environment with major focus on competition, customers and scenario of restaurant industry along with internal environment of restaurant in Varkaus is discussed. Further, survey analysis, feasibility, comment of existing restaurant owner and researcher own experience on the field of restaurant operation and establishment make up the following section. The final section includes the finding and conclusion of the study which is expected to provide useful information to the reader about process of the establishment a restaurant and current operating environment.

It is a research based on the current operating environment of ethnic restaurant in Varkaus. Competition in the restaurant industry is increasing day by day. However, at the same time, ethnic restaurant are showing upward growth trend in this small town. Some of the major problems that this study deals with are:

Feasibility of an ethnic restaurant

Operating environment of Ethnic restaurant which includes both external and internal environment

The main objective of this study is to provide guidelines to the readers about feasibility and sustainability of restaurant business in Varkaus with all required details. Results of this study delivers vital information related to the preliminary feasibility study and operating environment of ethnic restaurant in Varkaus which could be, to some extent, applicable to other restaurant businesses as well. Even though Varkaus is a small city, ethnic restaurants are significant in numbers and thus, it is worthwhile to study current operating scenario of ethnic restaurant in Varkaus.

Food is elementary for daily livings. Without food we can't imagine a life. Eating patterns and choice of foods are influenced by several factors. This study is interested in choice of consumer to dine outside home. People choose to dine in restaurant for several reasons. Lack of time to cook, laziness to cook, desire to try new food, and changing tastes are some reasons why people visit restaurant. For such reasons, restaurant businesses are growing exponentially over the time in different size and concepts. Researchers have conducted many studies aimed at improving quality, analysing success factors so as to aid in success of such business and minimize risk in investment. This study stands in same wavelength.

The research is based on ethnic restaurant in Varkaus so that it might not be applicable completely to cover whole restaurant industries. Further, sample size consists of only 104 respondents. The results are based on these sample study. Varying sample and sample size may provide some different results.

Considering size of the city, Varkaus has plenty of ethnic restaurants. There are already many ethnic restaurants like Chinese, Thai, Nepali and Italian restaurant. Some researches already have been conducted about the feasibility of restaurant business in Varkaus. However, there has been no study that focuses on ethnic restaurant business. This study would be the first of its kind as it concentrates on the operating environment and feasibility of ethnic restaurant in Varkaus. Previous, re-

searchers have used the customer survey and analyse to study the feasibility of restaurant business in VarKaus. There are studies concerned about the restaurant business in other parts of Finland as well.

Thi Ngoc Thu Doan, a researcher from Savonia UAS, in her final thesis has made a research on feasibility of establishing a vegetarian restaurant in Varkaus. She conducted her study using both quantitative and qualitative methods. The research focused on benefits of vegetarian foods over non vegetarian foods. Customer survey was conducted to get responses from the potential customer in Varkaus. Results from her study shows that respondents were positive towards the idea of vegetarian restaurants and they would love to visit it. Further, the study also showed that people were not willing to pay higher price for vegetarian foods. As per the average price that a customer preferred to pay was 5-6 euro.

Chuang Li a researcher from Turku University of Applied Sciences in final thesis conducted a research to study performance of Chinese restaurant in Turku. Researcher pointed out some performance related managerial and qualitative issues of the Chinese restaurant in Turku. The study also mentioned some recommendations and handy ideas to start new restaurant. The research showed that the management of Chinese restaurant are not in good condition. Cultural factors has also played major role, somehow, to understand the need of customer as per changing environment. Researcher has strongly recommended the necessity of having knowledge of Finnish language skills with a clear idea of Finnish dining culture. Researcher has also highlighted advantages and disadvantages of an ethnic restaurant in Finland.

2. OPERATING ENVIRONMENT

In general environment means the thing surround us that affects actors and activities of all those connected to the environment. Successful endeavour depends upon the ability adapt and cope with the environment. The most successful ones are those who best understand the environment and plan strategically to adapt to it. (Factmonster, 2007)

A business is a legal entity, practically equivalent to a person in legal sense. The role and status of business in the society is similar to the humans. Business also deals with its environments, faces the obstacles and tackles it strategically for survival, growth and success. Environment not only provides list of threats to the company but also gives lots of opportunity to the organization (Blythe, 2001, 16). The factors that affect the daily function and of course have influence in long run are business environment related factors. Those factors that directly affect business day to day operation, in different ways, are known as operating environment. Thus, operating policy should be viewed as marketing policy of a firm within an advance and quickly changing environment. A company's marketing environment consists of the actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with the target customers. (Armstrong & Kotler, 2011, 94)

Different authors have emphasized different element of environment of business. Blythe (2001, 18) and Armstrong & Kotler (2011) have mentioned the following as environment element in business:

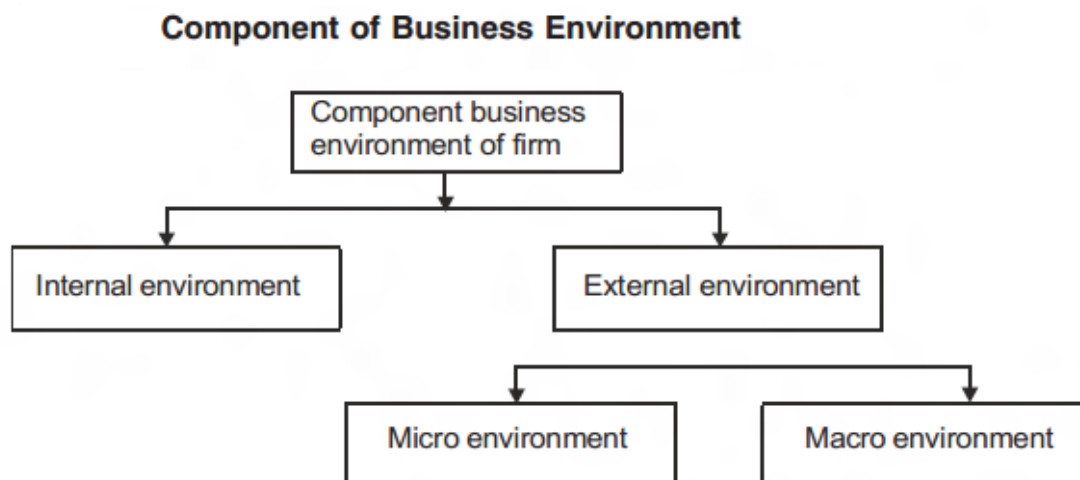


FIGURE1. Component of Business environment. Blythe (2001) and Armstrong & Kotler (2011)

2.1. External Environment

External environment consists of two different aspects of micro and macro environmental factors. Factors that are close to the organization are considered as components of micro environment and the factors that are common to society are considered as Macro environment. (Blythe, 2001, 17)

2.1.1 The micro – environment

Micro environment related to a business are competitors, customer, supplier and public. It is imperative and hard to recognize the **competitors**. Competitors are those who offer the closest substitutes in term of products and services or compete to satisfy same need of consumer. A market segment represents the grouping of consumer with similar needs and characteristics. Competitors compete to satisfy the need of particular segment of segment or segments. However, competitive threats can come from different sources. Business organizations compete with each other for consumers' expenditure on the product or need satisfying activities. For the particular needs consumer spends fixed amount of money based on their desire and rationality. Therefore, organization need to provide a product that can meet and satisfy consumers need better than competitors product. (Blythe, 2001, 20)

Competition has different levels. Perfect competition means that large group of suppliers compete with the similar products and have enough capacity to influence the supply level. Monopolistic competition is a situation where one major supplier covers the largest share in the market, but other competitors can still enter and try to get own share in the market. The rest market share is divided in fragments among other competitors. In an oligopoly the entire market is controlled by few company or organization. This kind of situation occurs when the cost of entry to the market is high and the repayment of the cost of capital takes long time. In monopoly single firm or organization controls the entire market with no substitute or close substitute. (Jennifer, 2010)

Customers are the most important actors in the company's microenvironment. The aim of the entire value delivery system is to serve target group of customers and to create sustainable and strong relationships with them. Customers' needs are dynamic and change with the course of time. Customer's needs are important to marketers and thus, it is essential to identify customer segments with the need which a company seeks to satisfy with its products and services. Segments are also dynamic in na-

ture and thus, it is necessary to identify and monitor the targeted market segment as it can disappear or be absurd in future. Business organizations need to respond accordingly and switch the effort in marketing to more profitable market. (Pande 2007, 2)

Suppliers are also capable of having close impact to the company's performance. Firm relies on performance and goodwill of its supplier. Organization need to monitor the performance of their suppliers to make sure that they are providing appropriate deliveries. Companies should have close relation with the customers and this can be achieved visiting suppliers frequently and having high level of information exchange. Logistics approach to supply is a link to provide the right goods and services in the right place at the right time. Between supplier and purchaser should develop a mutual understanding of each other's problems. (Blythe, 2001, 22)

In creating value for customers, marketers must partner with other firms in the company's value delivery network. These partners in marketers' networks that provide additional support to the firm's primary activities are known as intermediaries. Retailers, wholesalers, agents and others those who distribute the firms' goods are intermediaries. Any individuals or organizations that are between the company and the final consumers and assist in moving products are crucial to the marketer. Relationships with these intermediaries have great importance to marketers. The relation between company and retailers need to be good if the firm want to succeed in getting its products and services to the final consumer successfully. However, marketers should keep in mind that they also have to run their own business and have their own agendas. So, company need to establish good relationship with them sharing information and maintaining good public relation. (Armstrong & Kotler, 2011, 95-96)

Publics are the various stakeholders who have interest in the business and its activity. Company's environment includes various public actors. A public is any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives. (Armstrong & Kotler, 2011, 97)

Financial public is group that influences the company's ability to obtain funds such as banks, investment houses, stockholders. Media publics are newspapers, magazines, and radio and television stations which carry news, features, and editorial opinion are media publics. Management should be aware enough of government developments. Marketers need to consult its lawyers on issues of product safety, truth in advertising etc. Consumer organizations, environmental groups, minority groups who can ques-

tion companies marketing decisions are considered citizen-action publics. Local publics include neighborhood residents and community organizations. An organization should appointment a community relations officer to deal with the community. General public attitude toward the products affect its buying. Workers, managers, volunteers, and the board of directors are in internal public group. (Fill, 2009, 567-569)

2.1.2. The Macro – environment

The company and all the other connected actors operate in a larger macro environment that shapes opportunities and threats to the company. Macro environmental factors may be invisible or away far from the company when compared to the micro environment. Forces of macro environments are not within the control of the company. Company cannot change the position of macro environmental forces or affect them but instead, companies should prepare themselves to adapt according to these forces. (Armstrong & Kotler, 2011, 98)

Major forces in the company's macro environment are listed as follows demographic, economic, natural, technological, political & social and cultural.

Changes in **demographics** mean changes in the market structure and size, which in turn require changes in marketing strategy. Demography is the study of human. It includes several variables like the size of the population, density of the population, location, gender, race, occupation etc. Population growth can produce both opportunities and challenges to the business organization as they change the market. Marketers need to be familiar with the changes of demographic trends in the market. Changing ages and family structures, geographic population shifts, educational characteristics and population diversity could change buying behavior. These demographic trends need to be identified and monitor in order to make best out of the opportunities created or minimize the threats it poses to business. (Armstrong & Kotler, 2011, 98)

Factors that affect consumer buying power and spending patterns are **economic** environment. The economic environment consists of factors that affect consumer purchasing power and spending. Market is composed up of people with willingness to buy backed up with buying power. Companies need to understand the trends in economy and spending patterns of people. Economics strength depends upon two important factors: per capita income as per GDP and size of population. Further, dis-

tribution of income among the population is another crucial factor. Different nation has different levels of distribution of income. Some countries with high income have market that can afford wide range of products and services. Hence, the economics environment in these countries poses lot of opportunities and demand for even expensive products. Quality of offerings is more important than the price. On the other hand, countries with poor economic situation poses price sensitive market that can afford limited products and services and thus, more challenges. Purchasing power also depends upon government policy. If government increases its expenditure and decreases taxes people have money to spend. On the contrary if government decreases its expenditure and increase taxes people have less money left to spend patterns. (Armstrong & Kotler, 2011, 106-108)

Factors that are close to nature are **ecological environment**. Business decision making frameworks are affected by the scarcity of raw material, problems with disposing of waste materials and appropriate location for the industry. Organized groups and individual are concerned about these issues and company has to take these matters into consideration. Any disagreement that occurs in interest should be resolved through consulting with the concerned group. These days, government has increased its intervention in natural resources management. Governments are more concerned about clean energy and environmental issues. Hence, companies need to respond to the customer with more environmental friendly products. Companies are developing recyclable material and components and better pollution control measures and more energy-efficient operations. (Blythe, 2003, 37-39)

In recent years, **technology** has advanced rapidly and it has affected almost all area of our life. New industries have appeared such as cable networks, satellite TV stations, web-based products and services, and Design Companies. Those companies that did not exist two decades ago are major market force now. Technological changes are continuing upward development trends and more new markets and industries will be appearing in the economy. And thus, some old industry would be obsolete in the market or there will be competitive situation from unexpected directions. It is very difficult to identify this kind of competitor. New technologies, at the same time, can create new market opportunities and also can replace old technologies to pose unpredictable threats. Ignoring technological changes can cause decline the market performance. Thus, organization need to be aware with the changes of technology and should update its technology as required. Most of the companies are investing significant amount in research and development to keep update and to be competitive in the market. (Walker, Boyd & Larreche, 100-103)

The **political environment** consists of laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society. Political factors have great impact on business. For example, privatization of former government owned businesses itself changes the competitive scenario. Organization need to be able to respond general political climate and should adjust the company policy accordingly. With increasing level of general public awareness, legislations that affect business are increasing in number each day. Understanding legal implications of business activity is not always straightforward. Moreover, legislations are constantly changing and evolving. What was previously, allowed legally could be prohibited now and what was prohibited before could be allowed now. (Armstrong & Kotler, 2011, 111)

Laws are enacted for a number of reasons. The main aim of legal system is to protect fairness of market mechanism. Laws are passed to prevent unfair competition and practices that are harmful to the society and overall economy. Another purpose of legal system is to protect consumers' rights. Regulations protect customer from invading privacy, lies in advertisement, and from deceiving through packaging and pricing. Profitable business activity alone does not guarantee to create better quality of life but regulations are also needed to ensure that firms take responsibility for the social cost of the product. Regulatory alone cannot always cover all potential abuses. Beyond laws and regulations, business is also governed by social codes and rules. Organization should protect the long-run interests of their consumers and the environment. Social responsibility can be exercised by linking the company with worthwhile causes which in turn helps to build positive image of the company. For example, from every single sale of particular product certain amount can be donated for the education of poor children. (Blythe 2001, 24-25)

Institutions and other forces that affect society's basic values, perceptions, preferences and behaviors form **cultural environment**. Cultural factors strongly affect people in different behavioral level ranging from how people think and how they consume. So marketers are keenly interested in the cultural environment. People grow up in a particular society and the social environment shapes their basic values, beliefs, and perceptions. People hold beliefs and values with high degree of persistence. It affects to people attitudes and behaviors. Beliefs and values are passed from parents to children and reinforced by educational institutions, churches, temples, business and government. Values can be classified as primary and secondary. Primary values are more persistent and are difficult to change. However, secondary

values can be changed. Organization wants and needs to predict cultural shifts in order to exploit new opportunities or minimize threats. (Bradley, 1999, 131)

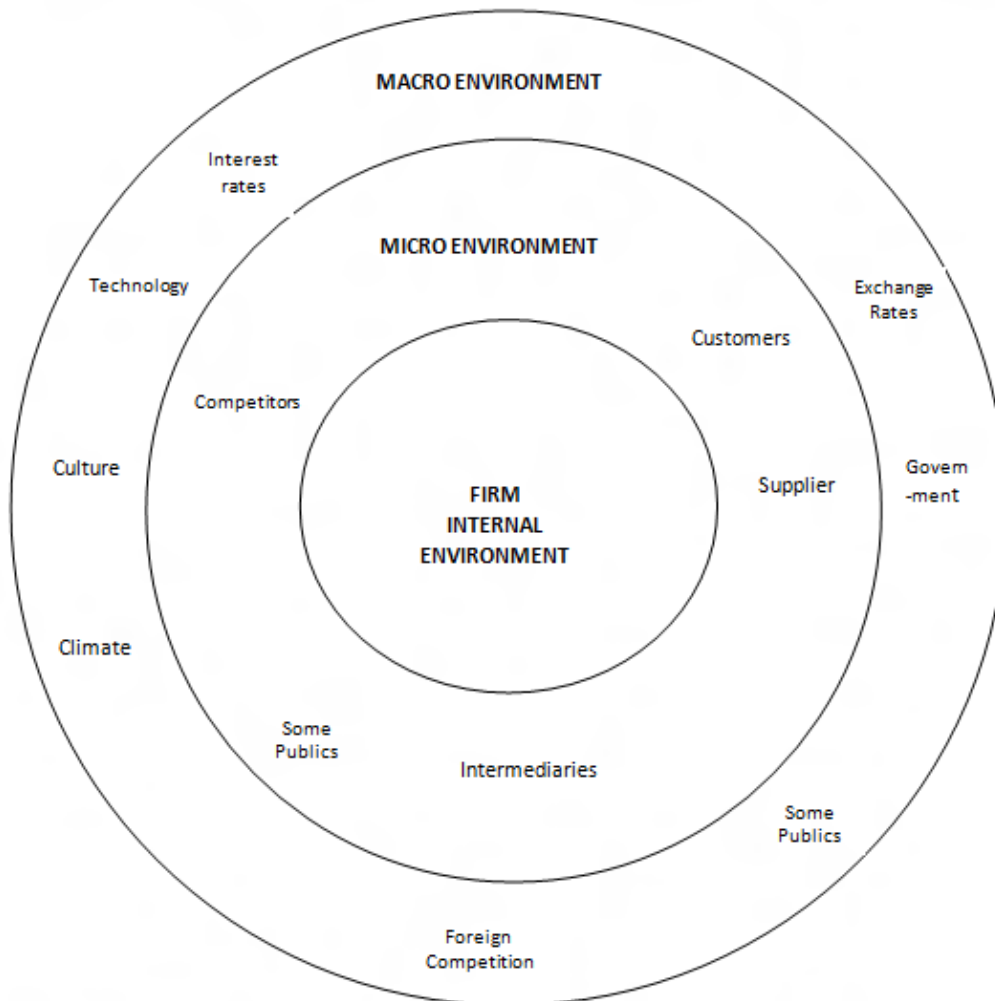


FIGURE 2. External and Internal environment. Blythe (2001, 18) and Armstrong & Kotler (2011)

2.2. Internal Environment

'The conditions, entities, events, and factors within an organization that influences its activities choices and particularly the behavior of the employees are internal environment'. Internal environment are source of strengths and weaknesses of the company. By well managing internal environmental variable, companies can boost their strength and at the same time limit their weaknesses. (Business Master)

Unlike external environment, different businesses have different sets of factors related to internal environment. We get different views from different authors however; the common string in the lists is the factors that falls within the boundary of business operation. An organizations internal environment includes current employees, manage-

ment and corporate culture that define employee's behavior. Some of these elements affect the overall organization while others affect only the managerial issues. One of the major factors is organizational leadership style. Leadership style has direct impact on employees' behavior and performances. Traditional leadership style stresses in providing instruction to employee. (Panday 2007, 3)

This study considers the following factors as the forces of internal environment of a business.

An organization's mission statement describes the reason for organization existence and operations. It communicates the purpose of the organization and distinguishes it from other organization of its kind. Mission statement should reveal company philosophy as well as its purpose. It should answer the question what are the values of the company and what does the company stand for. It provides directions to the employees and thus enables them to work together to achieve its common organizational goals. A good mission statement identifies intents of a company in the following terms customer, products & service, location and philosophy. Company policies are the guideline that governs the procedures that organization employs to address specific situation and problem. It is an indicator of an organization's personality and should coincide with its mission statement. (Benowitz, 2011)

Formal structure of organization is a hierarchical arrangement of tasks and people. It determines how information flows within the organization, responsibility distribution among the functional department, and location of decision making power in the organizational system. Organization can use chart to simplify the breakdown of its formal structure. It is the pictorial display of the official lines of authority and communication within an organization. (Benowitz, 2011)

Organizational culture is its personality. Like each individual, organizations have a distinct personality. Culture of an organization distinguishes it from others and shapes the actions of its members. Major components that make up an organization's culture are value, heroes, rites & rituals and social networks. Values are the basic beliefs that organization holds regarding its operations and employees. Organizational values and philosophies are reflected in its day to day operation and thus, have impact on very successes of an organization. A hero is exemplary people who reflects the image, attitude or values of the organization and serve as a role model. It can be any body from an organization (for example: Founder, managers, workers etc.). Rites and rituals are routines or ceremonies that the companies use to recognize high-

performing staff. The honors are meant to exemplify and inspire all employees of the company during the year. Social network is the informal means of communication within an organization. Through this network employee really learn about the organizations culture and values. (Benowitz, 2011)

Tone of the workplace and the morals of its workers are elements of daily climate of any organization. Workers' attitude can dictate the atmosphere of the workplace and also act as a differentiating factor in organizational environment. The daily relation and interaction between employees is the indicator of an organization's climate. Innovative and collaborative **organizational climate** is one the biggest strength of an organization. (Dicson, Resick & Hagnes, 2006, 351-353)

Factors that requires to company to accomplish its task are **resources**. For example people, information, facilities, infrastructure, machinery, equipment, supplies, and finance at an organizations disposal are resources for company. People are the vital resource to all organizations as they are instrumental for the mobilization and utilization of other resources. Other resources complement workers to accomplish the organization mission statement. 'The availability of the resources and the way that managers value the resources has high impact in the organization environment'. (Benowitz, 2011)

3. BUSINESS PLANNING AND BUSINESS PLAN

Even though it's well known fact that business entails significant risks, entrepreneurs are lured into business activities by potential rewards. Businesses are integral part of everyday life as they provide people with the products and services that people need. We encounter different types of business every day. Each day we go through the word business by knowingly or unknowingly. Any profession that we follow and execute could be defined as business. (Small Business Administration, USA)

Business is an organized profit seeking approach to providing people with goods and services they want. "Profit seeking" part of the business definition distinguishes business from other non-business activities. Profit is the difference between money received from the sale of products or services (revenues) and cost of doing business (expenses). (Luthans & Hodgetts 1991, 4)

Small businesses are back bone of any economy. Not only public, business houses, non-governmental and governmental organizations also use product and services provided by a business. Business is a success mantra to make economy stronger. (Shrestha & Lama 2011)

Establishing a business requires a careful and well informed business plan analysis. Just establishing a business is not a big deal, however, running according to mission and vision of entrepreneur and achieving the business goal is definitely not a cake walk. There are many things to consider and follow before al business becomes successful reality. An entrepreneur should prepare a realistic and strategic business plan to translate his idea into a success business entity. Business plans are specific to the business idea and thus, differs from one business idea to other. (Berry, 2012)

Since researcher is conducting a case study of an ethnic restaurant, it is more about a business plan that highlights feasibility of business to establish a restaurant business.

A well written concrete business plan sets the foundation for the success of business as it provides with a road map during the first couple of years of operating the business. Business plan vary in length and complexity but almost all business plan includes the followings: an executive summary, a mission statement, a business overview, a market analysis, a competitive analysis, a marketing plan and a financial plan.

Business plan is an executive summary communicates the basic concepts of the business briefly. (Weinberg, 2007)

Business plan refers to a written plan for the business. It describes how the business idea is translated into practice: the operating environment of the enterprise, its working practice and objectives of business. It is a comprehensive and detailed presentation with the specific time scale. The business plan also includes long term objectives and quantitative targets in the form of profit budgets and cash flow statement (Finnish Enterprises agency 2011, 10)

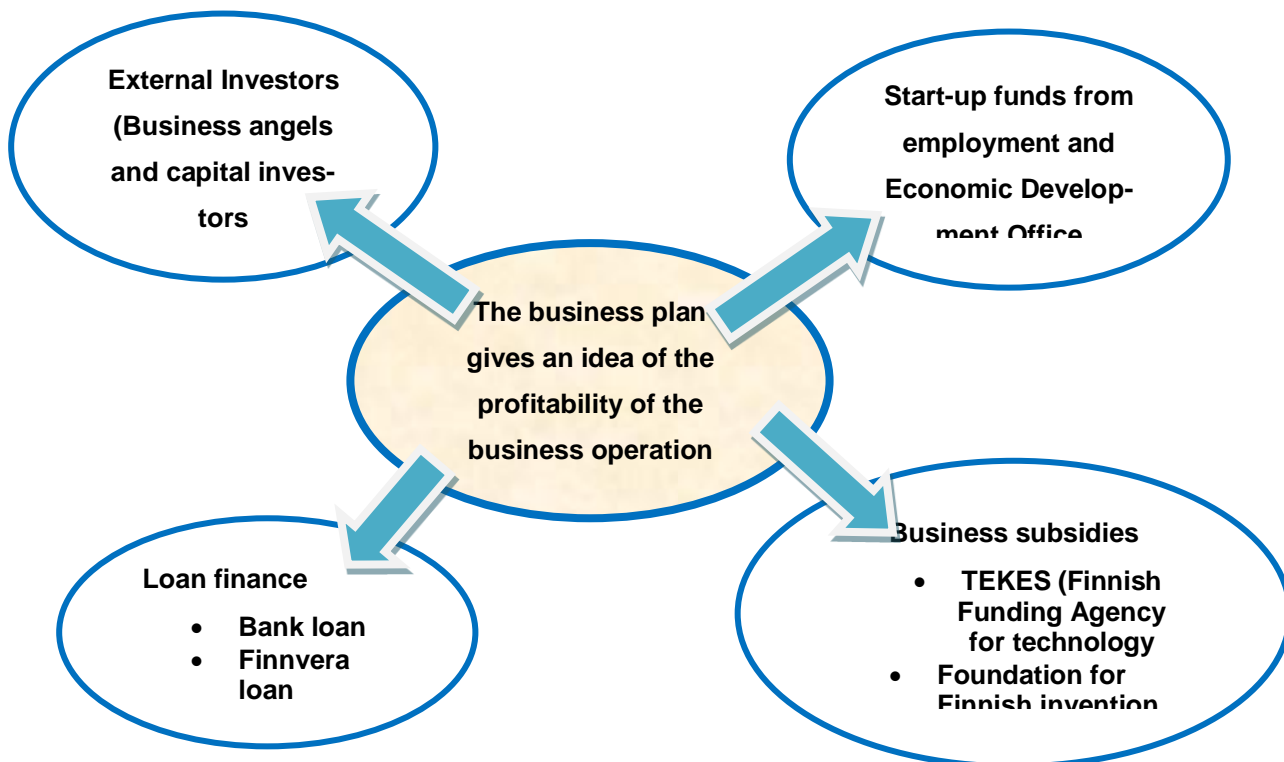


FIGURE 3. Need of Business Plan. (Finnish Enterprises agency 2011, 10)

After analyzing the above definition by some authors it is imperative that business plan is a document of guidelines which states clear idea about the business, its opportunities, risks and operating process. It also includes analysis of customer needs and market feasibility. In other words, business plan is a guide to go ahead to establish and successfully run a business. A business plan must give a clear picture of how the product and services meet the needs of customers in targeted market segment.

Depending upon the nature and size of the content of business plan differ from one to another. Different authors and experts have taken into consideration some content to include in the definition. However, there are some similarities within those elements. Generally a Business plan includes summary, introduction, Background, product,

market, operation, management, proposal, financial background, risk, conclusion and appendices. (Finch, 2010, 19; Friend & Zheele 2010, 12)

In a strategic model Wheelen and Hunger (2010, 63) have considered the environmental scanning, strategy formulation, strategy implementation, evaluation and control as contents of Business plan as a component of Strategic management model.

Generally to make a sound business plan, the following elements should be explained in a proper and clear way.

3.1. Executive Summary

This is a summary of a business plan which communicates the purpose of business in terms of what the business is, what product and services are going to be offered, and who are the target customer to get the product and services. Executive summary is often considered as the most important section of the business plan. This section briefly informs reader where company stands, what it wants to become, and why business idea will be successful. Executive summary also grabs the interests of potential investors as it clearly spells out foundation for the success of business. (Small Business Administration USA, 2012)

Generally, executive summary could be a one page document. For example, in a business plan for a restaurant, summary must contain about what is the business idea, what kind of food and additional services are planned for serving to customer. It also should mention about the target customer for the same. Normally executive summary should include business idea, team of the business, business proposal, reason that business would succeed, major risk and way of minimizing such risk. (Finch, 2010, 24)

3.2. Background, Mission, Vision and Objectives

In this section the background of the idea is explained. For example; how the idea came to mind. If the business idea is related to establishing a restaurant, reason behind establishing a restaurant in particular city could be the content of background. It also includes the entrepreneurs' own academic and professional background along with industries background. Background of business plan may include about the

origin of business idea that came from, if any progress has made in business idea along with any / all plan for short term growth. It also includes educational background of entrepreneur with list of relevant business, any specific expertise related to business and any industry related club or professional association that any of the key players are member of. (Albo, 2008)

This is a short statement about what the company wants to be in the market. Mission and vision always should be short and clear as possible. Main objectives of the business should be mentioned in this chapter possibly in a line or a sentence. Mission explains the purpose of the organization in the market. Vision states about how the organization would like be in future. Objectives are the result that a business sets for the planned activities. Certain result in a specific period from specific activities can be defined as objectives. An organization's mission is the purpose or reason for the organizations existence. It tells what the company is providing to the society- either a service or a product. Mission describes what the organization is now; vision describes what the organization would like to become. Objectives are the end result of planned activity. They should be stated as action verb and tell what is to be accomplished by when and quantified if possible. Some of the areas in which organizations might establish its goals and objectives are profitability, efficiency, growth, shareholders wealth, utilization of resources, reputation and survival etc. (Wheelen & Hunger, 2010, 65 & 66)

3.3. Organization Plan

Organizational plan depicts that what kind of organization structure would be and how the decision rights would be located. Every public and business organization must follow the legal procedure of the country. Organization plan should comply with the related law and regulations.

Legal Structure: It is always a wise to choose format of a business that suits the business and owners needs. By nature and size of the company, structure of the company is free of choice of an entrepreneur. In Finland, there are four structures of business which are proprietorship, partnership, limited company and cooperative. (Finnish Enterprises agency 2011, 8)

Proprietorship is owned by single businessman that is operated by a working name (Toiminimi) of a person. He is the only decision maker in the business and no need to

share profit or loss to anybody else. In **partnership** business there must be two or more partners working or investing together in a business. There are two types of partnership structure on the basis of activeness and right. One is general partnership and other is limited partnership. There are two types of **limited** company by their investment position. Private limited is a company invested by two or more share holders with limited liabilities. The company which has issued share to public to raise its capital is public limited company. In case of public limited companies, general public can invest money through secondary market like Nokia, Nordea bank etc. **Cooperative** is an increasing practice in the business world. Many people own the share of the company and the business is operated as per the interest of investors. In such business mostly all owners are customer of the cooperative. In Finland they are so called owner customer (Omistaja Asiakas) like S-card holder of S-pankki. (Finnish Enterprises agency 2011, 8)

3.4. Operation Plan

Operation plan describes the physical attributes of business operations, such as business's physical location, facilities and equipments. Depending upon nature of business operations, it may also include information about inventory requirements, suppliers, and a description of a manufacturing process. (Ward, 2012)

Location is one of the most important things to be considered while establishing a business. Even company with excellent product and services might also fail if the choice of location goes wrong. Especially, when it comes to the retailing and restaurant business location is the most important factors that should suite to customer. (Kehra Communication, 2006)

Facilities and Equipments: Operation plan also mentions quantity and nature of equipments needed to operate the business. What **facilities** are going to be used, where it can be located are few important factors that should be explain in this chapter. In Finland, to open a restaurant there is a legislation that guides facilities related decisions. (Greene 2005, 11-12)

For example, wash room for the staff should be separate and restaurant is bigger than 30 seats it must be suitable for the visit off handicapped people and at the same time washroom should be usable by handicap people.

Inventory and cost is also a crucial in business. It is good to be sure that everything is in storing that customer want from us which will reduce customer walk out rate. How the inventory will be mentioned it is also a part of operation plan. (McCombs, 2010)

Operation plan includes detailed information of **suppliers**. It explains who suppliers are, what are their price, term and condition of business with them. It also includes alternative plan if the supplier let us down. (Ward, 2012)

3.5. Marketing Analysis

Marketing analysis is an important part of a business plan. A sound marketing analysis gives a well directed way to go ahead and get into targeted market segment. SWOT analysis, product, place, price, promotion, customer and competitor analysis forms important dimensions of the marketing analysis. It is always critical to understand a market. A quality product can't guarantee success in market. Market analysis is better to be more specific as possible which focuses in real achievable targets. (Greene 2005, 8)

While analyzing market, knowledge about business itself in relation to market is quite crucial. It is always worthwhile to know about business in terms of strength (S) which tells the entrepreneur that how business can gain competitive advantage over its competitors' product in the market. Along with strengths, there exists weakness (W) as well. Strength and weakness are the two sides of a coin. Understanding weakness of business can be vital towards improvement efforts through needed changes and restructuring. **SWOT** analysis also provides a clear picture of opportunities (O), with respect to business's strengths, in the existing market which is important input in developing and implementing the marketing activities. Also, SWOT analysis highlights the threat from the external business environment, with respect to weaknesses, which can act as major obstacles in achieving business goal. If business can notice and analyze the threats (T), business can prevent some unwanted losses. (Bizplan, 2009)

Example of a SWOT analysis	
<p>Strengths</p> <ul style="list-style-type: none"> • strong expertise • experience • knowledge of the industry • innovative Product • Contacts 	<p>Weakness</p> <ul style="list-style-type: none"> • weak language skills • insufficient personal funds • no experience of working as an entrepreneur • new culture
<p>Opportunities</p> <ul style="list-style-type: none"> • globalization • potential for growth • new product and services • new market share 	<p>Threats</p> <ul style="list-style-type: none"> • entrepreneur's ability to run the business • tough competition • change in law • political situation

TABLE 2. Example of SWOT Analysis. (Finnish Enterprises agency 2011, 15)

Product describes offerings that are to be sold in the market it. Details of the product are very important because products are the basis of revenue generation for any business. A product description should have explained how the product is different than others, **uniqueness** of product and service. It also includes **methods** in which item are sold with explanation of **customer benefit**, suppliers details, company's pricing strategy and competitive advantage of own products. (Waters, 2012)

No business exists without **customer**. No matter whatever products and services are offered, they are produced for the consumption by the customers. People who pay for our product and services are customers. In modern age, company analyzes customer needs first and then produces goods as per customer needs. (Mallory, 2012)

For B2C business the details of customer living place, customers' age, gender, profession, and education level should include. It also includes information about local residents, typical age group customer, customer behavior like customer value and

belief, what kind of style and healthy living does customer have, travel habit and hobbies and interest etc. (Businessplan, 2012)

Companies those are selling similar products and services or close substitutes or serving similar needs in the market are **competitors**. Competition is way of life. In every sector in every scale there is competition for survival. Before starting a business analysis of competitors is necessary. Knowing the competitors we can specialize our products and make different to customer. It is always better to have knowledge of strength and weakness of the competitor by which we can make plan strategically to grab opportunity and avoid threats. (Bellis, 2012)

We must identify our competitors in marketing plan section. Competitors for restaurants in Varkaus can be identified just by market visit or local business pages. The second step would include task of gathering information on competitor and creating competitors' profile. While analyzing competitor we need to consider what market or in which market segment competitor are serving, what benefit do competitor offer to customer, What do customer buy from our competitor, what is buying trend of customer and more data as much as possible about competitors products or services , pricing and promotional activities and plan. (Ward, 2012)

In narrow minded concept **price** is the amount charged for a particular product or services or it is an expected amount of money for a particular service or product. But in a broad sense price is sum of all values for which customer give up to get the benefit for consuming it. To be in safe side and be financially sound, price should be higher than cost. Before pricing own product, a business needs to consider and understand how services and product are priced. Price is one of the important competitive variables that determine where a business stands with respect to its competitor. Knowledge of competitors' pricing strategy is important input to the pricing strategy formulation. Cost structure of products and services, competitors' pricing, customers' willingness to pay and demand and uniqueness of products are important business variables that determine price of products and services. (Amstrong and Kotler, 2011, 303)

3.6. Financial Plan

Finance is the life blood for business organization. It is essential in every steps of a business. Regardless of stage of business cycle, whether it is just start up or boom-

ing business, financial matters are needed for all purpose. To start a business a sound source of finance should be ensured through well backed investment. Business operations can become reality once the business plan is financed. Financial plan clearly highlights the investment needed, source of funds, cost and revenue estimation. (Greene 2005, 12)

Financial plan should have the followings particulars that are well prepared and analyzed before presenting it to decision maker; after considering different costs and determining the pricing, a statement of **budgeted sales** and **purchase** need to be made. On the basis of total expected expenses and sales, projected **Profit and loss account**, and **balance sheet** are prepared. Estimated future **flow of cash** in and out is presented using cash flow analysis statement. Once these financial variable like cost (Variable and Fix), sales are known, we can calculate contribution margin of a product or service to the company. Contribution margin is a valuable input in **breakeven point (BEP)** computation. BEP is a point of sales where company makes neither profit nor loss. (Greene 2005, 12-13)

3.7. Risk Management

Nothing is risk free in this business world. Business entails considerable risks. Such risk might occur from both internal and external environment. Business risks may arise from an unpredicted source. For example, financial crisis in USA was enough to cause economic risks in most of the countries. Risks are certain and inevitable but manageable to some extent. However, level of risk varies from one situation to another. A business plan should also include rescue plan for business in some probable difficult time and deal with arising risks. (Finnish Enterprises agency 2011, 15)

4. RESEARCH ON THE OPERATING ENVIRONMENT AND FEASIBILITY OF ETHNIC RESTAURANT

This study employs customer survey to conduct feasibility of the ethnic restaurant business. A randomly generated customer sample was used for the study. Customer survey included various questions, which were used for the market estimations and consumer preferences analysis.

4.1. Quantitative and Qualitative Research Method Used

Research method is a process of systematic, focused and orderly collection of data, using different data collection techniques, in order to obtain information useful to answer our research problem. It follows step by step procedure to gather data and then these data are analyzed to answer the research problem. Fit between research and the method depends upon research problem and its purpose. (Jankowicz, 1991)

Qualitative research is a scientific research that includes investigation of research problem through systematic use of predefined procedure to answer the question, collection of evidence, generation of the results that are applicable beyond the immediate boundaries of the study. Furthermore, this methodology seeks to understand research problem or topics from the prospective of samples. Qualitative research is more meaningful and silent to the respondents which can give unanticipated results. Qualitative research is more explanatory in nature. Qualitative research use samples drawn from the population that have the characteristics to support the research problem. The objectives and characteristics of research determine number of samples. (Family Health International, USA)

In qualitative research, inductive analysis is the format for analyzing data where conclusion is made on the basis of received data, facts and findings. The main purpose here is to get detailed understanding and explanation of attitude, actions and behavior toward certain phenomena. During the research process, no any predetermined suggestions are set. Further, depth of data matters more than the number of size of data. Language of this research method is more literary even though the research is scientific. (Leedy 1997, 104-111)

The purpose of quantitative research is to quantify relationship between variables. Variables could be different for example, performance, weight, time etc. Variables can be measured in a sample of subjects. Quantitative results express the relation-

ship of measured variables using statistical tools like difference between means, standard deviation and correlation coefficient. Quantitative research mainly focused on collection and analysis of data. Mostly size of data in quantitative methods is bigger than in qualitative research methods. (Hopkins, 2008)

Correctness through quantitative methods and reliability through measurement are important features of quantitative research. Research is controlled through sampling and research design. By using controlled experiments it can produce causality statement. All the data are in numeric format which gives possibility of use of statistical tools for sophisticated analysis. Reproducibility is another important element of quantitative research method. (Hughes, 2012)

In quantitative research, gathering data through survey is the biggest task towards achieving desired success in the study. It is difficult to get to the targeted population and get desired sample (150 for this research) from it. People more often ignore web based email and survey which also create problem while doing research with quantitative method. Because of low return rate, collected sample can't represent whole population size. (Leedy 1997, 104-111)

This study uses both quantitative and qualitative research methods. First, quantitative research method was employed to understand the customers' awareness, preferences and choices regarding food and ethnic restaurant. For this purpose, customer survey was conducted. Questionnaire was prepared with a view of extracting relevant information for further analysis. Sensitive and more personal questions were avoided. Main purpose of whole questionnaire was set to get data to analyze customer preference toward ethnic restaurant, ethnic food to study the feasibility of ethnic restaurant. Survey period lasted three month, September to the end of November 2012. Total 150 forms were distributed in different outlets. Out of 150 forms, only 113 responses were received. Further, nine responses were either answered less than fifty percent or left empty. Respondents were randomly selected by distributing questionnaire in different places. Questionnaires were distributed in restaurants (Pikkuhimalaja & Gunsmoke), second hand shop (Oranssikirppis), sports hall (Liikuntatalo), school (Savonia-amk). 83% of respondents were living in Varkaus. The random sample also included 17% of non-residents of Varkaus.

In the second part of the study, qualitative research method was used to collect information related to operating environment of ethnic restaurant. Four ethnic restau-

rant owners were interviewed to get their perspective on operating environment of the business. As all of them anonymously didn't want to disclose name they are referred as owner A, B, C and owner D. Interview was conducted during one week period in last week of November in their own restaurant. In average, an interview lasted an hour. Structured interview questionnaire (as per appendix 3) was used for this purpose. Questions were set in advance so that it would produce data to analyze current operating situation of ethnic restaurant in Varkaus.

4.2. Result from Quantitative Research

As mentioned in earlier, questionnaire survey as per appendix 1 and 2 (Appendix 1 in Finnish & Appendix 2 in English) was carried out as part of quantitative research method to collect data. By surveying, market feasibility and consumer preferences were studied. Result of the study is presented in details in this section.

4.2.1. Background Variables of Respondents

Of the total respondents, 52 percent were female and rests were male. Age wise, higher numbers of respondents were from 21-30 years age group. People with 31-40 age groups were second higher respondents with 15 percent of total respondents. Mostly in all age groups female respondents were high in number except 21-30 where male respondents were 20 percent and female respondents were 15 percent. In 41-50 years age group also male respondents were just one percent higher than female respondents. The age and gender distribution of sample is shown in figure 4.

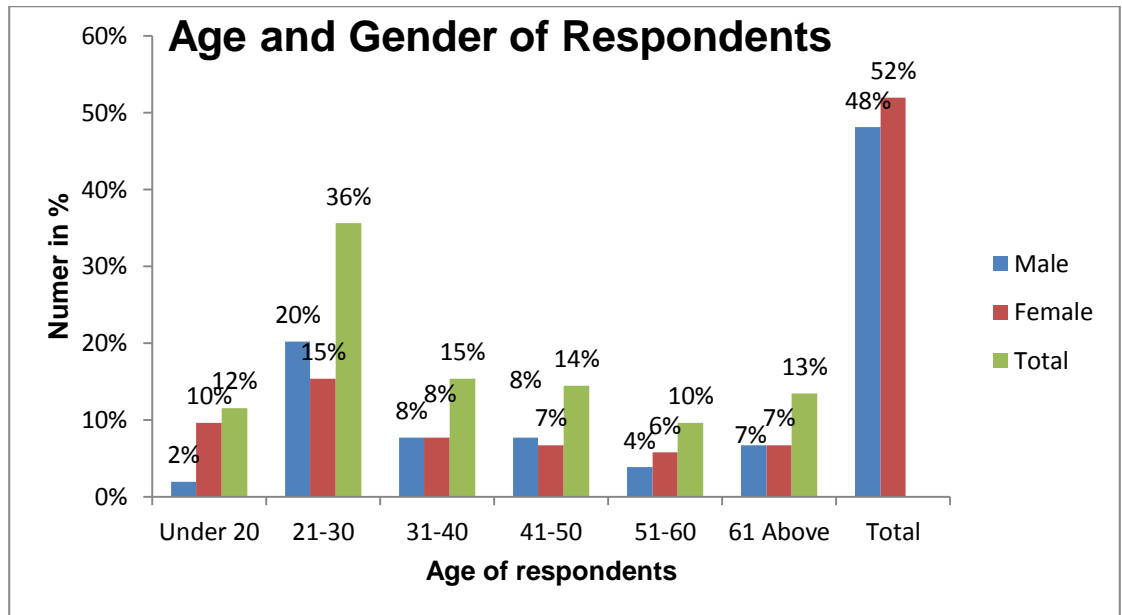


FIGURE 4. Age and gender of respondents (n=104)

Profession of respondent

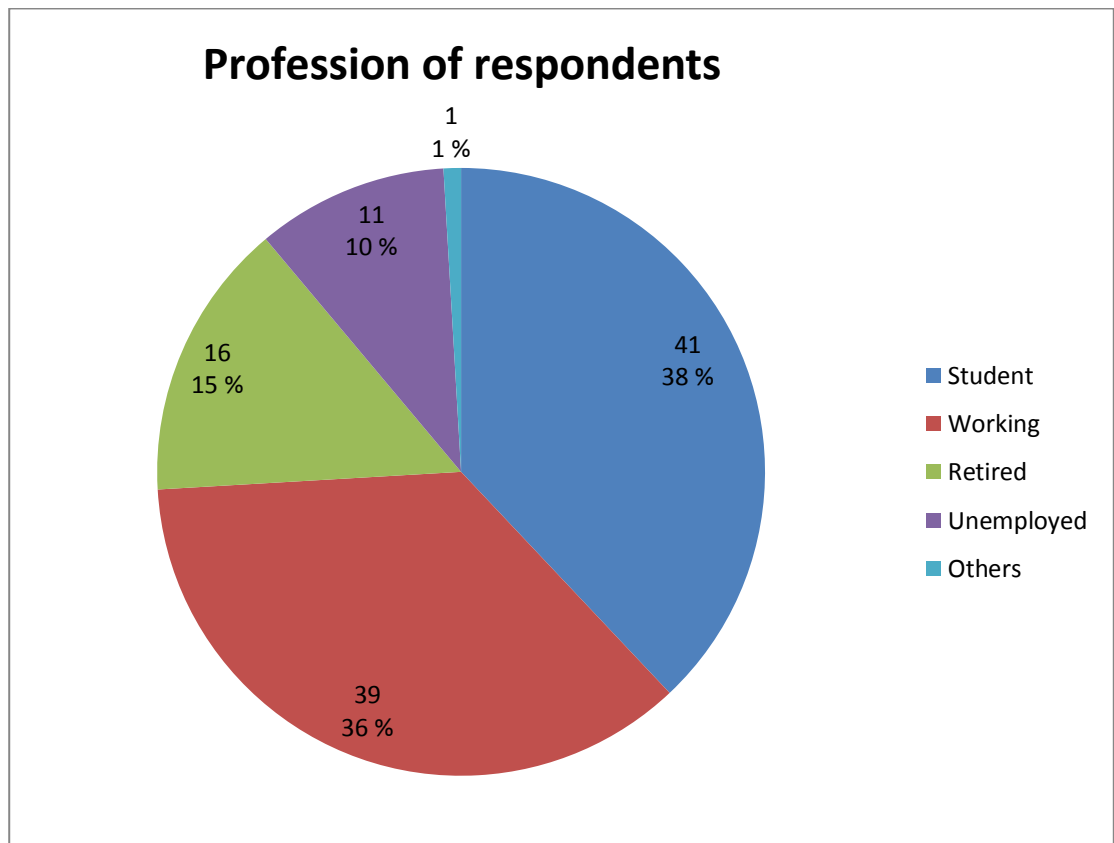


FIGURE 5. Profession of respondents (n=108)

As shown in figure 5, students were most respondents with 38 percent following by working people with 36 percent in second position. Fifteen percent respondents were

retired while 11 percent people were unemployed. People who choose their profession as others were one percent.

Preference and Gender

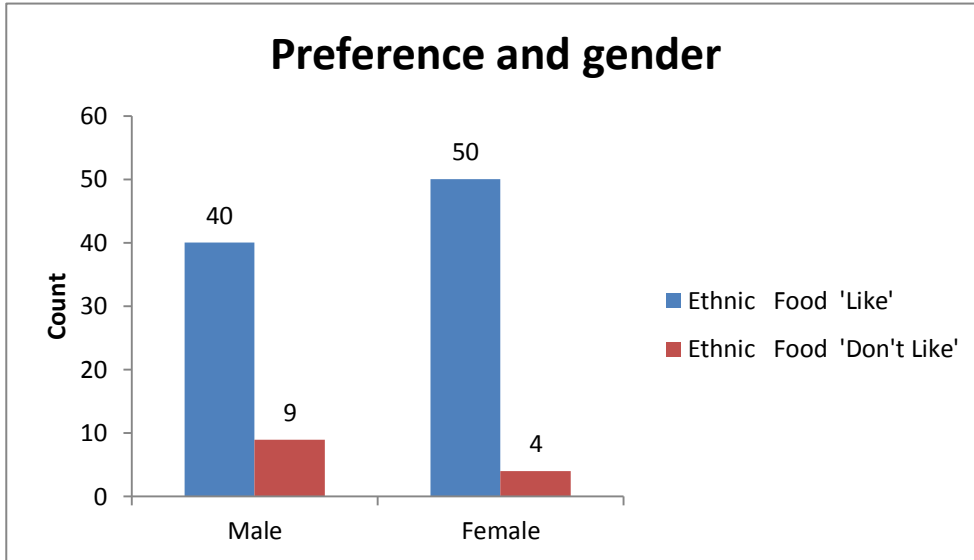


FIGURE 6. Gender and liking ethnic food. (n=103)

By gender female seems to be more favourable for ethnic restaurant. Figure 6 shows that more female like ethnic restaurant than male.

Restaurant visiting frequency

People were asked to answer for visiting frequency for both in restaurant and ethnic restaurant in two separate questions. Five percent of people answered that they never visit restaurant while 28 percent responded that they visit restaurant less than once in a month. The huge number of respondents visit restaurant less than once a week was 32 percent. Number of people visiting restaurant more three times in a week were 11 percent as shown in figure 7.

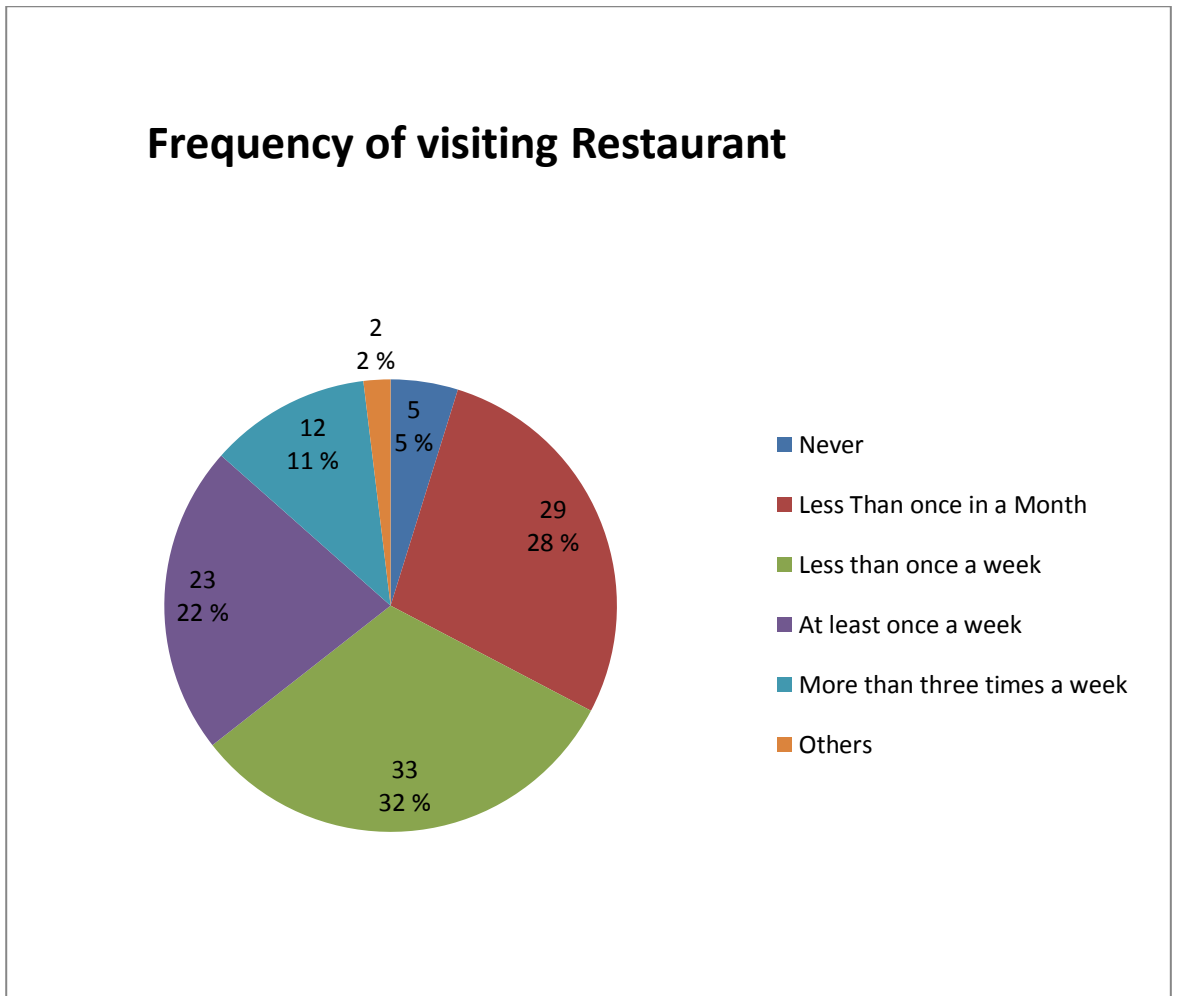


FIGURE 7. Frequency of visiting restaurant (n= 104)

Profession and restaurant visit frequency

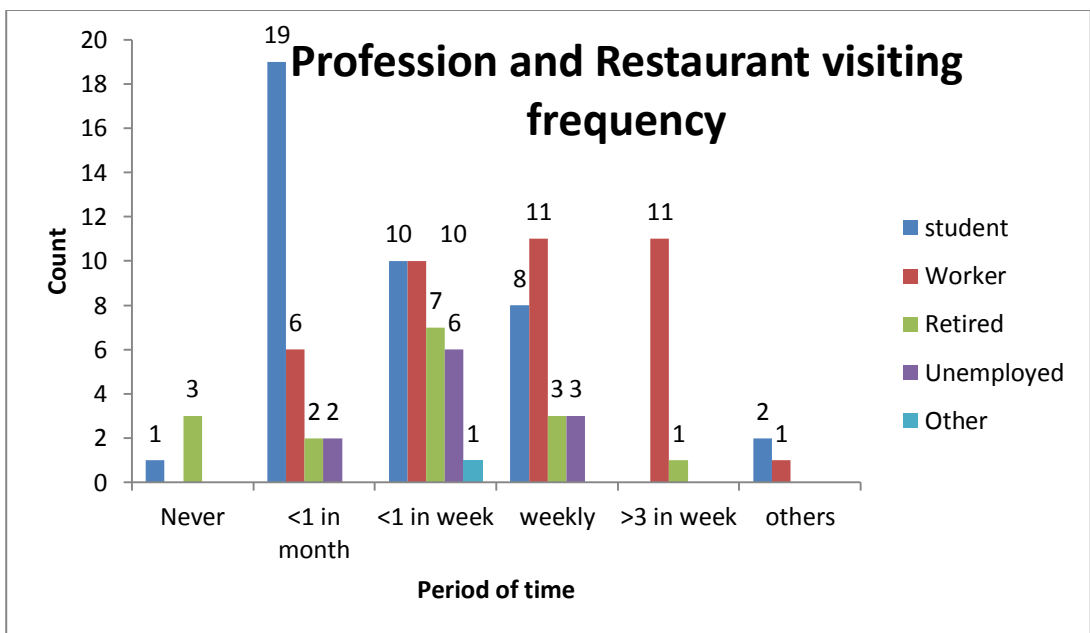


FIGURE 8. Profession and restaurant visit. (n= 104)

Figure 8 shows how the restaurant visit is distributed among the profession. Workers were the ones that visited restaurant more frequent than other category of profession. This also shows that working population are the major customers with high repetition value and thus, their preferences and needs should be studied in further details. The second significant groups with more frequent visits were students and retired population.

Age and restaurant visiting Frequency

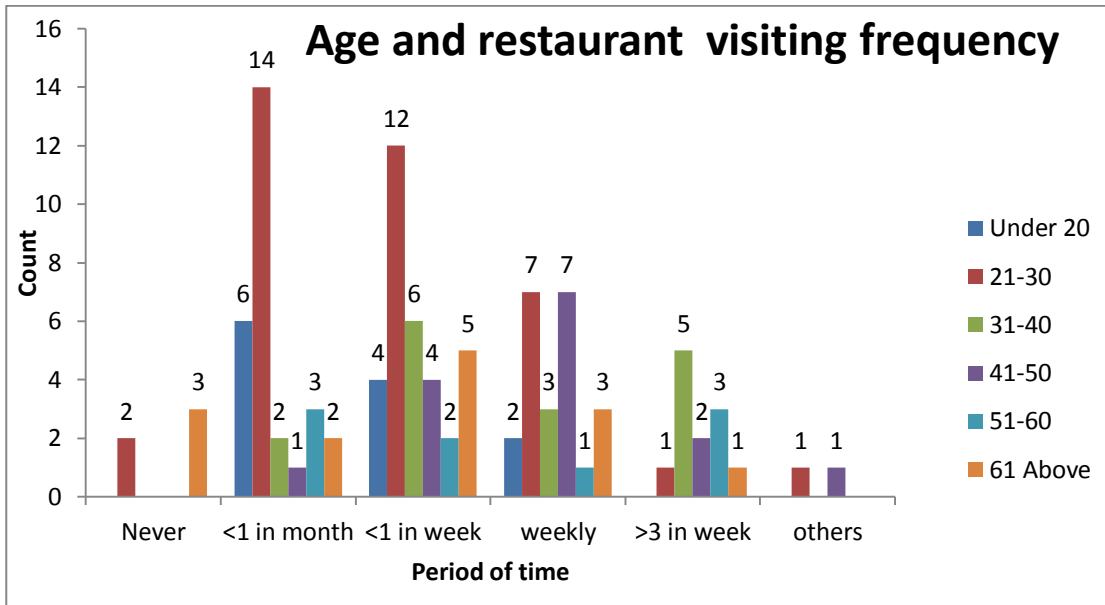


FIGURE 9. Age and Visiting restaurant (n=104)

While analyzing the age category in relation to the frequency of restaurant visit it clearly shows most of the respondents in the age group of 21-30 visited less than once in a month or less than one time in a week. The age groups of 41-50 were more frequent visitors in average. This clearly indicates that for the repeated and loyal customers age group of 31-50 should be targeted whereas age group of 21-30 presents huge potentials of repeated customers. Detailed information is presented in figure 9.

Frequency of Visiting Ethnic Restaurant

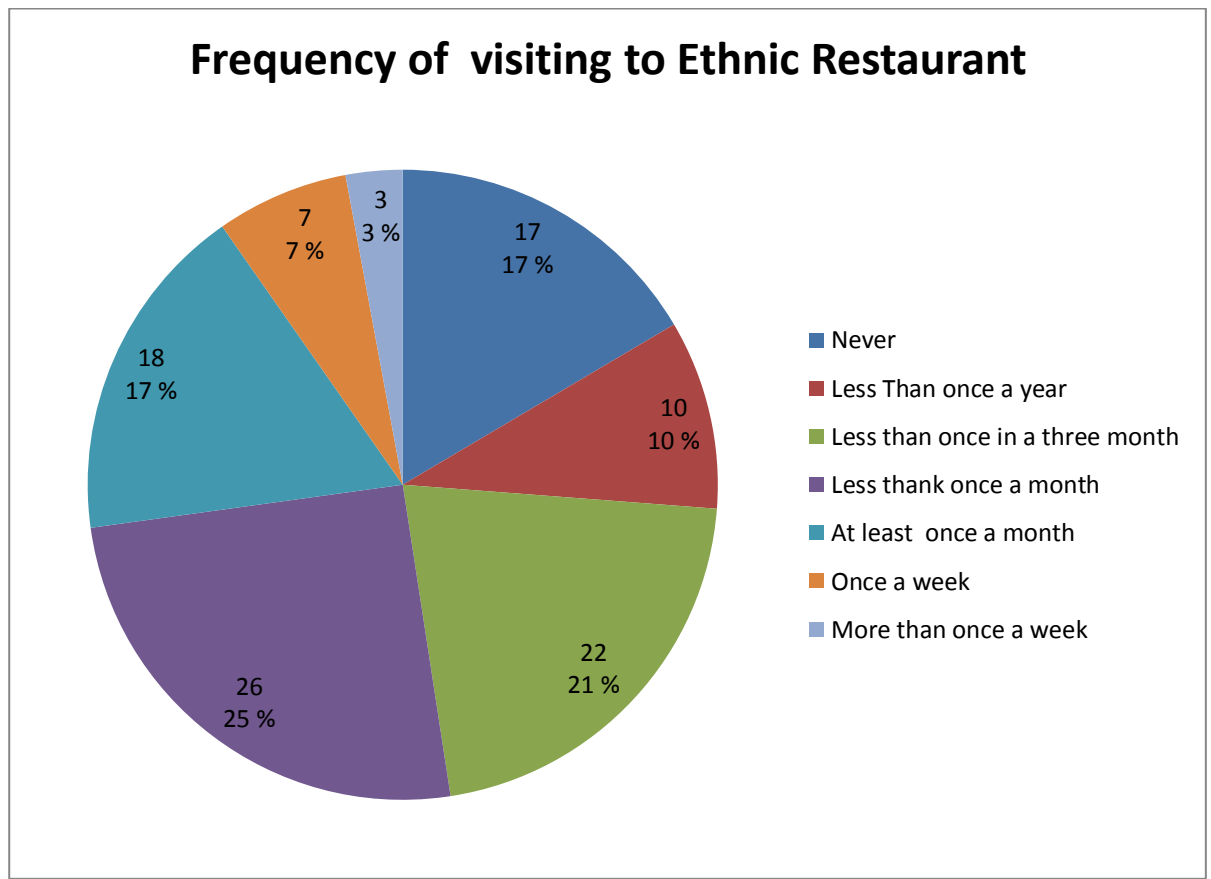


FIGURE 10. Frequency of visiting ethnic restaurant (n= 103)

About one fifth respondents answered that they never visit ethnic restaurant. As mentioned in figure 10, twenty five percent respondents visit ethnic restaurant less than once in a month while 21 percent respondents visit ethnic restaurant less than once in three month. Number of respondents visiting ethnic restaurant once in month was 17 percent and once in a week were seven percent where respondents visiting more than once in a week were three percent.

Visiting Ethnic Restaurant by Profession

The cross category analysis was performed to identify the characteristics of the different segment of the market. Figure 11 shows the distribution of frequency of ethnic restaurant and the profession. The result clearly shows that students and workers were the one who preferred to visit the ethnic restaurant most. From the figure 9, it shows workers were the customers having highest frequency in the category of more than once a month and thus, are significant segment of customer.

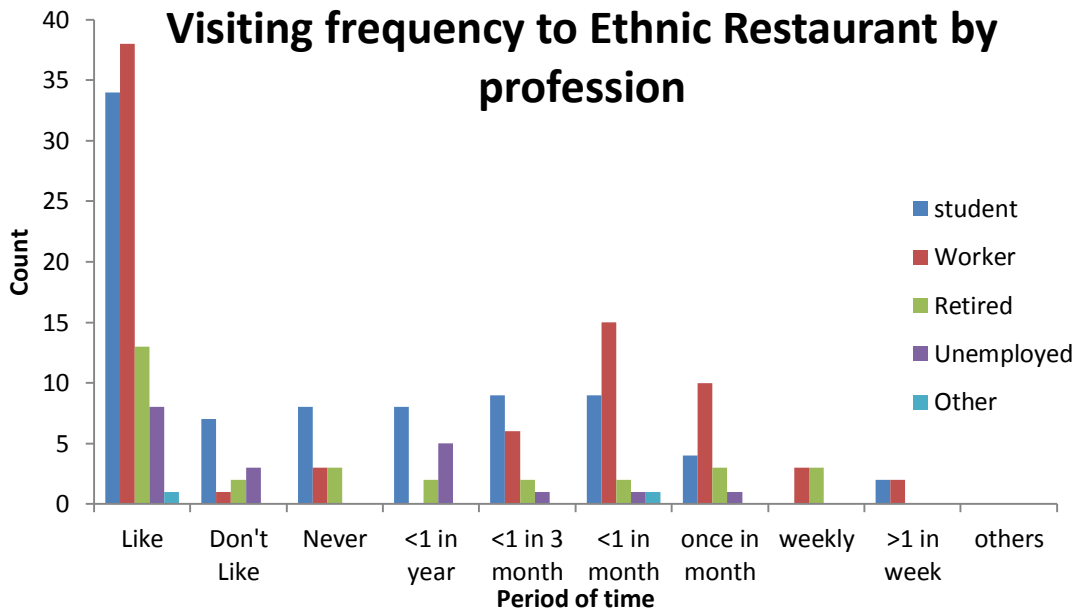


FIGURE 11: Frequency of visiting ethnic restaurant who likes ethnic food (n=108)

Visiting Ethnic Restaurant by Age

Further, when the frequency of visiting ethnic restaurant in relation to different age group was analyzed, respondents of age group 41-50 were among the frequent visitor to the restaurants. Respondents of age group of 21-30 showed high variance in relations to frequency of restaurant visits. Further details are shown in figure 12 below

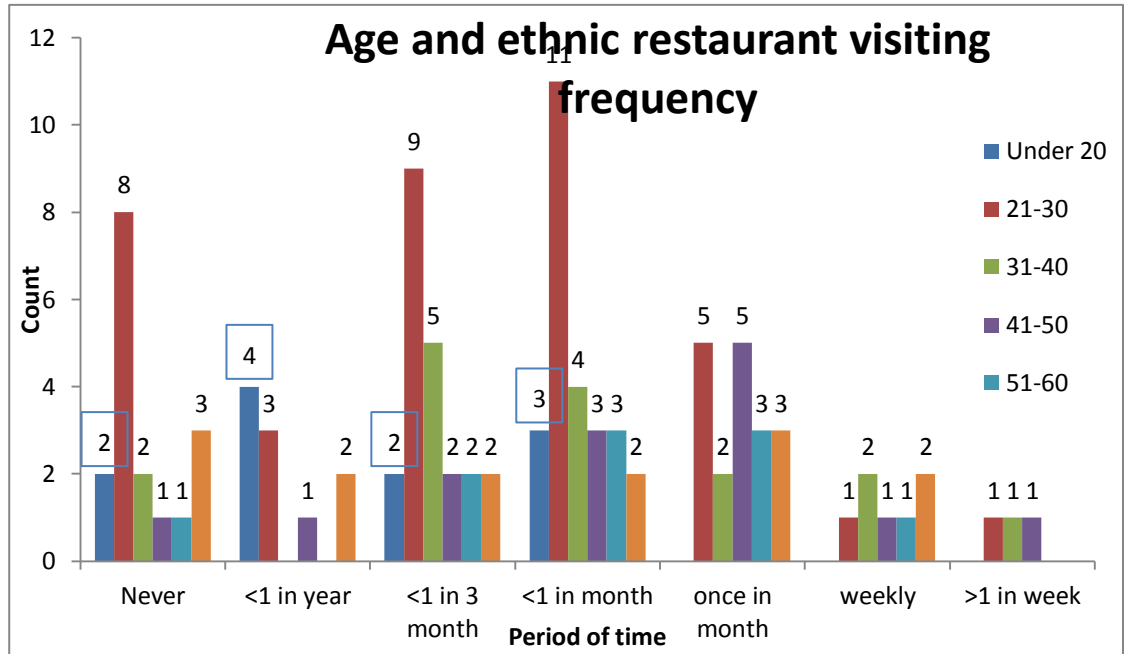


FIGURE 12. Age and Visiting ethnic restaurant (n=104)

Have you tasted ethnic food, Where?

Most of respondents have already tasted ethnic food. Respondents, who already tested ethnic food accounts 87 percent while rest 13 percent have not tested ethnic food yet. Respondents were asked about where they tasted ethnic food as well. Figure below (Figure 13) shows respondents who already have tasted ethnic food, 46 percent answered that they tasted ethnic food in restaurant while 26 percent tasted ethnic food while travelling abroad. Five percent tasted in work happening while 21 percent of respondents tasted ethnic food with their friends from different communities.

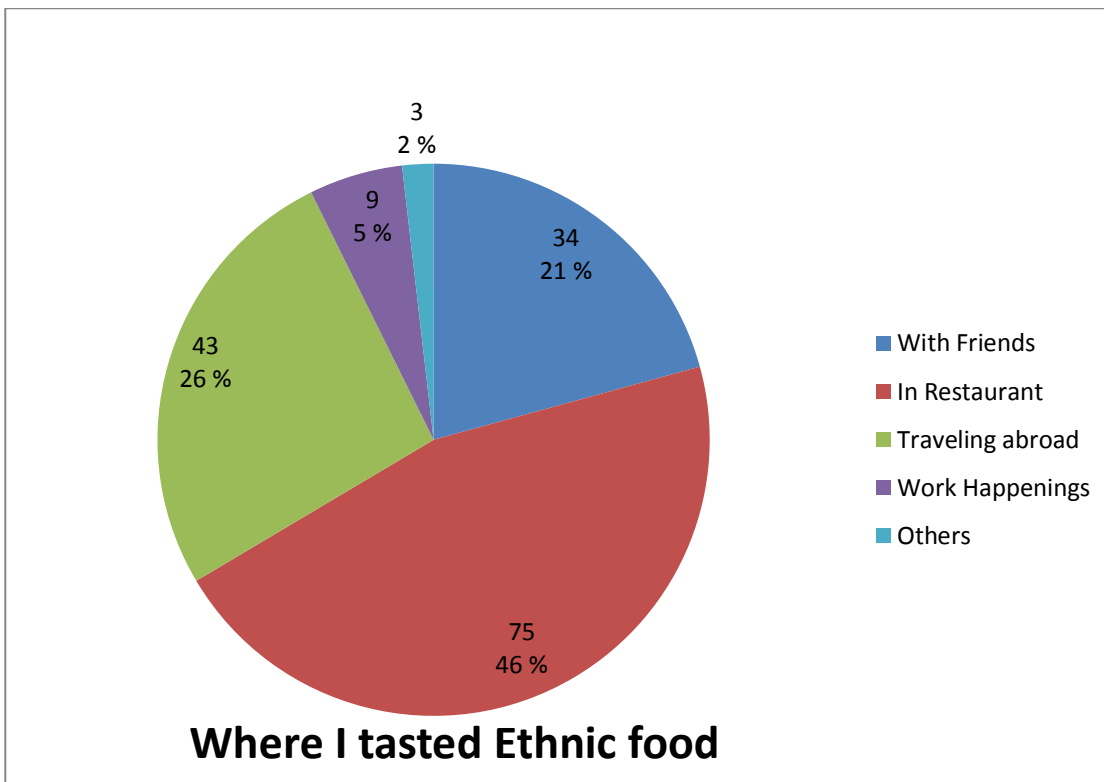


FIGURE 13. I have tasted ethnic food. (n= 104)

4.2.2. Attitude and Preference toward Ethnic Restaurant

Respondents who have not tasted ethnic food were asked for the reason why they have not tasted yet with multiple choice questions. Figure 14, below shows the result from the respondents. Among the respondents who haven't tasted ethnic food yet, 34 percent responded as they are afraid to taste and 33 percent responded that they don't like ethnic food.

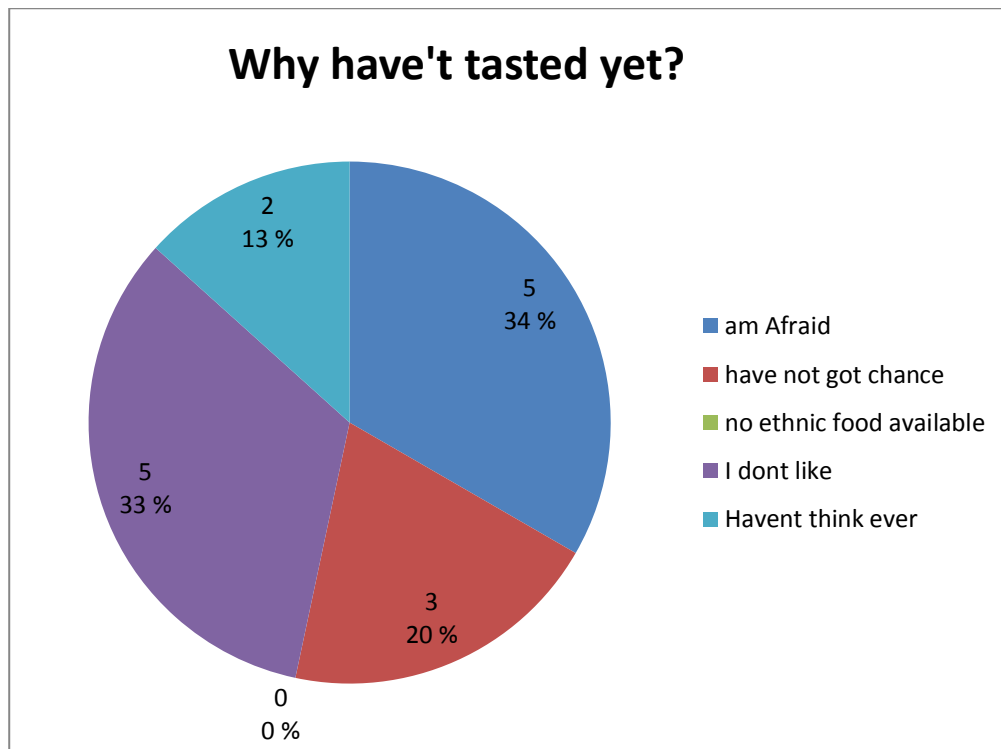


Figure 14. I have not tasted ethnic food because (n=104)

Factor Influencing choice of restaurant.

Factors affecting their decision while choosing a restaurant was asked to respondents with multiple choice questions to obtain a knowledge that what people want to know before going to eat in a restaurant. Figure 15 below shows that most of people choose restaurant by what food is available in restaurant. 98 percent people responded food as important factor for choosing restaurant following by price in second position with 63 percent. Service quality was in third position as 46 percent people responded and cleanness was another important factor with 40 percent respondent answered as their factor for choosing restaurant. Other factors; Service time, seven percent; advertisement, five percent; decoration, seven percent; location, nine percent; service people, six percent and others two percent response got from respondents.

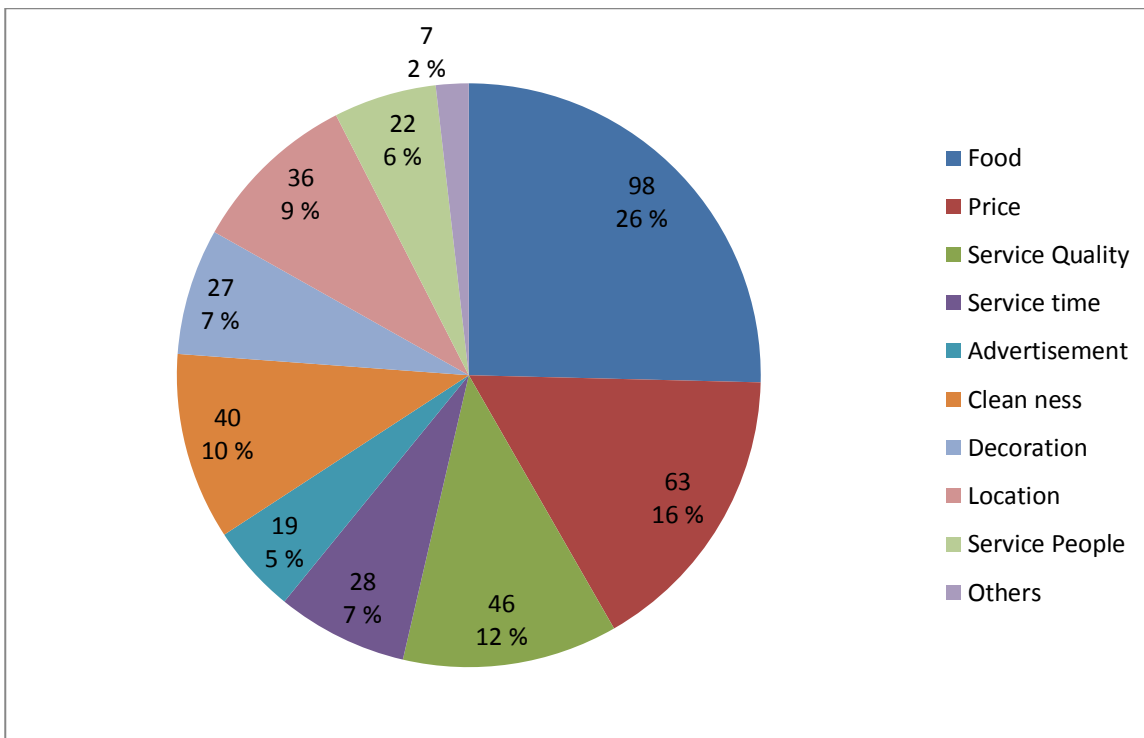


FIGURE 15. Factor Influencing choice of restaurant. (n= 386)

Preference of Food

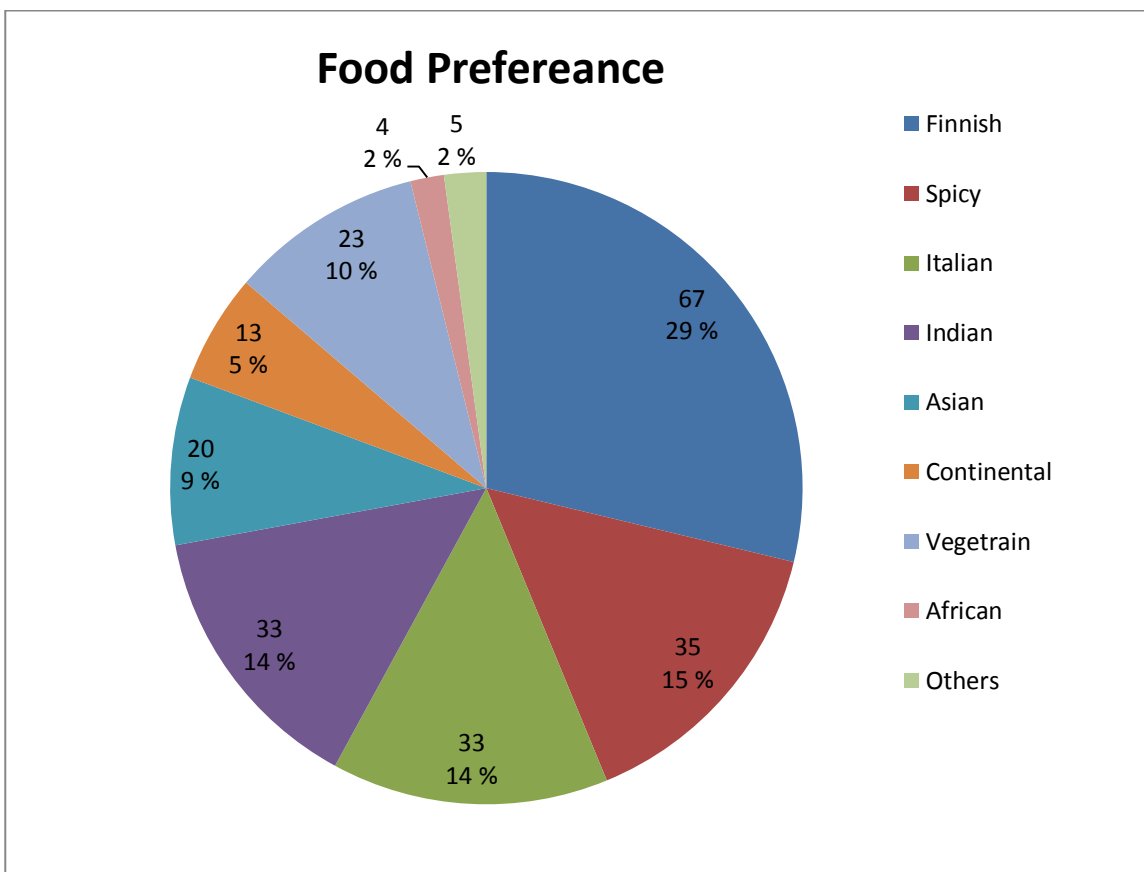


FIGURE 16. Food preference of respondents (n=234)

Figure 16, above shows the respondent food preference which help to understand people taste and preference in the market. More than half 67 percent people responded as they like Finnish food. Spicy, Italian, and Indian were given almost same preference where those food got 15, 14 and 14 percent response respectively. Vegetarian food was choice of 10 percent respondents. While Asian food got nine percent, continental food five percent and African food got 4 percent response from respondents respectively. Two percent choose some other food as their preference of food.

Profession and food preference

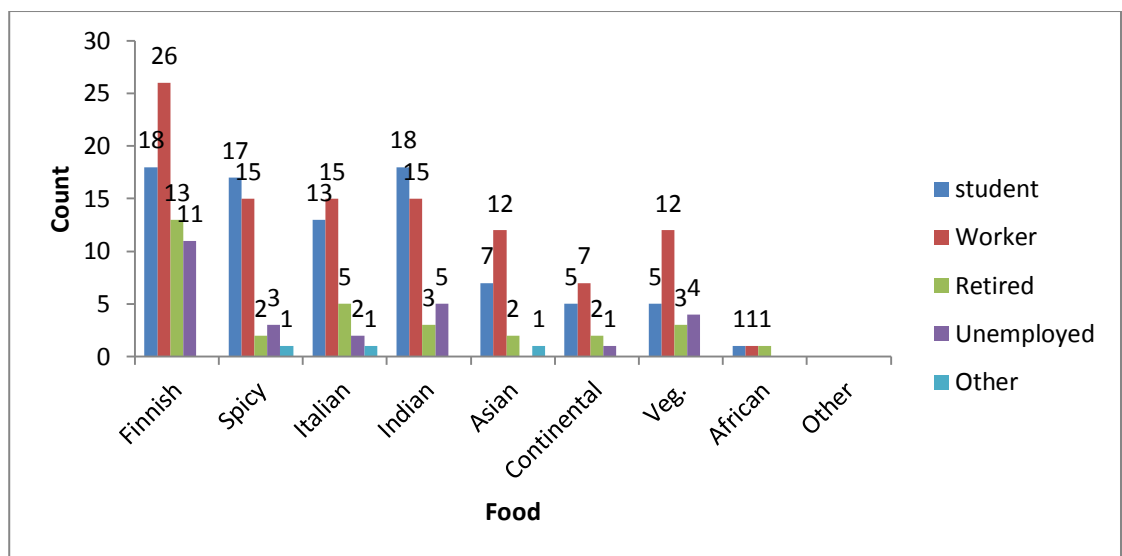


FIGURE 17. Profession and preferred food (n =234)

While further analyzing the preference of foods in different professional group and presented in figure 17. The result clearly showed that respondents still had strong preference for Finnish food regardless of profession. However, in the category on non-Finnish food spicy, Italian and Indian food were popular in most of the category. Students preferred spicy and Indian food more. Workers seemed to be distributed evenly among the entire food category other than African. African food was least popular. This shows that in Varkaus demand for Finnish, Italian, spicy, and Indian food is quite strong especially in the segment of students and workers.

Age and Food Preference

Age and visiting ethnic restaurant

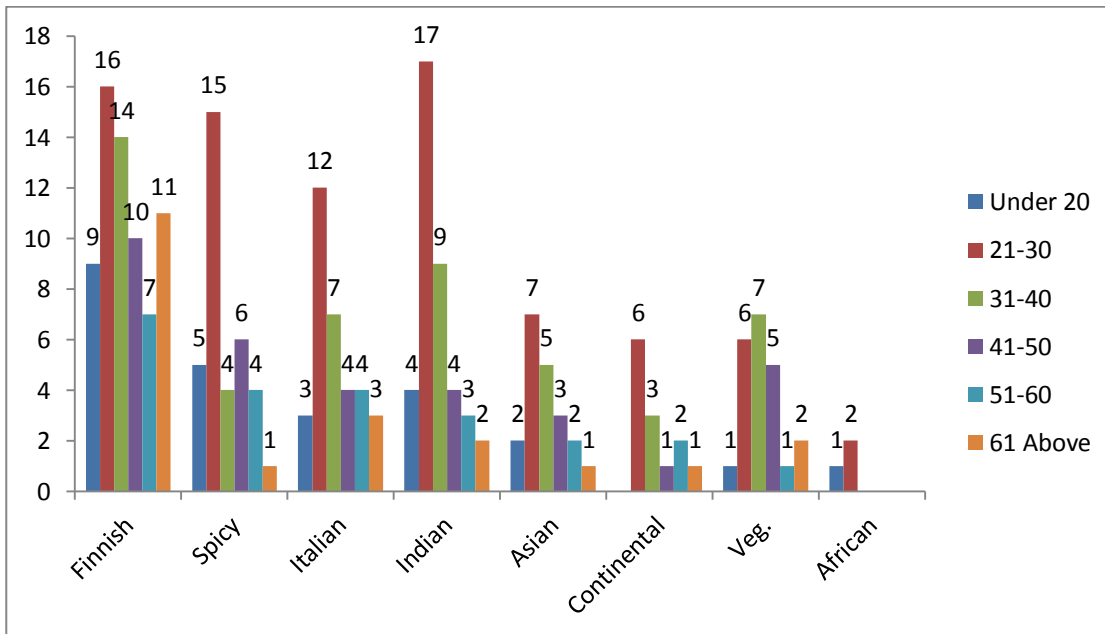


FIGURE 18. Age and visiting ethnic restaurant (n= 234)

Analysis of age and food preferences shows a consistent result parallel to the food preferences and profession. Finnish food was the most popular food in average across all age group. Again this indicates for strong market potential for Finnish food in Varkaus. Further, people aged between 21-30 preferred more spicy and Indian food. Respondents in age category of 31-40 showed strong preference for Italian and Indian food. The preference for African food was the least strong one suggesting that an African food restaurant might struggle to get customers. Moreover, Asian respondents may have customers in widespread age category with no any segment emerging as strong one or sufficient enough to sustain market profitability. The other details are presented in figure 18.

Travelling for Restaurant

The below figure 19 shows that most of people (29%) prefer to travel up to one kilometer to eat food of their choice and 28 percent don't mind to travel one to three kilometer for food. Eighteen percent respondents responded as they can travel three to five kilometer for food while 17 percent respondents thought that they don't mind how

much they travel to get food of their choice. Lowest respondents (9%) thought that they like restaurant of their choice just around them less than 500 meter.

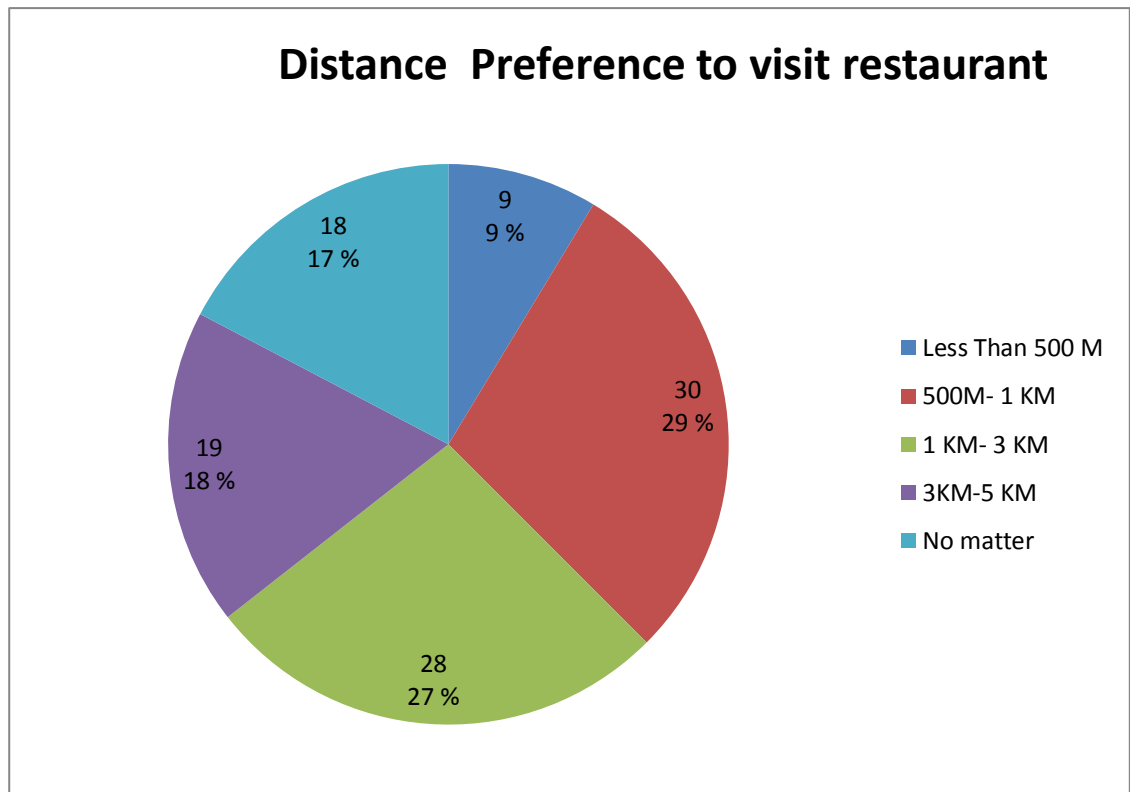


FIGURE 19. Distance Preference by respondents (n=106)

Liking Ethnic food

While being asked, 83 percent responded as they like ethnic food rest responded they don't like ethnic food.

Below figure 20, describes the reason for what they like ethnic food. 31 percent of respondent thought that ethnic food is tasty but 29 percent respondent thought ethnic food is good for change. Reasons for liking ethnic food are hot for 14 percent and spicy for 18 percent. Six percent of respondent thought ethnic food is hygienic while two percent responded some other reason for liking ethnic food.

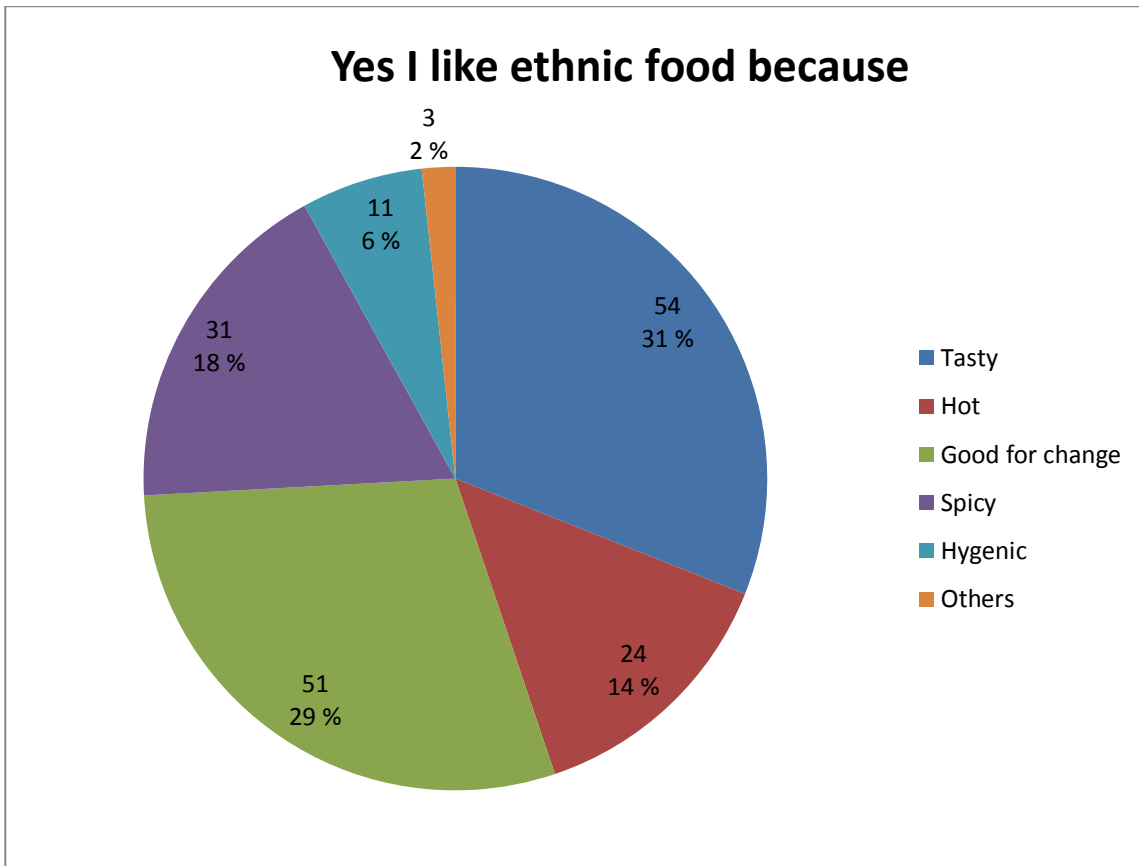


FIGURE 20. I like ethnic food (n=174)

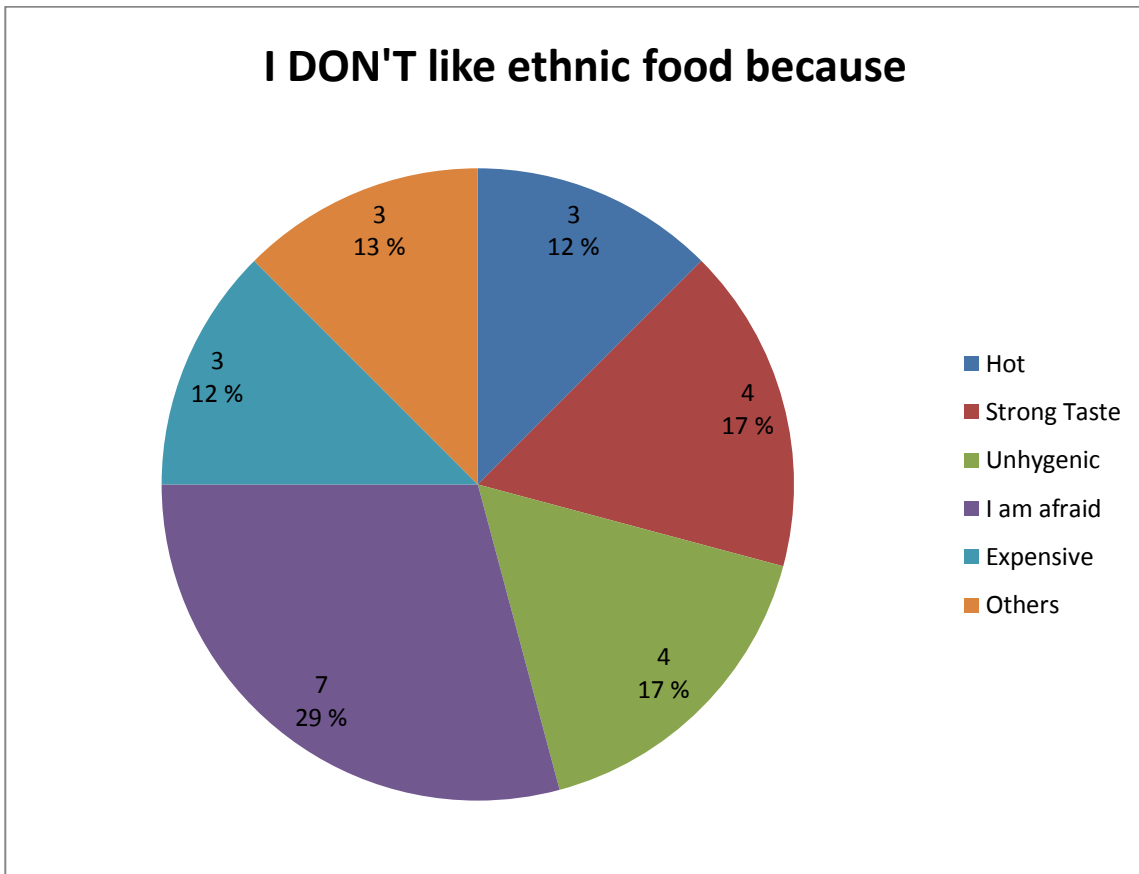


FIGURE 21. I don't liking ethnic food (n=24)

As figure 21 shows above, many people (29%) don't like ethnic food because they are afraid of ethnic food. Reasons for not liking ethnic food as being hot accounts 12 percent, strong taste 17 percent, unhygienic 17 percent, expensive 12 percent and others 13 percent.

Visiting Restaurant with

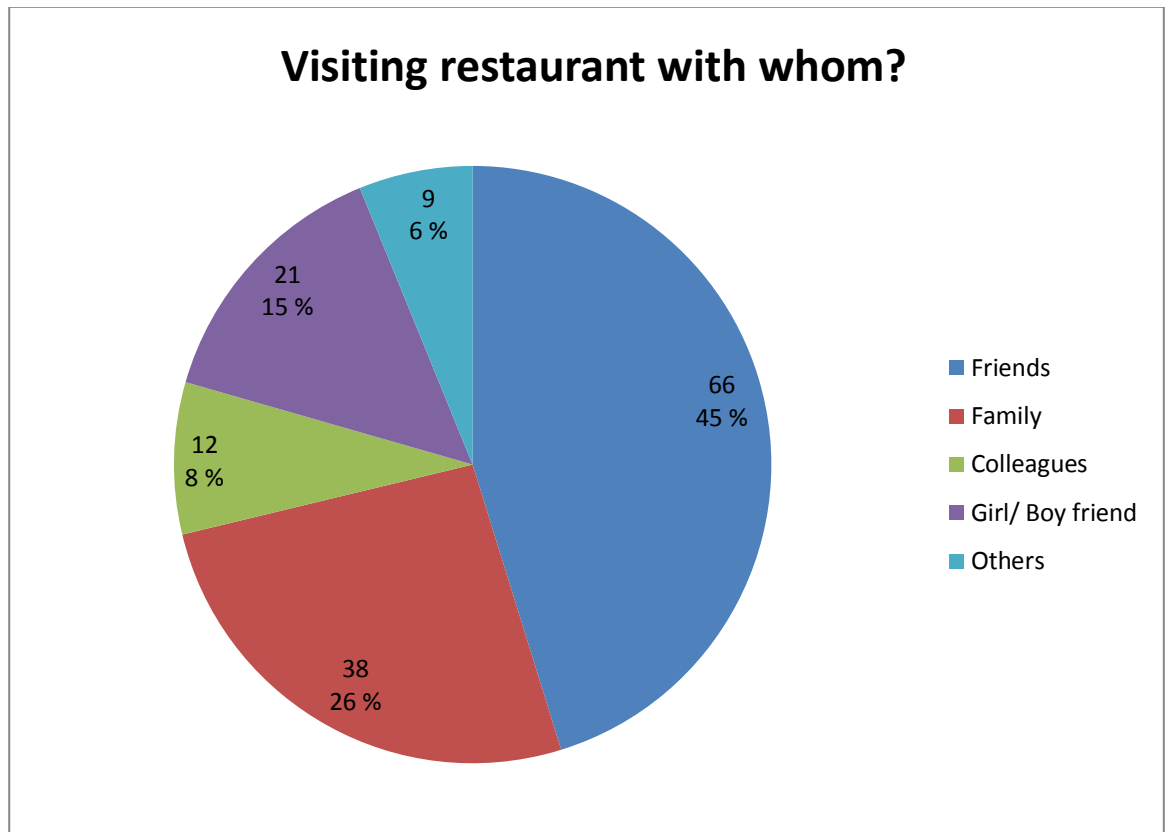


FIGURE 22. Visiting restaurant with (n=146)

Figure 22, above shows about respondents' habit of going restaurant with. Friends were most for joining while going restaurant to eat. 45 percent respondents answered that they visit restaurant with friends while family was second preference they go to restaurant with 26 percent. Eight respondents go to restaurants with colleagues and 15 percent with their girl/boy friend. Six percent answered others as they go to restaurant with.

Decision influencer

As more respondents go to restaurant with friends (figure 23) 38 percent respondents thought that friends influence their decision to choose restaurant. While 26 percent respondents thought family members are one who influences their decision, 10 percent thought colleagues are ones to influence decision of choosing restaurant. Girl/boy friend influence decision for 17 percent people but 12 percent thought that all other than in the list influence their decision for choosing a restaurant.

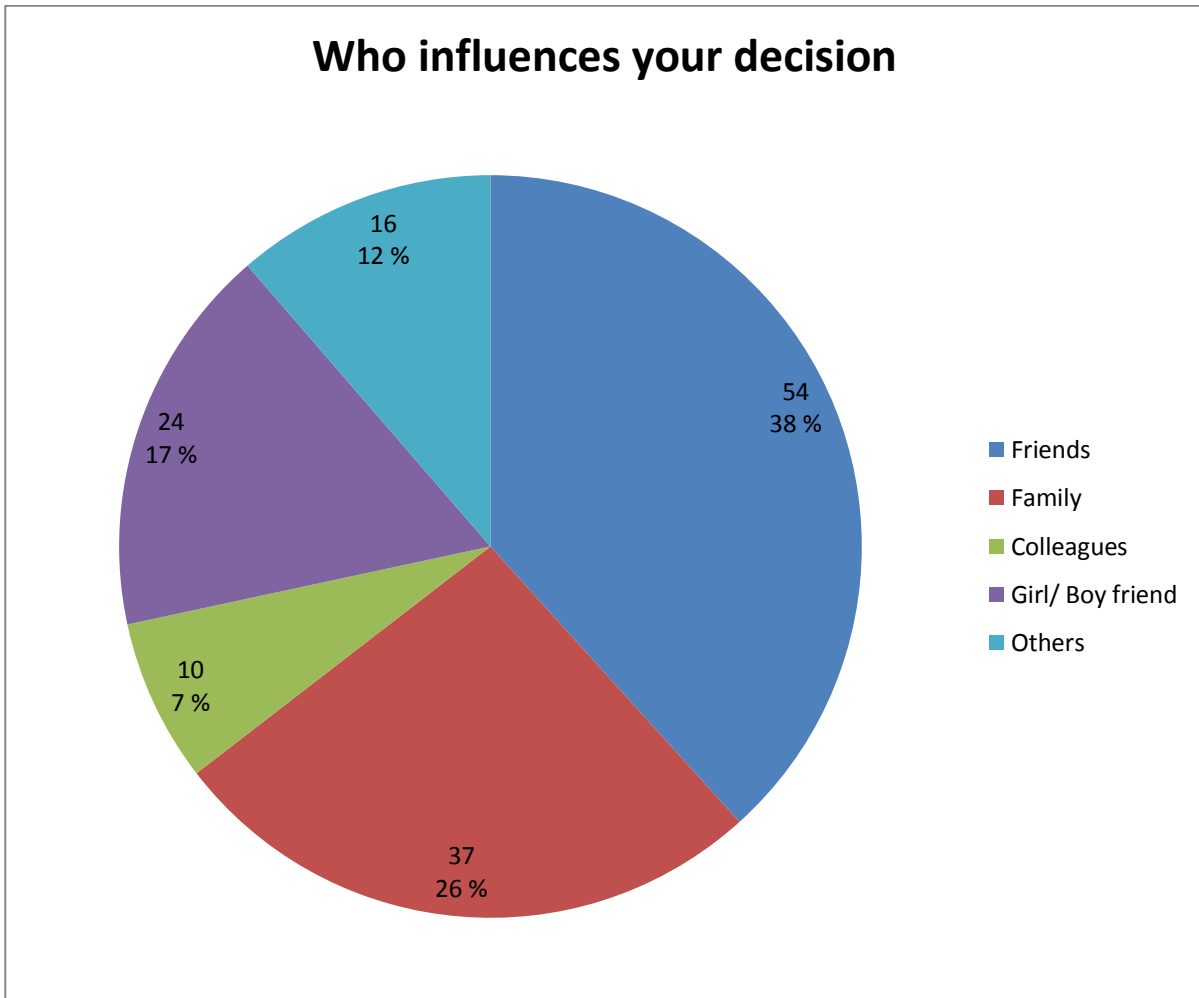


FIGURE 23. Who influences your decision? (n=141)

Age and Decision influencing factors

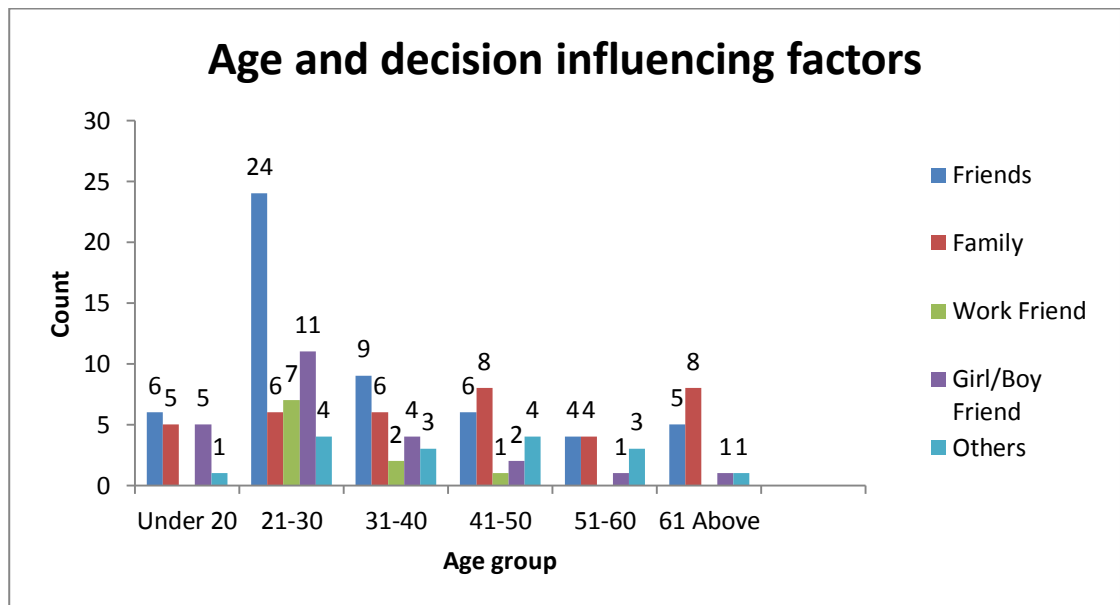


FIGURE 24. Age and decision influencing factor (n=141)

The study also analyzed the decision influencing factors in terms of who influence the decision of going to restaurants. When cross analysis of decision influencing factors with the age group category was done, as shown in figure 24, it shows that friends and girl/boy friends are major influence in the age group of 21-30 (biggest segment). In the age group of 31-40 it's again friends who influence the decision. However, family starts to become major decision influencer as researcher move up in the age category.

Price Factor

Respondents were asked whether price affects their decision for choosing restaurant. 81 percent of respondents answered that price affects their decision for choosing restaurant but rest 19 percent answered it doesn't affect their decision for choosing restaurant.

Respondent's preference was being asked to know the price range that respondents want to pay for an ethnic meal. Most of respondents wanted to pay 5-10 euro for ethnic food as shown in below figure 25. The number of respondents who want to pay 5-10 euro stood 56 percent, 22 percent respondents preferred 10-15 euro, four percent people answered 15- 20 euro but two percent respondents don't mind to pay more

than 20 euro for ethnic food. About 7 percent people wanted ethnic food under five euros.

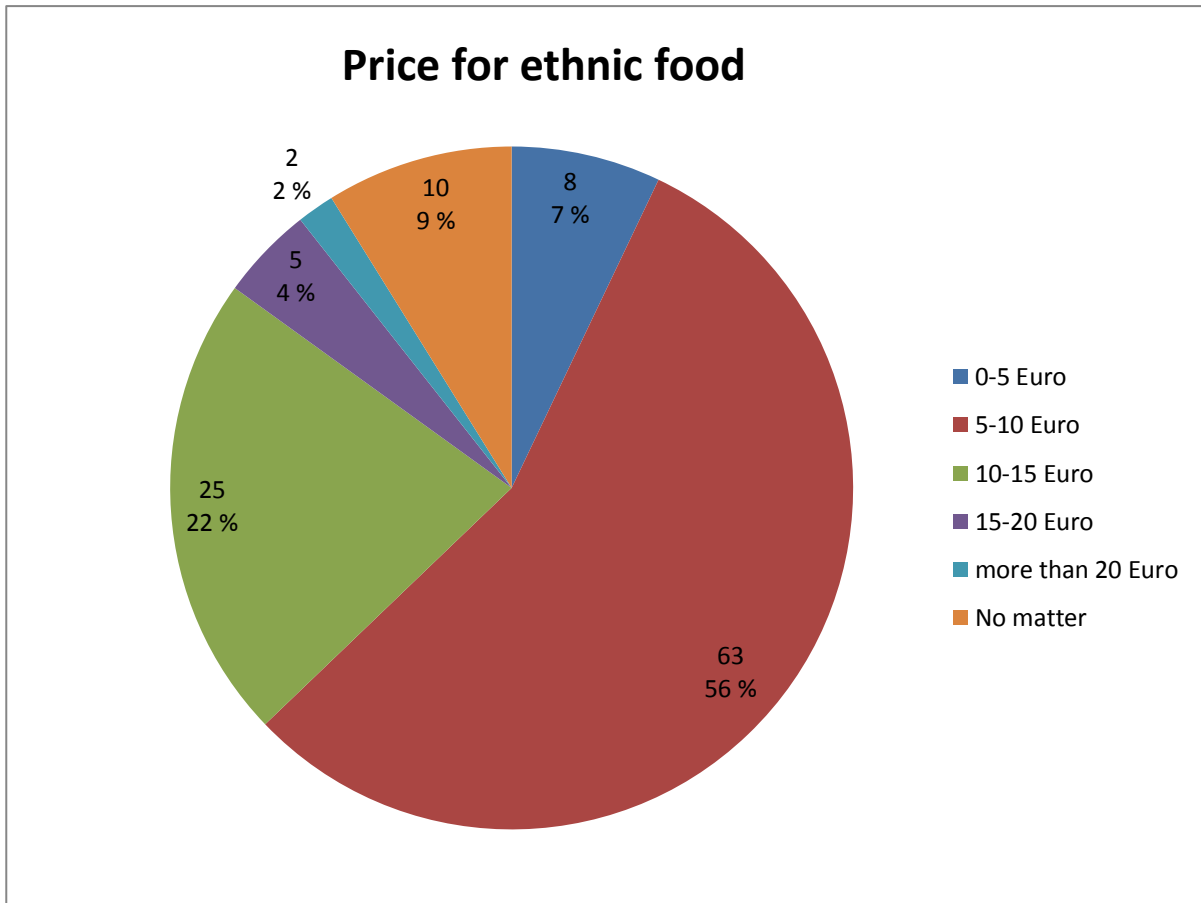


FIGURE 25. Price range of ethnic food. (n=105)

Age and Price

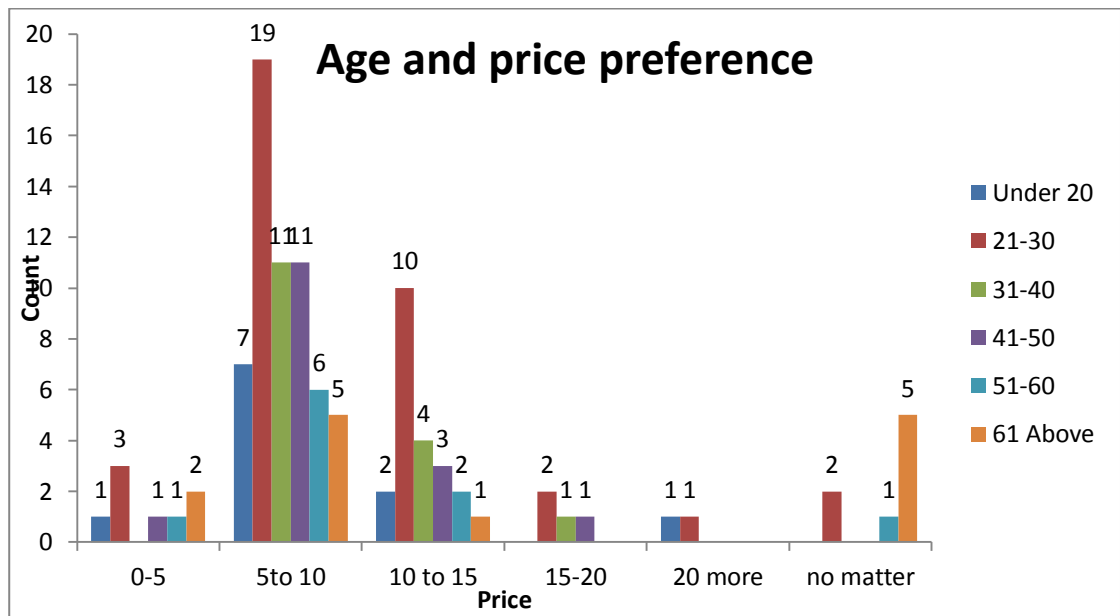


FIGURE 26. Age group and price preference (n=105)

Similarly, when age and price were crossed analyzed figure 26 shows age group 21-30 preferred price range of 5-10 euro per meal. Further, significant respondents of age 31-50 also preferred the same price range of 5-10. This age group also seemed to be more price sensitive than the other group. Price range of 5-10 euro seemed to be more reasonable pricing as the biggest segment of age category 31-50 preferred it.

Source of Information

Among all respondents 57 percent answered that they don't see advertisement to choose restaurant to eat but rest of respondents answered that they see advertisement to choose restaurant.

The figure 27 below shows that 55 percent of total respondents thought that friends, family and colleagues are best source of information. Social media comes in second with 12 percent and internet media on third best source of information with 11 percent of respond. Poster accounts for 5 percent, radio 5 percent news paper 8 percent and other media 4 percent. The figure says that respondents take information from their friend and family as best source of information.

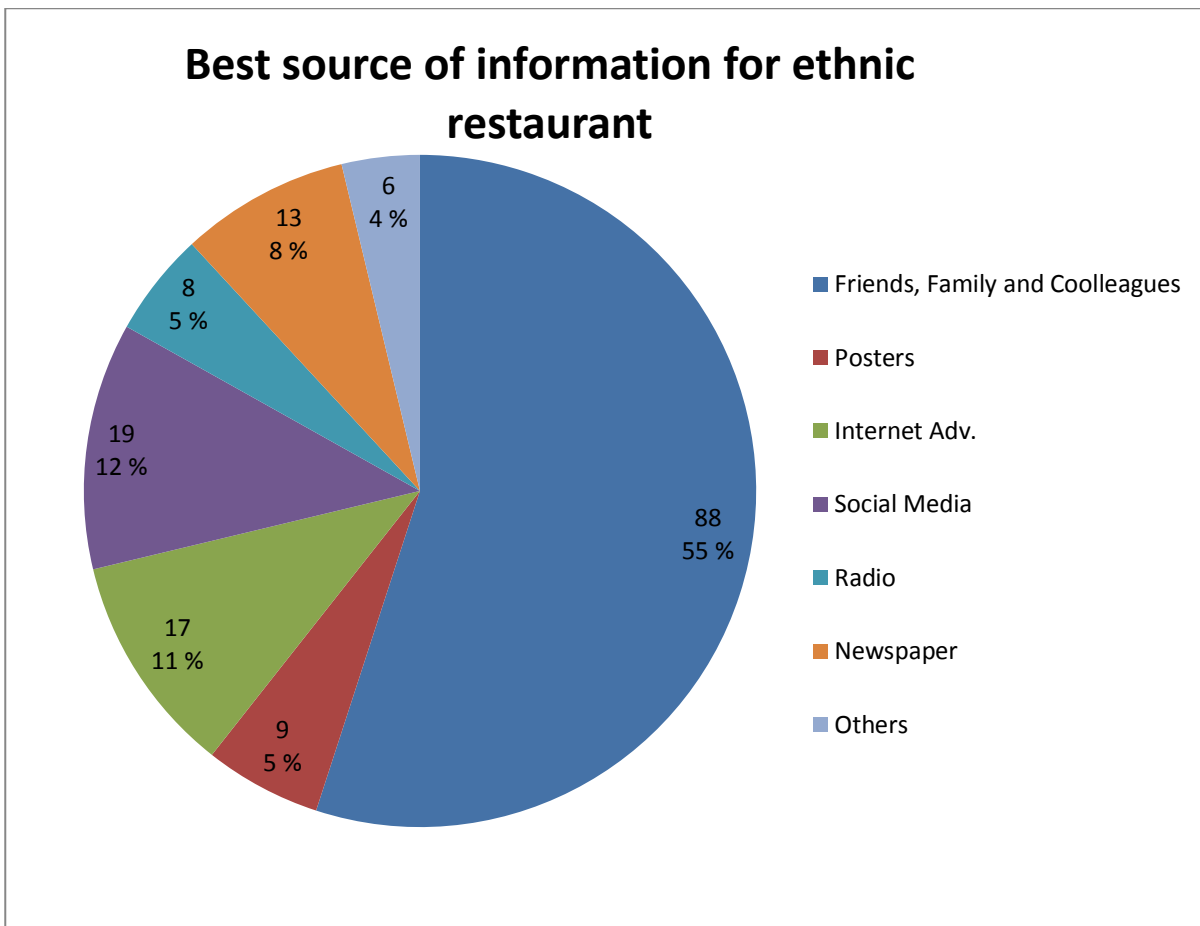


FIGURE 27. Source of information for ethnic restaurant. (n=160)

Profession and use of advertisement media

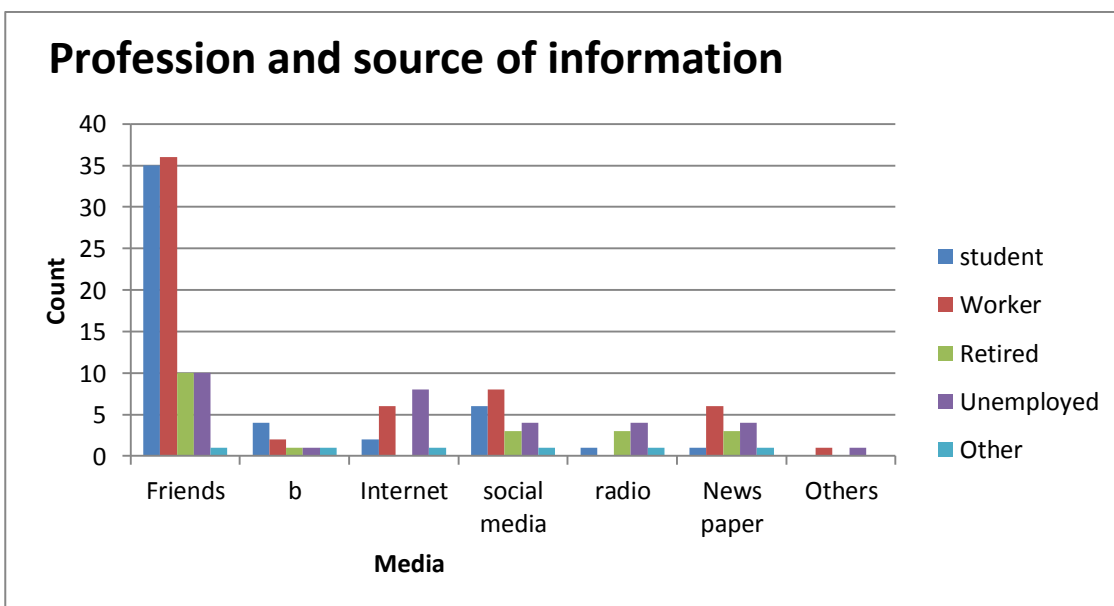


FIGURE 28. Profession and source of information. (n=160)

To have the right media mix researcher studied the media preference among the people of different profession so that the right media mix can be designed to reach the targeted customer segment for promotion. Figure 28 shows the result. Clearly, students rely more in word of mouth coming from friend and social media. Further, word of mouth through friends seems to be equally effective among other professional groups as well. This clearly indicates that customer satisfaction is itself a strong promotional tool for ethnic restaurants. Working population were adapt to most of the medium whereas unemployed people relied more on internet and social media for the information.

4.3. Result from Qualitative Research

Structured interview (as per appendix) was carried out to know the operating environment and possibility of new ethnic restaurant in Varkaus. Four ethnic restaurant owners were interviewed during the research process. All of them are running ethnic restaurant in Varkaus at the moment and they really know the situation and trend of the market. Because of having experience of running ethnic restaurant they know and can analysis customer preference, market competition and other probable environmental factors which are affecting restaurant business at the moment. Main purpose of selecting such questions were to find out operating environment of ethnic restaurant and to get comment on starting a new ethnic restaurant in Varkaus which could be a informative guide and help to the people who are thinking of establishing a ethnic restaurant in Varkaus.

When being asked about **product and service** they provide and the reason behind choosing Varkaus as their business location all of respondents had almost same answer like they are selling ethnic food but two of them were selling Finnish breakfast and coffee as part of their business. All of them have take away, dinning services but two of respondents have home delivery service as well in addition to others. Regarding the choice Varkaus, three out of four respondents are student in Savonia University of Applied sciences Varkaus. Another respondent thought that small city has small town has less competition than bigger city.

About **promotion tools**, they have focused on some different idea in different situation. One respondent explained that they have offered gift card, free desert on food, price discount for regular customer and special offer during lunch time as promotional tools. Another respondent is providing special price offer in between 10:00 -15:00 and

providing free drinks in more than two portion of food order in home delivery. Third respondent is providing 10 percent discount for customer who makes on line order and one food free after seven home deliveries. Fourth respondent explained that they are providing free tea and coffee with food and cash discount for frequent customer. While **pricing** their product most of them have followed competitor price before setting own price. All of them had same answer for the question, what kind of staff is needed. They all wanted smart, young and smiling staff who has proper knowledge of making food and can handle customer. Paying first is normal in all respondents restaurant and customer can make order by phone as well. Among them two of respondents have online order service and people can make order in website. One respondent even has facility to order in face book.

None of the respondents' are fully satisfied with their current **layout and decoration**. Three of them think that change is necessary and it is always good to change which makes people feeling like they are eating in new place. But one respondent think that not necessarily need to change all the time may be better to make some festive change during festival period. They all answered 'working people' as a most common answer while answering about who is your target customer. Adult people were target group for two respondents at the same time young people were target customer for rest two respondents.

Unique food and own menu with quality service is most strong point that customer should visit for all respondents. One respondents thinks that new look and theme of his restaurant could be a point to visit his restaurant. Two of respondents have been changing menu time to time to give something new to customer so that customer would visit them. All respondents think that competition situation in ethnic restaurant in Varkaus is tough. One respondent thinks there is unhealthy competition between ethnic restaurant and two of respondents think because of being more ethnic restaurant people have lots of choice which tends to ethnic restaurant to hard time. Regarding competitor, two of respondents thought all pizza shops as their competitor but rest of two respondents thought all restaurant nearby them and especially ethnic restaurants are their competitor.

While being asked about how to sustain in market in such condition, one respondent replied need to make profitable price and get more customer providing quality food and services. He also recommended making a union of ethnic restaurant owner to ensure a healthy competition situation and eradicate price war. Another respondent highlighted the need of more cross cultural event to build up trust and taste of

Varkaus people but another respondent focused on choosing a good location, decoration of restaurant and provide good services. Fourth respondents saw need of building up people trust and taste and provide quality service with quality product. All four respondents had common voice over their current business situation. They all are having hard time in business and business is downsizing.

They all had got idea about establishing process of business from local office of Enterprises Agency Finland which is located in Navitas building. Two of them have taken loan from Finnish government agency FINNVERA but rests have from bank. One of respondents has also got grant money in the beginning for period of one year from employment office to run business. While answering about challenge of ethnic restaurant in Varkaus Three respondents included small city as challenge of ethnic restaurant. One of respondents thought that price war among ethnic restaurant is more challenging than other factors. Another respondent explained that people's taste and trust has not build up yet and cultural issues are more challenging to ethnic restaurant and he added up that unavailability of required work force also affecting business performance. One respondents focused on spending power of people is weakening and unemployment is hitting business hard. But one respondent had totally different view; he thought racism is great threat for ethnic business here in Varkaus.

When the important question of this research, what do you suggest if someone wants to open ethnic restaurant in Varkaus was being asked, they all answered in common voice. In their opinion, overall industry is having hard time at the moment and ethnic restaurant are the first one to be affected from that. It's not time to establish an ethnic restaurant, if someone is keen to establish they recommended waiting and seeing the situation at the moment. If everything goes well than may be later it could be possible to establish an ethnic restaurant.

4.4. Example of a Personal Experience in Business Establishment

While doing research, business establishment process in Finland was discussed with a person who had experience of running a business in Finland. He explained that establishing a business never can be an easy task everyone should have precaution and enough information about concerned field. As mostly theory part already been explained in previous chapter, his experience in practical matters have been explained in this chapter. The following are important things which should take in to consideration before starting a business in Varkaus so far as his experience.

Resident permit is necessary for foreigners to live in Finland. Resident permit are issued in different basis. To open and run a business in Finland, resident permit should be entrepreneur's resident permit. But after registering business application for change of purpose of resident permit can be done.

After deciding to run a business, it is necessary to **register a business**. Before registration, entrepreneur needs to be clear what kind of company he / she is going to establish. In Finland, mostly there are four types of company which are sole proprietorship, partnership, limited company and cooperatives

Once form of company is decided then need to give the name to the company. Name should be unique than others. Availability of name can be found on trade register website. One company may have more working name (Enterprises) under same company. Once name is finalised, it's time to open a bank account and go to registration office to give birth to the company. Company will have a unique number as company's ID. At the same time company should registered in VAT and tax Office.

Enterprises agency office provides help and more information about establishing a business in Finland. They help to new entrepreneur in many ways to make business idea come true in real business. Contact with enterprises agency could be big help for new entrepreneurs because they not only help to make the business plan but also help to apply loan and other social benefit if any. Enterprises office mostly helps to **make detail business plan**, to find information about current market trend in desired field, to help to prepare documentation for loan from FINNVERA and help to apply for starting money (Starttiraha).

Once everything is ready, **approval and permissions** from all concerned department should be in hand. To run a restaurant, permission from the building construction office is required to make a new kitchen in new place. An approval from health safety agency is mandatory to run a restaurant. To sell alcohol in restaurant should have alcohol selling permission. Worker or entrepreneur should have some certain certificate as well like, Hygiene pass, Alko pass and salmonella test certificate.

In Finland it is always better to visit local office of Enterprises Agency so that they could guide in all process of establishing a business.

Once everything is ready, it's time to get in market and operate business normally. **Run business** normally use marketing tools which helps business to be in track while in new phase.

4.5. Reliability, Validity and Usefulness of Research

If the results are consistent and make the accurate representation of the total population, it is deemed to have reliability and if the results can be replicated under similar methodology it is considered reliable. Validity refers to measures that ensure that the study truly measures the outcomes as it was supposed to. Researcher determines validity of research by asking questions and sometime looks for the answer in previous research done by other researcher. (Joppe, 2000, 1)

The validity of this research is high since research dealt with real people and their possible preference, taste and habits were measured during research. The result also answered some wondering questions. Even though the validity is higher, reliability of this research is lower because the result can change over the course of time. Customers' opinions, interests and desires changes with time and can't stand the changing course of time. The results may look different a decade later.

Even though, reliability of this research is not very higher, it is still useful for analyzing the current market situation of restaurant business in Varkaus, especially ethnic restaurant. It explains how ethnic restaurant are operating at the moment, the business volume they are achieving and what challenges they are facing. This research also clearly shows the preference of customers in Varkaus towards ethnic food which will highlights business potential for new ethnic restaurant. This research is also useful for person who wants to start a restaurant in Varkaus and current entrepreneurs of restaurant who want to make good business by doing some marketing mix.

4.6. Limitation of Research Result

Every research study faces some sort of obstacles and limitations and this study is no exception. Majority of limitation sprung out during the data collection period. One major limitation was lack of openness of the respondents. Respondents were not open to answer all the questions. Further, because of small sample size, it was difficult to generalize the result as a whole. Duplicity of the result is also another problem faced

during analyzing data. If two or more friends were filling the questionnaire, they would answer almost. Respondents answering in different than the expected format also added difficulties during the data analysis. Good guidance from teacher, and help from other friends to put questionnaire in their premises was a good cooperation in my research. Some people were really cooperative in terms of answering questionnaire.

5. CONCLUSIONS

This chapter summarizes all result from both quantitative and qualitative research. The research was carried out to know feasibility of an ethnic restaurant and its operating environment in Varkaus. Furthermore this chapter concludes the outcome of both researches. To obtain a possible fruitful result survey with customer was carried out as quantitative research and interview with four ethnic restaurant owners was taken and analyzed as qualitative research.

People seem to be indifferent for ethnic restaurant since distribution of visiting restaurant is not impressive. Research shows that 22 percent people visit once a week and 11 percent more than thrice in a week to general restaurant while, only 17 percent people visit once in a month and seven percent people visit once in a week to ethnic restaurant. Eighty three percent people responded as they like ethnic food but more importantly the reason for liking the ethnic food was just good for change for 29 percent. Same result reflects in distribution of visiting ethnic restaurant. Twenty one percent people visit less than once in three month and 25 percent people less than once in a month. Research shows that many people don't try ethnic food because they are afraid to taste it. Most preferred food was Finnish food with 68 percent following by spicy, Italian, Indian, vegetarian and Asian food respectively.

Most respondents responded 5-10 euro as preferred price no matter in age group or profession. Friends, family and colleague were the factor that people want to go with to visit restaurant and their decision influence while choosing restaurant. The same factor was the best source of information as well so that satisfied customer are the best tools of marketing through word of mouth marketing. Social media and internet were also more reliable source of information for respondents.

Students and workers were the respondents who like more ethnic restaurant and frequent visitor comparatively. In age segment people of 31-40 and 41-50 age group seems to be more consistent for visiting ethnic restaurant also are frequent visitor in ethnic restaurant.

Restaurant owners were not positive to suggest establishing an ethnic restaurant as the competition among ethnic restaurant is very tough in this small town. An economic crisis is downsizing restaurant business and it is hitting ethnic restaurant first. Racism, unhealthy competition, lack of availability of material and labor required for ethnic restaurants are great challenges for ethnic restaurants in Varkaus.

Finally it can be concluded that there is of course hope for establishing an ethnic restaurant but it wouldn't be an easy task to go ahead and run successfully. It is not only because of market is small but also there is hard competition with existing restaurant which are already in game of competition in market. From respondents analysis it seems possible to establish an ethnic restaurant and by making arrangement as per other findings. They should provide quality food within the desired price range (5-10 euro), doing marketing activities targeting the target customer (31-50 age group and student and worker). Need to introduce some scheme targeting groups because most of respondents go to restaurant with friends and family (mostly not alone) and they influence their decision as well. Need to try to make customer satisfied by providing good service and food because most of people trust friends and relies on them as best source of information. But it is recommended to analysis the current economic situation and market trend of restaurant business before decide to establish an ethnic restaurant. As I have experience of running an ethnic restaurant in Varkaus I fully agree with restaurant owner that it's not time to establish an ethnic restaurant in Varkaus, Better wait and see now.



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APPENDICES

Appendix 1

Kyselylomake:

Hei!

Olen Yogendra Sangroula Nepalista, ja asun tällä hetkellä Varkaudessa. Opiskelen Savonia-AMK:ssa ja teen parhaillaan lopputyötäni aiheesta ETNISEN RAVINTOLAN PERUSTAMINEN JA KANNATTAVA RAVINTOLATOIMINTA. Tutkimukseni perustuu asiakasmielipiteisiin ja muun muassa yrityksen perustamiseen liittyviin laillisiin muo-
dollisuuksiin Suomessa. Kyselytutkimus on tärkeä osa tutkimustani, sillä kyselyn vas-
taukset antavat minulle tärkeitä tietoja tutkimusaiheesta. Siksi toivon, että voit osallis-
tua tutkimukseeni.

Pyydän sinua vastaamaan seuraaviin kysymyksiin. Vastauksesi auttavat minua muo-
dostamaan luotettavan aineiston tutkimustani varten. Vastaaminen kestää vain noin
viisi minuuttia, mutta tutkimukseni kannalta vastauksesi ovat äärimmäisen tärkeässä
osassa.

Vakuutan, että kaikkia kerättyjä tietoja käytetään ainostaan tähän tutkimukseen.

Merkitse valintasi lisäämällä rastin sopivaan ruutuun. Sinun ei tarvitse kirjoittaa mi-
tään, ellet halua.

Lisätietoja;

Ohjaava opettaja; Virpi Oksanen

044-785 5793

virpi.oksanen@savonia.fi

1. Asutko Varkaudessa?

a. kyllä b. Ei

2. Mitä teet?

a. Olen opiskelija b. Olen työelämässä c. Olen eläkkeellä d. Olen työtön

e. Muu.....

3. Sukupuoli

a. Mies b. Nainen

4. Kuinka vanha olet?

a. Alle 20 b. 21-30 c. 31-40 d. 41-50 e. 51-60 f. 61->

5. Kuinka usein syöt ravintoloissa? (keskimäärin)

a. en koskaan b. vähemmän kuin kerran kuussa c. vähemmän kuin kerran viikossa d. ainakin kerran viikossa e. yli 3 kertaa viikossa

f. muu

6. Mikä on sinulle tärkein ravintolan valintaan vaikuttava tekijä?

(asteikolla 1-10)

- a. ruoka
- b. hinta
- c. palvelun laatu
- d. palveluaika
- e. mainokset
- f. siisteys
- g. sisustus
- h. sijainti
- i. palveluhenkilökunta
- j. muu

7. Millaisesta ruoasta pidät eniten?

- a. suomalainen
- b. mausteinen
- c. italialainen
- d. Intialainen
- e. aasialainen
- f. keskieurooppalainen
- g. kasvisruoka
- h. afrikalainen
- i. muu

8. Kuinka pitkän matkan olet valmis matkustamaan ravintolakäyntiä varten?

- a. alle 500 m
- b. 500 m -1 KM
- c. 1 KM – 3 KM
- d. 3 KM – 5 KM
- e. etäisyydellä ei ole merkitystä

9. Oletko koskaan syönyt etnistä ruokaa (**esim. kiinalaista, intialaista, italialaista, etelä-aasialaista, afrikkalaista**)?

Kyllä: (jos kyllä, katso kysymys 10)

Ei: (jos ei, katso kysymys 11)

10. Missä olet kokeillut etnistä ruokaa?

- a. Ystävien luona
- b. Ravintolassa
- c. Ulkomailla ravintolassa
- d. Työtapahtumassa
- e. Muu

11. Miksi et ole kokeillut etnistä ruokaa?

- a. En ole uskaltanut
- b. Ei ole ollut mahdollisuutta
- c. Lähiseudulla ei ole etnistä ruokapaikkaa
- d. Ei kiinnostusta.
- e. En ole koskaan tullut ajatelleeksi asiaa

12. Pidätkö etnisestä ruoasta?

Kyllä: syy: (Voit valita useamman kuin yhden)

- a. hyvänmakuista
- b. tulista
- c. mukavaa vaihtelua
- d. mausteista
- e. hygieenista
- f. muu.....

Ei: syy..... (Voit valita useamman kuin yhden)

- a. tulista
- b. vahva mausteista
- c. ei hyvänmakuista
- d. En ole uskaltanut
- e. kallis
- f. muu

13. Kuinka usein syöt etnisissä ravintoloissa? (keskimäärin)

- a. en ikina
- b. vähemmän kuin kerran vuodessa
- c. vähemmän kuin kerran kolmessa kuukaudessa
- d. vähemmän kuin kerran kuussa
- e. ainakin kerran kuukaudessa
- f. kerran viikossa
- g. useammin kuin kerran viikossa
- h. muu

14. Kenen kanssa käyt useimmin ravintolassa?

- a. Ystävien kanssa
- b. Perheen kanssa
- c. Työkaverien kanssa
- d. Tyttö-/poikaystävän kanssa
- e. Muu

15. Kuka vaikuttaa päätökseesi, missä ravintolassa syöt?

- a. Ystävät
- b. Perhe
- c. Työkaverit
- d. Tyttö-/poikaystävä
- e. Muu

16. Onko hinnalla vaikutusta ravintolan valinnassa?

- a. Kyllä
- b. Ei

17. Mikä on mielestäsi sopiva hinta aterialle etnisessä ravintolassa?

- a. Alle 5 euroa
- b. 5-10 euroa
- c. 10-15 euroa
-
-
-

- d. 15-20 euroa
- e. Yli 20 euroa
- f. hinta ei ole tärkeä tekijä

18. Katsotko mainoksia, kun valitset ravintolaa?

- a. kyllä
- b. ei

19. Mikä on sinulle tärkein tietolähde ravintolan valinnassa?

- a. Ystävät, perhe, työkaverit
- b. julisteet
- c. Internet-mainonta
- d. sosiaalinen media
- e. radio
- f. lehtimainokset
- g. muu

Kiitos!!

Appendix 2

Questionnaire:

Dear Friends,

I am Yogendra Sangroula from Nepal and currently living in Varkaus Finland. I am a student of Savonia UAS and doing my final research on 'OPERATING ENVIRONMENT AND FEASIBILITY STUDY OF ETHNIC RESTAURANT IN VARKAUS'. My research will be based on consumer perception and other legal formalities of establishing a business in Finland. A survey is mandatory for my research to get real solution and make it appropriate so that I request for your kind cooperation for the same.

I kindly request you to help me answering the following questions which will enable me to make a good research on my research topic. It will take about five minutes to take a look and answer the question which will be milestone for my study and research.

I hereby assure that all received information are for only study purpose and won't use them for any other purpose.

Please tick the box on your choice. You needn't write anything unless you want to write something.

More Information:

Supervisor Teacher: Virpi Oksanen

044 785 5973

Email: virpi.oksanen@savonia.fi

1 Do you live in Varkaus?

g. yes

h. No

2 What do you do?

a. Student

b. Working

c. Retired

d. Unemployed

e. Others

3 What is your Gender

a. Male

b. Female

4 How old are you?

a. Under 20

b. 21-30

c. 31-40

d. 41-50

e. 51-60

f. 61 and above

5 How often do you visit restaurant to eat? (in average)

a. Never

b. less than once a month

c. less than once a week

d. at least once a week

e. more than 3 times a week

f. Others

6 What is most important factor that influences choice of the restaurant?

(rating out of 10)

- a. Food
- b. Cost
- c. Service quality
- d. service time
- e. advertisement
- f. cleanliness
- g. Decoration
- h. Location
- i. Service People
- j. Others

7 What kind of food you prefer?

- a. Finnish
- b. Spicy
- c. Italian
- d. Asian
- e. Mid European
- f. Vegetarian
- g. African
- h. Others

8 How much travelling you prefer to visit restaurant

- a. less than 500 m
- b. .500-1 KM
- c. 1 KM -3 KM
- d. 1 KM -3 KM
- e. I don't mind at all

9 Have you ever tasted ethnic food?

Yes: if yes (See Question 10, Where?)

No: (If No See Question 11)

10 Where did you test Ethnic food?

a. With friends

b. In restaurants

c. visiting abroad

d. Work gathering

e. Others

11 Why you haven't tasted ethnic food?

a. I am afraid

b. have not got chance

c. no ethnic food available nearby

d. I don't like

e. I haven't think ever

12 Do you like Ethnic food

Yes: yes because

a. Tasty

b. hot

c. good for change

d. Spicy

e. hygienic

f. Others

No: NO because

a. hot

b. Strong Taste

- c. not testy
- d. I am afraid
- e. expensive
- f. others

13 How often do you visit ethnic restaurant? (in average)

- a. Never
- b. Less than once in year
- c. less than once in a three month
- d. at least once a month
- e. once a week
- f. more than once in a week
- g. others

14 With whom mostly you go to restaurant?

- a. Friends
- b. Family
- c. Colleagues
- d. Girl/Boy friend
- e. others:

15 Who does influence your decision to choose the restaurant to eat?

- a. Friends
- b. Family
- c. Colleagues
- d. Girl/Boy friend
- e. others:

16 Does price affect the choice of restaurant?

c. Yes

d. No

17 How much price would you prefer to pay for ethnic food? (per meal)

a. 0-5 Euros

b. 5-10 Euros

c. 10-15 Euros

d. 15-20 Euro

e. More than 20 Euros

f. not important factor

18 Do you check the advertisement to choose the restaurant?

a. yes

b. no

19 What is the best source of information for you?

a. Friends, family colleagues

b. posters

c. Advertisement in internet

d. Social media

e. Radio

f. newspaper

g. others

Appendix 3

Structured Interview with Restaurant Owner

Objective: Analyzing seven P's of service marketing framework in reference to the success and competition related factors of ethnic restaurant in varkaus

1. What kind of Products and services do you provide?
2. Why did you choose to provide this products/ Services?
3. How do you price your products/ services (method and basis of pricing)?
4. What kind of promotional tools (activities) you have carried out.
5. Why did you choose varkaus?
6. What kind of skills are essentials for your employees?
7. How is your service delivery process?
8. Do you think you are creating physical atmosphere that supports selling of products and services. (eg. layout, design, music).
9. Who are your major customers?
10. Who are your major competitors?
11. What are the differentiating factors for your business that helps to sustaining competition?
12. What is your strongest selling proposition? (positioning)
13. What are the major challenges for ethnic restaurant in Varkaus?

14. In your view, what are the key factors to survival and growth for ethnic restaurant in Varkaus?
15. Why did you think to start an ethnic restaurant in Varkaus Finland?
16. How did you find process of establishing an ethnic restaurant in Varkaus?
17. Did you get any help from any official or organization during establishment process?
18. Who is your target customer?
19. What is your specialty so that customer should visit your restaurant?
20. How's the business going on?
21. Are you doing any marketing activities? If yes what kind of marketing activities are you following? If not why don't you do marketing for your business?
22. How do you analyze the competition situation in your business?
23. What do you suggest if someone wants to start a new ethnic restaurant in Varkaus?