Eat Me, Bangkok: A Successful Restaurant Business Operation

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Abstract

Eat Me is an independent restaurant located in the heart of Bangkok and has been operating successfully for 16 years, since 1998. This success is underscored by statistics which claim that independent restaurants face a higher failure rate than franchised ones. In-depth interviews undertaken for this study reveal indications that the restaurant’s success is founded on its operational Servuction System. The research also sets out detailed information about the success factors for this challenging area of business.

“Practicing” and “observing” are the most significant benchmarks for back-of-the-house employees, while the front-of-the-house staff are trained to focus on customer engagement through “positive thinking” and a “service-mind” attitude. Along with this dining service philosophy, Eat Me is set within an “art gallery” atmosphere which creates a friendly environment, attracting new customers and motivating employees. Above all, the concept of shared restaurant ownership is considered to be a key factor driving the success of a restaurant business such as Eat Me.

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Keywords: Eat Me, Restaurant, Servuction System, Service
Introduction

Bangkok is well known in the food sector for providing a huge range of gastronomic delights from street food to fine dining restaurants. However, studies strongly claim that the smaller, independent restaurants face a higher rate of failure than the larger, franchised ones. Standing out against this, Eat Me, a 60 seat independent restaurant located in downtown Bangkok, has continued to operate successfully with a service of international cuisine, mixed with Pacific Rim and South East Asian tastes, for the past 16 years. Parsa, Self, Njite, & King (2005) suggested that restaurant success has been studied mostly according to three benchmarks: economic, marketing and managerial. Many studies focus on the economic aspect which includes financial performance such as profits and losses. The marketing aspect, on the one hand, studies an operation at a specific location based on its marketing strategy, repositioning, accommodation of new services and products, as well as market consolidation. The managerial prospect is related to a restaurant’s management and its competence, including owner motivation, restaurant operation and human resources. Studies amply attest that it is not easy to succeed in the restaurant industry. For example, independent restaurants encounter a failure rate of 27.51% during the first year of their business operations. With such an arresting statistic in mind, this study concentrates on both the marketing and managerial aspects of the restaurant business which Haden (2012) holds as among the biggest issues needing to be addressed by many independent restaurants which fail to focus on organization and system operations.

More positively, to become a successful restaurant, one of the key factors is to have a clear knowledge of marketing functions. Such knowledge not only provides good food products but also an operational philosophy, along with a sound business operation, which builds on strengthening employee and customer relations (Camillo, Connolly, & Kim Gon, 2008; Parsa, et al., 2005). This finding is consistent with that of Haden (2012) who claims that a successful restaurant is comprised of three key elements: a great chef, a great location and a great concept.
Since May 19, 1998, the Eat Me restaurant, located in Soi Convent in the heart of Bangkok, has been open and operated by an Australian restaurateur, Darren Hausler. Eat Me has drawn consistent compliments from diners visiting from around the world. Trip Advisor, the famous online travel website, has praised Eat Me with a certificate, in 2013, awarded for excellence as a Bangkok restaurant (TripAdvisor, 2014). In addition, Eat Me recently won a place for two consecutive years, 2013 and 2014, within San Pellegrino Asia’s 50 Best Restaurants (“TheAsia50bestrestaurant”, 2013; 2014). Such recognition helps guarantee the success of the Eat Me restaurant.

Based on the theoretical concept of the “survuction system” – a conceptualized service system - this study uses an in-depth interview analysis structure to investigate the restaurant’s operation system and to provide guidance regarding the influential factors leading to success in restaurant work, which can be recommended to future entrepreneurs who are interested in investing in the restaurant business.

Theoretical Background- The Servuction System

![Figure 1: The Servuction System](image)

Source: Lovelock & Wirtz (2011)
To understand customer behavior in the restaurant business clearly, Lovelock & Wirtz (2011) hold that the service encounter stage, one of the key stages in service consumption, will explain when customers are affected by the essence of the service experience. The service encounter stage is entered when customers begin to have direct interaction with the service providers or front-of-the-house staffs, after the customer decision has been made to choose the restaurant. For example, when customers make a Table reservation or when they place an order for food. Usually, once the service has been delivered, customers start to judge the quality of what they have received and decide whether it meets their expectations. The Servuction System is one of the many conceptual frameworks which provide a better understanding of customer behavior during the service encounter experience. Gronroos (2011) claims that the Servuction System develops the concept and empirically tests the value-creating resources which are the foundation of the service perspective of marketing. This system also highlights the significance of observing the role of the customers and explains how the service experience is affected when the customers have direct interaction with the service staff.

The Servuction System was initially introduced by Pierre Eigluer and Eric Langeard, two French researchers who integrated the concepts of marketing, operations and customer service (Lovelock & Wirtz, 2011). It consists of two major components: the service operation system and the service delivery system. The service operation system is the technical core which the customers do not see. It is also described as the invisible or back-of-the-house part. After the input is processed, the components of the service product are created. In a restaurant operation, this part involves the kitchen and human resource operations. These two sectors have a major influence on the quality of service, and in particular, the quality of the service delivery system. If the chef does not do well with food preparation the result will be poor meal quality and taste. This significantly impacts the response of the customer because the attribute of delicious food has a most significant elasticity value relating to whether diners are likely to return to a restaurant (Gupta, McLaughlin, & Gomez, 2007). However, while this hidden back-of-the-house section has low-contact service, it still has an impact on the customer, as well as on the quality of the front-of-the-house activities that the customer can notice.
The second part of the Servuction System is the service delivery which is visible to the customer. Customers have the most physical interaction with the service environment and the front-of-the-house staff. Many restaurants attempt to create value in physical surroundings which can craft positive feelings and reactions from both customers and contact employees (Bitner, 1992). In terms of its operations, a restaurant sets up its own type of interaction creating value through an amicable environment; that is, friendly and professional frontline employees. Customers then can observe and also have a favorable “word of mouth” experience. However, if a negative experience has been created, such as from a noisy environment or unprofessional frontline personnel, an unfavorable message can be received by the customers. The result could lead to the customer’s future word of mouth relay of a poor experience, or perhaps a decision to no longer provide patronage to the operation involved. Restaurant operators thus must engineer all interactions to ensure that their customers get the service experience they have expected (Lovelock & Wirtz, 2011).

In summary, this paper discusses how the Eat Me restaurant manages its operations based on the theoretical background of the Servuction System, through its service performance, creates the process of engineering the service environment, and manages its service employees.

Methodology- Qualitative Investigation

Qualitative data was obtained by interviewing five full-time restaurant employees, all who have worked at the restaurant for at least one year. This includes the restaurant owner, the only one who has been there for the past sixteen years, representing the longest working period at the restaurant. To capture the concept of the Servuction System, the qualitative study is divided into two areas. These include the service operation system, the invisible stage or back-of-the-house which includes staff training in the kitchen operations; and the visible service delivery system stage, the front-of-the-house. In-depth interviews were conducted with Owner Darren Hasuler, experienced Restaurant Managers Wutti Pinsiri and Felipe Orellana, Sous Chef Wasun Sinthorin, and Restaurant Server Bhuntaned Dirakrittikul. These individual face-to-face interviews, administered at Eat Me during the relatively slow period of November 2013, averaged seventy minutes in length.
The Findings

1. Service Operation System

Being one of the two significant sectors of the Servuction System, the service operation system combines all input to create the service product. In this stage, Eat Me focuses on the process of the training and motivation of their staff, which includes both service and kitchen employees. For the brigade de cuisine, the kitchen staff have been taught and trained according to the two powerful service maxims: practicing and observing.

1.1 Practicing

Practicing is the primary key to success in the cooking process. With food preparation, all cooks at Eat Me, including the Chef de Cuisine and Sous Chef, have been strictly trained to check the food taste and concentrate on the cooking details. Since food quality is the most important part of the meal consumption and is a significant determiner of diners’ willingness to spread a positive word of mouth about the restaurant (Namkung & Jang, 2010), this particular training is essential. Research by Sulek & Hensley (2004) also found that of all dining experience attributes, food quality is the most prominent determinant which can lure customers back with a repeat-patronage intention. Under the management of American Chef de Cuisine Tim Butler, Eat Me provides Aussie-style café food mixed with Asian influences. Items found on the menu include Spicy Lemongrass Chicken with Mango Salad and Grilled Tiger Prawns with Tom Yum Spiced Olive Oil.

1.2 Observing

Observing is the second virtue which all kitchen employees must possess. To observe other competent employees at work is a method of self-learning, which can guide new staff to focus attention on specific aspects of another professional employee’s performance. At the same time observing is also a motivator to continue developing the skills of new staff. Along with this, a positive and enthusiastic attitude is an essential component of workplace success in food production. In the view of the Chef de Cuisine, a staff member in the kitchen who can show a positive attitude and a willingness to work or tackle the details of a particular job is more likely to have an advantage over one who presents a disinterested or negative attitude towards similar work. A prized employee in a restaurant operation is one who is viewed as enthusiastic, demonstrates a positive attitude towards customer service, resolves interpersonal conflict expertly, and works
Every member of the Eat Me kitchen team has been coached in the philosophy of “learning by doing” and is allowed to make mistakes. This allows the Chef de Cuisine to create new menus with a varied range of food, resulting in exciting choices for the guests. It also creates customer loyalty reflecting the research of Clark & Wood (1999), which showed that customers who claim to be “not loyal” can be converted to a restaurant and become more regular patrons because of the quality and range of the food.

2. Employee Empowerment

Eat Me Owner Darren Hausler believes that employee empowerment is crucial to success in a restaurant business. With less than a two percent staff turnover per year, Eat Me prioritizes staff benefits as a most important issue through what Mr. Hausler terms as “Ownership.” Although there are no financial stocks offered, Mr. Hausler does offer the psychological ownership of the business to his employees, which is believed to be his most essential staff motivational tool (Cohen, 1997). This starts with the management treating staff as family members. With an average of 9 hours per day spent together in the restaurant, Mr. Hausler wants to communicate with his staff, learn about them, and make them an integral part of everything that happens in his restaurant. Psychologically, this will empower them to feel part-owners of the business, something not always easy to achieve. For example, every day around 3 p.m. before the restaurant opens, Mr. Hausler meets with his frontline employees, including managers Mr. Pinsiri and Mr. Orellana, for an open and friendly group discussion. Each employee will share their experience in front of the others and talk about what he or she has been doing during recent service time, including interactions with the customers. Colleagues will also share suggestions and feedback, especially if the experience has been a learning moment and can be used as a concrete example which others can follow to improve their future experience. A psychological reward comes from their efforts to provide good service and this effort being recognized. Care is also taken to avoid negative comments when giving advice, which is intended to improve the employee’s productivity. The aim is to build an atmosphere where there is shared ownership of all customer experiences. At Eat Me everyone is allowed to make mistakes, however, people must learn from those mistakes and recognize the lessons to further improve themselves.
3. Employee Motivational Rewards

Throughout the industry, there is little change in the duties of many positions from restaurant to restaurant, resulting in the related staff member becoming less attached to their workplace. Hence, if there is small chance for those employees to gain satisfaction from their work or be provided with opportunities for career advancement, they are more likely to work only for money and commitment to the business will likely be lacking. In order to strengthen job motivation, Eat Me pays employees such as those holding key manager or chef positions significantly above the minimum wage. It is reasoned that lower salaries will not attract, retain, or motivate strong performance employees (Mullins, 2001). Besides a competitive paycheck, all Eat Me employees share a monthly bonus based on customer gratuities. Eat Me employees also receive a competitive salary often at a rate equivalent to workers in a five-star hotel. Mr. Hausler argues that despite adding cost to the restaurant operations, the relatively high paycheck will attract better qualified employees than would the average minimum wage set by the labor law. Staff members who believe that they receive a competitive pay level tend to have a higher working morale, are more productive, and consequently build stronger customer satisfaction with their service. They are also motivated to stay with the restaurant longer (Robbins & Judge, 2012; Sabramony, Krause, Norton, & Burns, 2008).

4. Service Delivery System

Of all the fine dining restaurants in Bangkok, Eat Me has created a unique character. The two-storey white house venue surrounded by tall plants in big pots is quite distinctive in its Soi Convent location. The décor is modern and cozy with its wash-out walls and wooden floors. The distinguishing aspect of this restaurant’s atmosphere is its art galleries with exhibitions rotated amongst many famous local and international artists, producing an overall unique service environment.

4.1 Art Gallery

The service environment’s ambient conditions, space functionality, signs, symbols and artifacts all come together to highlight an emphatic and conceptual model of “servicescape,” as suggested by Bitner (1992). This atmosphere is believed to have a positive influence on the behavior both of customer and employee. Following this conceptual framework, Eat Me has created a holistic environment, combining art and restaurant within an easily perceived friendly service environment. The Art Gallery itself creates a traditional holistic atmosphere which Eat Me is keen to promote. Several famous Thai and foreign artists have been willing to display their
work in the restaurant’s gallery which on average is changed every two weeks. At the
time this research was undertaken, British photographer, Rado Klose, was showing his
recent modern photography on the theme of “The Enigma of Order”, presenting his
concept of a man-made environment in a manner akin to the constellations among
a sky full of stars. Generally, the artwork is hung along the restaurant walls where all
the Tables are set and diners are able to enjoy viewing the exhibition along with
their meal. These exhibitions create a distinct positioning for the restaurant and also
enhance its unequivocal marketing objectives, enhancing customer satisfaction and
attraction. To use the Art Gallery exhibitions as a restaurant business strategy not
only successfully increases the number of visiting customers, but also modernizes its
public image (Axelsen, Arcodia, & Swan, 2004). As well as creating a distinctive
marketing image, the artwork environment enhances employee job satisfaction and
motivation by giving workers a different experience on a regular basis. As most of the
staff spends their working time in an environment which undergoes regular aesthetic
change, there is a positive flow-on to their productivity.

4.2 Service Advantage

Significantly, Eat Me patrons talk about the friendly staff. The good food is
the common second notation. Each member of the service staff has been trained
and encouraged to have social interaction with the patrons. They can speak English
well and conduct their service in a polite manner, all with a genuine smile on their
faces. This presentation is a key job requirement as the majority of Eat Me customers
are short-stay foreign tourists. Restaurant manager Mr. Pinsiri explained that all Eat
Me servers have been trained to pay attention to service details, no matter how
seemingly insignificant. To illustrate, should some mishap occur at a particular Table,
servers are trained to be proactive and vigilant in order to prevent repeat mistakes.
During a peak period when service failures are more likely to occur, both managers
Mr. Pinsiri and Mr. Orellana will be more attentive to customer service, seeking to
lessen opportunities for repeat service failure. At fine dining restaurants such as Eat
Me, repeated service mistakes lead to dissatisfied customers who are less likely to
tolerate poor service (Namkung & Jang, 2010).

Eat Me has created an effective compensation strategy for inconvenienced
patrons, which has been quickly implemented through an effective training process
carried out by the staff. For example, should all the restaurant Tables be occupied,
yet customers are still waiting to be seated, this program calls for staff to invite these
waiting patrons to enjoy cocktails at the bar, where snacks are served and menus are
provided for them to begin menu selection. A signal of care is thus shown by the Eat
Me staff. Additionally, should a food order be unavoidably delayed for a significant amount of time, the patron will be informed of the reason by the staff member, who will in turn often add a complementary drink as an apology. Another example would be if a customer feels that their food is too spicy, overcooked, or is lacking in taste quality, the staff has been trained to replace the food immediately with a sincere apology, or if appropriate, to provide a refund and/or discounted bill. Finally, if a customer has been delayed due to waiting for the bill, or if the bill is incorrect, the staff has been trained to give an immediate apology with an explanation for the delay or mistake, thus preventing the service mistake leading to negative word of mouth publicity.

4.3 A Positive Organizational Culture

According to Mr. Hausler, Eat Me has created and developed a positive organizational culture with an emphasis on rewarding staff, instead of emphasizing discipline, and placing strong emphasis on individual growth. Failing to praise employees for fine performance is not a productive strategy and can create a negative workplace environment. Even though most employees would seldom seek praise, a good management strategy using positive effects for morale has clearly documented that sincere praise, and even small rewards, to diligent staff provide tremendous value. Specifically, Eat Me staff are treated similarly to a family member. If mistakes are made, regardless of severity, a chance is always given for explanation and improvement in order to avoid staff dismissal.

An emphasis on individual staff growth is a positive aspect of the organizational culture at Eat Me. Owner Darren Hausler attests that he proactively encourages his staff’s professional development; this despite the fear that an employee may eventually leave because of finding better employment opportunities on their career path precisely because of their work experience at Eat Me. However, he professes his willingness to share his restaurant experience with his staff to whom he always provides advice or support if they want to pursue a hospitality industry career. Eat Me is committed to a philosophy of encouraging employee growth and advancement, even should a better opportunity elsewhere arise.
5. The Importance of a Restaurant Owner

One of the keys to running the restaurant business is to have a decisive owner. Mr. Hausler maintains that the owner should have a clear concept of the restaurant and commit to selfless efforts of time, energy, and knowledge in embodying his passion. His concept of Eat Me is a mixture of casual and fine dining, providing a setting for simple food to be enjoyed in a relaxing atmosphere. Beyond this, he has added a contemporary art gallery concept to be part of the total Eat Me environment, effectively differentiating Eat Me from other restaurants in Bangkok.

Another successful owner qualification includes time investment. Most non-single restaurant owners face the challenge of balancing family and work life (Parsa, et al., 2005). With only one week of vacation per year, Mr. Hausler, a single man, has spent most of his time in the restaurant. His daily basic routine begins either at home or in the restaurant, but generally finds him arriving at the restaurant by 11 am. The restaurant opens at 6 pm and he is there until after 1 am, when the last order has been completed. Typically, most of his regular patrons love to meet and talk with him. Mr. Hausler also prefers to spend his time greeting and chatting with his customers at each Table. He displays a deep devotion to the restaurant business and is committed to providing warm hospitality to his customers. Mr. Hausler cautions that without passion most restaurant owners will suffer “burn out”. They need to have a high level of energy to motivate themselves and their staff, as the restaurant business requires a commitment to long hours necessary for operations. Mr. Hausler also firmly believes that a successful restaurant owner will always have and follow a clear and knowledgeable marketing strategy. Mr. Hausler implements his marketing philosophy through a significant focus on a strong relationship between customers and staff. For example, the frontline staff is trained to develop customer engagement strategies focusing on positive thinking and a service minded attitude. They are encouraged to recognize their customers and greet them by their first names. In addition, Mr. Hausler shows a passionate characteristic through his concentration on personally developing the food and beverage menu, and maintaining an active role in both the restaurant atmosphere and staff service. To illustrate, the food menu at Eat Me is changed every month in accordance with the seasons and the availability of raw materials. New cocktail drinks and updated wine lists continue to be added to the menu to provide more customer choices. Above all, Mr. Hausler holds that his concept is based on simple and clean meals served with amicable service in a great atmosphere.
Conclusion

In the current business climate, to operate a restaurant and become successful in Bangkok is not easy because the number of new restaurants is mushrooming, resulting in high competition. Not all become successful. Amongst the necessary factors to accomplish success are included that a new restaurant has to create its own concept with a well-researched vision and a business strategy focusing on customer satisfaction, customer repeated purchase intentions and the restaurant’s operations. Without such foci, many restaurants face failure. A study by Camillo, et al. (2008) shows that failed restaurants appear to lack clear and viable business strategies most likely because of poor initial feasibility research, an absence of a good advertising plan, the inexperience of the operators, and a lack of suitable cost accounting. On the other hand, restaurants which succeed show similar characteristics of possessing a recognizable and practical business procedure which includes a workable balance between their food and labor costs, effective staff turnover management, and consistently high quality food and service.

Based on the “Servuction System” concept, Eat Me provides stimulating information about how the cycle of success in the restaurant business can work effectively. With competitive compensation and psychological ownership provided, Eat Me can attract top quality staff. With intensive training and better wages, employees are not only likely to be happier to perform their work, but also motivated to provide a higher quality of customer service. Observing and practicing are the key traits which persuade all back-of-the-house staff to work diligently and proactively. At the same time, a positive and service-oriented attitude is a key attribute in the team members of the front-of-the-house staff. As a result, regular customers appreciate the continuity of friendly service relationships, which contribute to a lower staff turnover which, in turn, helps foster a base of continued loyal patrons. Moreover, its art gallery atmosphere separates Eat Me from many other area restaurants. The restaurant’s loyal and returning customer base, as well as the low employee turnover rate nurtures a positive organizational culture. In such an operating state, Eat Me can look to increase its profit margin by focusing its marketing efforts on reinforcing customer loyalty through its Servuction System concept. Because of the commitment and dedication demonstrated by Owner Darren Hausler, Eat Me can continue to enjoy its enviable position of being amongst the most successful restaurants in Asia. However, this study is presented along with its limitation of conducting in-depth interview research with only a single successful Bangkok restaurant. The logical findings of this study might lead to highlight aspects.
of only one restaurant. Consequently, future study should investigate the success of a more varied selection of restaurants across different areas of the country.

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