

Location and menu pricing and its significance to perceived profitability of samgyupsal restaurants

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Abstract

The study aimed to assess the relationship between the location and menu prices of Samgyupsal restaurants and their profitability in the Third District of Nueva Ecija, Philippines. Specifically, the study examined geographical location, economies of scale, competition, price competitiveness, customer perception of value, and meal margin. A descriptive-correlational research design was employed, with 50 owners and managers selected through purposive sampling. Data were analyzed using the weighted mean and Pearson product-moment correlation through IBM SPSS Statistics. The results supported the hypothesis that business profitability is related to location and menu prices. Geographical location was found to be positively related to revenue performance ($r = .600, p < .001$), cost efficiency ($r = .450, p = .001$), and profit margin ($r = .542, p < .001$). The findings also indicated that the competitive environment was positively related to revenue performance ($r = .628, p < .001$), cost efficiency ($r = .604, p < .001$), and profit margin ($r = .565, p < .001$). Price competitiveness was likewise positively related to revenue performance ($r = .614, p < .001$), cost efficiency ($r = .466, p = .001$), and profit margin ($r = .602, p < .001$). Nevertheless, several relationships were found to be non-significant. The findings support the assertion that location and pricing influence profitability. These findings can assist restaurateurs in improving their operational and pricing decisions and provide a basis for future research involving larger samples and more objective financial measures.

Keywords: *restaurant location, pricing strategy, restaurant profitability, customer perception*

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1. Introduction

The global expansion of the restaurant industry resulted from consumers' desire to experience new tastes and interact with others. The food service industry is instrumental to the economy since it creates job opportunities, increases tourism activity, and affects the country's GDP (National Restaurant Association, 2023; Godfrey, 2012). Hallyu, the phenomenon emerging from the Korean Wave, has significantly influenced local consumers (Kim et al., 2021). Because of this, restaurant owners need strategic decisions such as optimizing menu pricing, managing food costs, and improving customer service to increase profitability (Fadzila et al., 2026). Although samgyupsal restaurants remain popular, maintaining profitability is challenging because of thin profit margins, rising operational costs, fluctuating food prices, and intense competition (Ivanov & Webster, 2021; Bagur-Femenías et al., 2019). Strategic location improves customer accessibility, visibility, and market reach, while menu pricing influences customer value, purchasing decisions, sales, and perceived profitability (Bujalance-López et al., 2025).

Existing research has investigated service quality, consumer loyalty, innovation, cost management, and pricing. For instance, Susskind et al. (2024) suggested that location can be important for accessibility, customer traffic, area attractiveness, and restaurant performance, while Webb et al. (2025) examined location-based factors influencing restaurant development and survival. On the other hand, Lai and Karim (2023) identified pricing, menu management, value realization, revenue, and profitability as important areas of restaurant management. Nevertheless, these areas have commonly been investigated separately. Studies of samgyupsal restaurants in the Philippines, such as Ong et al. (2023), have focused primarily on consumers. Therefore, limited research has examined owners' approaches to location, pricing, and profitability. This gap warrants further investigation of samgyupsal restaurants in the Third District of Nueva Ecija.

The current study focuses on the Third District of Nueva Ecija because of the growing number of commercial and casual dining establishments and the limited scholarship on hospitality and restaurant management in the area. The study will provide contextual information that may be useful to restaurant operators and managers in their decision-making.

This research is grounded in the principles of Central Place Theory, the Theory of Price Elasticity, and the Resource-Based View. These theories suggest that favorable locations are important for attracting customers and fulfilling their needs, while menu pricing should be

evaluated in relation to consumers' perceived value and purchasing intentions. Specifically, this research aims to determine the locations of samgyupsal restaurants; assess the importance of agglomeration economies and competition in restaurant operations; identify the pricing methods employed; examine the profitability associated with pricing relative to competitors; and establish the relationship between restaurant location, pricing methods, and profitability. Unlike previous studies that have examined restaurant location, pricing methods, and consumer behavior separately, this research aims to explore how location and pricing are associated with restaurant profitability.

2. Literature Review

According to Jang and Zheng (2020), effective management is critical to business success and survival. One factor contributing to restaurant success is location. Wu et al. (2021) described how a favorable location can attract customers and create competitive advantages. Menu pricing is also a key element of restaurant operations, as it influences consumers' perceptions of value and purchasing decisions. Alves et al. (2026) revealed that price perception is an important variable influencing consumer behavior. Yang and Xia (2021) argued that pricing helps balance demand and profitability. Achieving profitability can be challenging because restaurants incur high operating costs and face intense competition. Ivanov and Webster (2021) identified poor management, food costs, and rent as among the factors contributing to restaurant failure. While it has been established that location, pricing, customer behavior, and operational efficiency influence profitability, limited research has examined how these factors interact in samgyupsal restaurants in the Philippines.

2.1. Locational Factors and Restaurant Profitability

The location of a restaurant has a substantial impact on the restaurant's operations, as it affects prices, convenience, and visibility. Youssef et al. (2026) confirmed the importance of location for business profits. Wu et al. (2021) demonstrated that the vicinity of profitable commercial areas and city infrastructures is a key factor in restaurant development and survival. Central Place Theory explains the connection between a restaurant's location and its accessibility and customer traffic. Price Elasticity Theory provides insights into the link between food prices and customers' perception of value. Finally, the Resource-Based View considers restaurant location and pricing strategy among the main organizational advantages.

2.2. Menu Pricing Strategies in Restaurants

Pricing is essential for shaping demand, perceived value, and profitability in the restaurant industry (Webb et al., 2023; Ndwandwe & Khoza, 2026; Trebicka et al., 2023). The use of different packages in samgyupsal restaurants allows consumers to assess value based on the price of unlimited food offerings. In the Philippines, these restaurants commonly offer standard packages and price variations that include different types of meat and other menu items. Such pricing strategies enable restaurants to target customers with varying preferences and needs (Chua et al., 2020; Webb et al., 2023). Perceived value is also important in establishing and maintaining customer loyalty (Pratama Hafidz & Huriyahnuryi, 2023; García-Salirrosas et al., 2024; Ali-Alsaadi et al., 2025; Thielemann et al., 2018; Croitoru et al., 2024). Combining menu engineering with an effective pricing strategy can help restaurants enhance perceived value while maintaining healthy profit margins.

2.3. Profitability Indicators in Restaurants

In the restaurant industry, pricing aims at shaping demand, perceived value of the restaurant, and profitability (Chua et al., 2020; Webb et al., 2023; Ali-Alsaadi et al., 2025). By creating certain packages, samgyupsal restaurants can make their consumers understand how high the quality is based on the prices for the unlimited packages set in the Philippines. Perception of value influences customer loyalty and satisfaction with the price and value of consumed food (Thielemann et al., 2018; Croitoru et al., 2024). Recent research shows that besides increasing revenues it is very important to control costs in order to be successful while running the restaurant business (Malheiros et al., 2025). The control of food costs, payroll, inventory management, and waste makes it possible for the managers to achieve better results due to the efficiency gained without having high sales amounts (Dhir et al., 2020; Lee & Park, 2025).

2.4. Theoretical Framework

This study is guided by Central Place Theory, Price Elasticity Theory, and the Resource-Based View (RBV), which provide the theoretical basis for explaining how the location and pricing of samgyupsal restaurants are linked to profitability.

Central Place Theory, created by Walter Christaller in 1933, explains how the location of businesses can influence their ability to attract customers. Restaurants located in areas such

as business districts, near schools, shopping malls, or transportation hubs tend to be more accessible and visible to customers, which may lead to better sales performance. In the present study, the theory supports the independent variable of restaurant location by explaining how geographical location, agglomeration economies, and the competitive environment can influence customer access, restaurant visibility, and market reach. These locational advantages may contribute to higher restaurant profitability through increased customer traffic and opportunities for business growth.

Price Elasticity Theory describes the relationship between demand and price (Andreyeva et al., 2010). When demand is elastic, consumers are more sensitive to price changes and may reduce or discontinue their purchases when prices increase. In contrast, inelastic demand occurs when consumers continue purchasing despite price increases because they perceive the product or service as valuable or desirable. This may apply to samgyupsal restaurants, particularly when consumers consider price, portion size, and inclusions when evaluating value. Accordingly, this theory supports the menu pricing variable by explaining how price competitiveness, customer perception of value, and meal profit margins may influence customers' purchasing decisions. Appropriate pricing strategies can help restaurants balance customer demand and revenue generation, thereby contributing to profitability.

The Resource-Based View (RBV), originally proposed by Birger Wernerfelt in 1984 and later developed and refined by Jay B. Barney in 1991, posits that sustained competitive advantage arises from the effective utilization of an organization's unique resources and capabilities. In the restaurant industry, a strategic location combined with an effective pricing strategy may help differentiate a restaurant from its competitors and provide a source of competitive advantage and profitability. In this study, strategic location and menu pricing are considered important organizational resources that can be effectively managed to achieve competitive advantages and improve profitability. Thus, RBV demonstrates how these strategic resources can help restaurant owners and managers achieve better business performance despite intense competition.

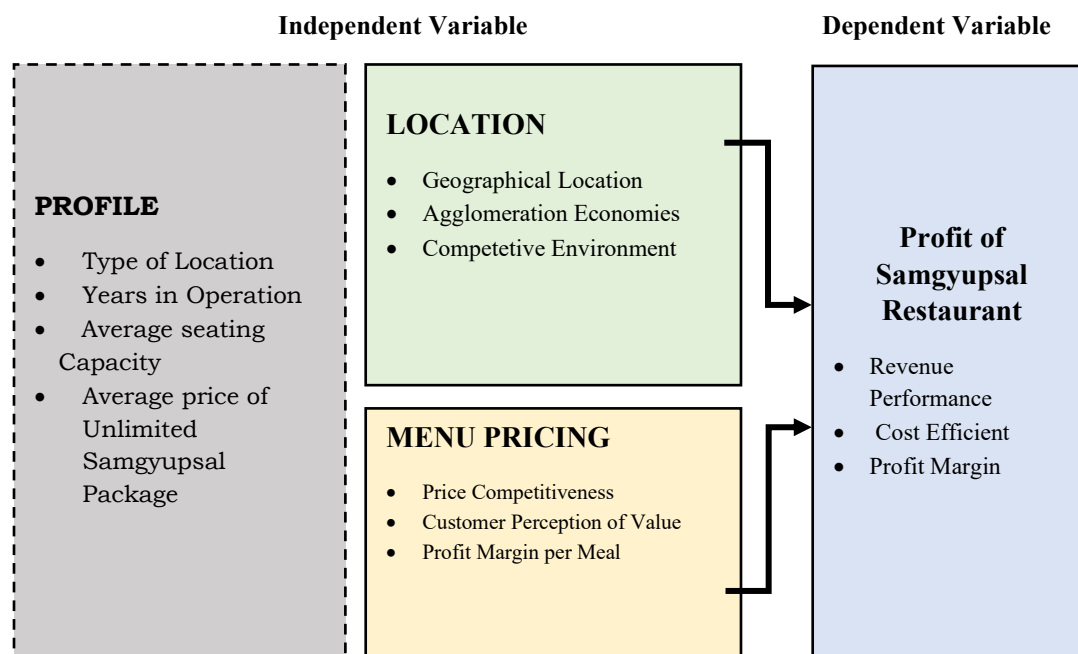
Restaurant profitability is influenced by the interaction of factors such as location, pricing strategy, operational efficiency, and customer-perceived value rather than by any single factor alone. Previous studies have generally examined these factors in isolation, highlighting the need to investigate their relationships collectively.

2.5. Research Framework

The research proposed independent and dependent variables. Location and Menu Pricing served as the independent variables, while Profitability served as the dependent variable. Each variable was assessed based on specific key factors. Location was assessed in terms of Geographical Position, Agglomeration Economies, and Competitive Environment. Menu Pricing was assessed based on Price Competitiveness, Customer Perception of Value, and Profit Margin per Meal. Figure 1 presents the research framework, which illustrates the variables and their interrelationships in achieving the objectives of the study.

Figure 1

Research framework



3. Methodology

3.1. Research Design

This is a descriptive-correlational study that aims to determine how restaurant location and menu pricing relate to the profitability of samgyupsal restaurants. The descriptive design assessed the perceived status of restaurant location, menu pricing, and profitability, while the correlational design determined the relationships among these variables. The research

employed a descriptive-correlational cross-sectional design using self-administered questionnaires to determine the relationships existing among the variables.

3.2. Participants of the Study

The participants were 50 owners and managers of samgyupsal restaurants in the Third District of Nueva Ecija. They were selected through purposive sampling based on their knowledge and experience in restaurant operations, profitability, menu pricing, and location.

The sample size was determined based on the total number of accessible and eligible samgyupsal restaurants in the research area at the time of data collection. Purposive sampling was employed to select information-rich participants with relevant knowledge of restaurant location, menu pricing, and profitability. Given the small, non-probabilistic sample, the findings were limited to the perceptions of the selected participants and may not be generalized to all samgyupsal restaurants in the Philippines or other contexts.

The target participants were owners and managers of samgyupsal restaurants operating in the Third District of Nueva Ecija. Owners and managers were considered appropriate participants because they are directly involved in critical business functions, particularly pricing, financial management, and operational decision-making. Thus, participants were required to be actively involved in the operational and managerial decisions of their restaurants and not merely employees without management responsibilities.

Table 1 presents the socio-demographic profile of the participants.

Table 1

Socio-demographic profile

Description	Subcategory	Frequency	Percentage (%)
Type of Location	Non-Residential	35	70%
	Residential	15	30%
Years in Operation	2 – 3 years	25	50%
	4 – 6 years	20	40%
	More than 6 years	5	10%
Average Seating Capacity	Below 50	10	20%
	51–100	25	50%
	101–150	10	20%
	151 and Above	5	10%
Average Price of Unlimited Samgyupsal Package	Below ₱199	0	0%
	₱200–₱299	13	26%
	₱300–₱399	25	50%
	₱400–₱499	7	14%
	₱500 and Above	5	10%

Table 1 presents the profile of the 50 samgyupsal (Korean BBQ) restaurants in terms of location type, years of operation, seating capacity, and unlimited samgyupsal package price. Most restaurants were located in commercial areas (70%), had been operating for 2–3 years (50%), and had a seating capacity of 51–100 customers (50%). Half of the restaurants offered unlimited samgyupsal packages priced at ₱300–₱399, a predominantly mid-market segment. The participating restaurants were generally relatively new, medium-sized establishments located in commercial areas and offering moderately priced samgyupsal packages.

3.3. Instrumentation and Data Gathering Process

Data were collected using a structured questionnaire divided into three sections: (1) location factors, (2) menu pricing strategies, and (3) profitability indicators.

The questionnaire was researcher-developed based on an extensive review of related literature and empirical studies on restaurant location, menu pricing, and profitability. Relevant concepts and measurement indicators were lifted from previous studies and modified to align with the objectives and context of samgyupsal restaurants in the Philippines. The first section assessed location factors, including geographic positioning, agglomeration economies, and the competitive environment. The second section addressed menu pricing strategies, including pricing options, customer perceptions of value, and profit margins per menu item. The third section assessed perceived profitability indicators.

A 4-point Likert scale was used to measure the participants' level of agreement with each statement. The questionnaire was validated by experts using the Survey Instrument Validation Rating Scale. Five professionals evaluated the instrument based on 13 criteria, and all components received the highest rating of 5. Their comments and recommendations were incorporated into the final version of the questionnaire.

The internal consistency of the questionnaire was assessed using Cronbach's alpha for each construct. A Cronbach's alpha value of 0.70 or higher was considered acceptable for internal reliability. The results yielded the following values: Location Factors, 0.922; Menu Pricing Strategies, 0.931; and Perceived Profitability Indicators, 0.942. These results indicated that the instrument demonstrated sufficient internal reliability.

The profitability indicators in this study were based on the self-reported perceptions of restaurant owners and managers regarding their financial performance. The measures did not rely on audited financial statements, accounting records, or other independently verified

financial information. Therefore, the findings reflected the participants' perceptions of profitability rather than actual profitability figures. The use of self-reported measures also introduced the possibility of response and recall bias, which should be considered when interpreting the findings.

3.4. Data Analysis

Data were analyzed using IBM SPSS Statistics Version 29. Frequency and percentage were used to describe the demographic profile of the participants, while the weighted mean was employed to determine the participants' assessments of location factors, menu pricing strategies, and profitability indicators. Pearson product-moment correlation was used to test the significance, direction, and strength of the relationships among location, menu pricing, and profitability variables. The weighted mean was used because the study relied on Likert-scale responses that reflected the participants' degree of agreement with the indicators under each variable. Pearson product-moment correlation was employed because the study aimed to determine the direction and strength of the relationships among the variables under investigation. A significance level of 0.05 was used as the basis for determining whether the null hypothesis would be rejected or failed to be rejected.

3.5. Research Ethics

This study adhered to ethical standards to protect the rights, privacy, and well-being of all participants. Participation was voluntary, and participants were informed of the study's purpose, procedures, duration, data usage, and their right to withdraw at any time without consequence. Anonymity and confidentiality were maintained by replacing personal identifiers with codes, while access to the data was limited to the researcher. Permission to conduct the study was obtained from the relevant authorities, and measures were taken to ensure data integrity and objective reporting. Participants were informed that their responses would be used to assess perceptions of restaurant location, menu pricing, and profitability and that no other personal, private, or sensitive information would be collected. Since profitability was assessed based on the self-reported perceptions of restaurant owners and managers rather than financial records or performance evaluations, the findings were interpreted as perceived profitability and may be subject to response and recall bias.

4. Findings and Discussion

This section presents, analyzes, interprets, and discusses the statistical results of the study. The findings focus on the role of location, menu pricing, customer satisfaction, revenue, cost, and profit in restaurant performance. The 50 questionnaires distributed to the selected participants were successfully collected, resulting in a 100% retrieval rate.

Table 2 presents the location-geographical position of the restaurant.

Table 2

Location-geographical position

Statement	Weighted Mean	Description
The location of the restaurant is;		
1. easily accessible to customers.	3.84	Strongly Agree
2. in an area with high foot traffic.	3.22	Agree
3. near major roads, public transport, or parking areas.	3.28	Strongly Agree
4. contributing to increased customer visits.	3.20	Agree
5. in a clean, safe, and pleasant environment for dining.	3.86	Strongly Agree
Average Weighted Mean	3.48	Strongly Agree

Legend: 3.25–4.00 Strongly Agree; 2.50–3.24 Agree; 1.75–2.49 Disagree; 1.00–1.74 Strongly Disagree.

The results showed that the participants evaluated location as highly beneficial with an overall weighted mean of 3.48 (Strongly Agree), of which participants perceived location-related characteristics as important in the context of restaurant performance. The mean score determined for the clean, safe, and pleasant environment was the greatest (WM = 3.86), with customer accessibility following (WM = 3.84), showing that the most highly rated location characteristics among the participating restaurants. On the contrary, the contribution of the location to attracting more customers resulted in the lowest mean values (WM = 3.20), suggesting that participants did not view location alone as sufficient to explain customer patronage. This supports Central Place Theory that highlights accessibility in shaping the attractiveness and accessibility of business locations. It agrees with the findings of Wu et al. (2021), that both accessibility and location are linked with restaurant success; however, not only operational factors but also market ones are significant for success.

Table 3 presents the location-agglomeration economies which showcases the presence of nearby restaurants and businesses.

Table 3*Location-agglomeration economies*

Statement	Weighted Mean	Description
The presence of nearby restaurants and businesses;		
1. positively affects customer traffic.	3.06	Agree
2. benefits the restaurant's profitability.	3.14	Agree
3. increases exposure through complementary businesses (e.g., malls, entertainment centers).	2.56	Agree
4. draws in spontaneous or walk-in customers due to surrounding establishments.	2.64	Agree
5. provides shared resources and infrastructure (e.g., parking, utilities, foot traffic).	2.64	Agree
Average Weighted Mean	3.19	Agree

Legend: 3.25–4.00 Strongly Agree; 2.50–3.24 Agree; 1.75–2.49 Disagree; 1.00–1.74 Strongly Disagree.

The results showed that the participants, with an overall weighted mean of 3.19 (Agree), perceived the presence of nearby restaurants and businesses as moderately beneficial to their establishments. The statement that other businesses benefit the restaurant's perceived profitability had the highest score (WM = 3.14), as did the statement on the positive effects on the restaurant's customer traffic (WM = 3.06), indicating that participants associated business clustering with customer traffic and perceived business performance. The fact that the statement that complementary businesses (malls, entertainment, etc.) help the restaurant to be less visible has received the lowest score (WM = 2.56) suggests that participants perceived relatively limited benefits from complementary establishments in terms of visibility and customer exposure.

The participants acknowledged the advantages of business clustering in general; these advantages were perceived as moderate rather than strong. This may indicate that the presence of nearby establishments alone does not necessarily correspond with stronger perceived business performance, as other location and competitive conditions may also be relevant. It agrees with the study of Delgado et al. (2022) that clustering makes it possible to obtain a better competitive advantage. The same idea has been shared by Leonardi and Moretti (2023), likewise found that restaurant agglomeration can be associated with greater visibility and consumer traffic. These findings suggest that the benefits of agglomeration may depend on the characteristics of the restaurant, its location, and the surrounding competitive environment.

Table 4 presents the competitive environment of the restaurant.

Table 4

Location-competitive environment

Statements	Weighted Mean	Description
The competitive environment;		
1. involves strong competition from nearby similar establishments.	3.24	Agree
2. offers a competitive advantage over other samgyupsal restaurants.	3.36	Strongly Agree
3. influences pricing and promotional strategies.	3.36	Strongly Agree
4. encourages collaboration and partnerships with other firms.	2.88	Agree
5. affects customer loyalty and retention.	3.12	Agree
Average Weighted Mean	3.19	Agree

Legend: 3.25–4.00 Strongly Agree; 2.50–3.24 Agree; 1.75–2.49 Disagree; 1.00–1.74 Strongly Disagree.

The findings showed the competitive environment was perceived favorably by the participants with an average weighted mean of 3.19 (Agree). The highest ratings were obtained for the statements that the competitive environment offers a competitive advantage over other samgyupsal restaurants and is associated with pricing and promotional strategies (WM = 3.36 each), which means that competition is perceived as a significant factor in the business decision-making process. On the contrary, working with competitors was evaluated by participants lower than the previous conditions (WM = 2.88), suggesting that participants perceived collaboration with competitors as less common than competitive activities. The participants viewed competition more strongly in terms of competitive positioning and pricing-related decisions than collaboration with other firms. This supports the findings of Amidi et al. (2022), in which highly competing companies tried to compete through innovation. The research results of Webb et al. (2023) confirm that competitors are driven by the need to create customer value through better pricing strategies.

Table 5 presents the menu pricing-price competitiveness which showcases the restaurant's price competitiveness. The findings indicated that pricing competitiveness was perceived as a significant strength as the participants strongly agreed with the general weighted mean of 3.45 (Strongly Agree). The perceived fairness of prices received the highest mean (WM = 3.54) score, followed by competitive pricing compared to other restaurants (WM = 3.52), indicating that participants generally perceived their prices as fair and competitive

compared to other samgyupsal restaurants. Promotions and bundles received the least mean (WM = 3.26) while still being rated with Strongly Agree. Participants placed greater emphasis on price fairness and competitiveness than on promotional and bundle offers when assessing their pricing practices.

Table 5

Menu pricing-price competitiveness

Statements	Weighted Mean	Description
The restaurant's price competitiveness is;		
1. reflected in menu prices that are competitive compared to other samgyupsal restaurants.	3.52	Strongly Agree
2. maintained by regularly monitoring competitors' prices and adjusting accordingly.	3.29	Strongly Agree
3. strengthened by pricing strategies that help attract more customers than competitors.	3.38	Strongly Agree
4. perceived by customers as fair and reasonable compared to others.	3.54	Strongly Agree
5. supported by promotions and bundle deals that enhance competitiveness.	3.26	Strongly Agree
Average Weighted Mean	3.45	Strongly Agree

Legend: 3.25–4.00 Strongly Agree; 2.50–3.24 Agree; 1.75–2.49 Disagree; 1.00–1.74 Strongly Disagree.

The findings align with Price Elasticity Theory, which states that customers would react positively to perceived fairness in prices. According to Alves et al. (2026), consumer decision-making and restaurant revenue management. Similarly, Ong et al. (2023) reiterate that price is one of the main factors that impact customers' preferences regarding samgyupsal dining. The competitive and fair pricing may be relevant to customer value perceptions and purchasing decisions, although the present study does not establish a causal effect of pricing on these outcomes.

Table 6 reflects the menu pricing-customer perception of value or how the customers perceived the restaurant's value. The participants indicated strong agreement that customers perceived the restaurant as providing value with the highest overall weighted mean is 3.54 (Strongly Agree). The portion size which meets customer expectations and overall dining experience has a weighted mean of 3.74. However, price practices enhancing customer satisfaction defined the lowest mean of 3.28 and still scored Strongly Agree rating.

Table 6*Menu pricing-customer perception of value*

Statements	Weighted Mean	Description
Customers perceive the restaurant's value as;		
1. justified by the quality of food and service relative to the price.	3.46	Strongly Agree
2. aligned with portion sizes that meet their expectations for the price.	3.74	Strongly Agree
3. fair and worthwhile for the overall dining experience.	3.74	Strongly Agree
4. enhanced by pricing strategies that improve customer satisfaction.	3.28	Strongly Agree
5. balanced to ensure a positive and satisfying customer experience.	3.46	Strongly Agree
Average Weighted Mean	3.54	Strongly Agree

Legend: 3.25–4.00 Strongly Agree; 2.50–3.24 Agree; 1.75–2.49 Disagree; 1.00–1.74 Strongly Disagree.

From the participants' perspective, portion size and the overall dining experience were the highest-rated indicators of customer-perceived value, while pricing practices that enhance customer satisfaction were also viewed positively. Gumasing (2025) likewise emphasized the importance of value-related considerations in customer retention in the Philippine food sector. However, the present findings should be interpreted in terms of participants' perceptions of customer loyalty or repeat patronage. Thus, the findings suggest that customer-perceived value may rely more heavily on the dining experience and portion size than on pricing practices. However, these findings do not establish that portion size or dining experience directly causes customer loyalty. Furthermore, the results are consistent with Khalilzadeh and Pizam (2021), who stated that perceived value, service quality, portion size, and dining experience can contribute to customer loyalty and repeat patronage.

Table 7 shows the menu pricing-profit margin per meal of the restaurant. The study's findings indicated that participants agreed with the statements concerning profit margin per meal, with an overall weighted mean of 3.21 (Agree). The statement concerning menu pricing that allows for a good profit margin received the highest mean (WM = 3.28), while the statement concerning the direct relationship between changes in menu prices and profit margin received the lowest mean (WM = 3.14). Hence, the findings suggest that participants perceived menu pricing and cost-related practices as relevant considerations in maintaining profit margins per meal. These are consistent with Renfors and Wendt (2024), who highlighted the

importance of operational practices in maintaining restaurant performance and resource efficiency. However, the present findings reflect participants' perceptions of profit margin management and do not provide objective evidence of actual profit margins based on financial records.

Table 7

Menu pricing-profit margin per meal

Statements	Weighted Mean	Description
The restaurant's profit margin per meal is;		
1. maintained through menu pricing that allows for a good margin.	3.28	Strongly Agree
2. supported by regularly reviewing food costs and adjusting prices accordingly.	3.24	Agree
3. directly influenced by changes in menu prices.	3.14	Agree
4. kept stable despite fluctuations in ingredient costs.	3.18	Agree
5. improved by strategies that enhance profitability without lowering food quality.	3.2	Agree
Average Weighted Mean	3.21	Agree

Legend: 3.25–4.00 Strongly Agree; 2.50–3.24 Agree; 1.75–2.49 Disagree; 1.00–1.74 Strongly Disagree.

Table 8 presents the profitability-revenue performance characteristics of the restaurant.

Table 8

Profitability-revenue performance

Statements	Weighted Mean	Description
The restaurant's revenue performance is characterized by;		
1. consistent achievement of revenue goals.	3.18	Agree
2. stable customer traffic over time.	3.02	Agree
3. significant impact of seasonal trends.	3.12	Agree
4. effective use of promotions and discounts to boost sales.	3.5	Strongly Agree
5. strong competitiveness compared to other nearby restaurants.	3.12	Agree
Average Weighted Mean	3.19	Agree

Legend: 3.25–4.00 Strongly Agree; 2.50–3.24 Agree; 1.75–2.49 Disagree; 1.00–1.74 Strongly Disagree.

The participants agreed that revenue performance remained stable, with a weighted mean of 3.19. The highest mean was recorded for the use of promotions and discounts to increase sales (WM = 3.50), while the lowest mean was recorded for maintaining stable

customer traffic (WM = 3.02). Participants most strongly perceived promotions and discounts as relevant revenue-related practices, whereas maintaining stable customer traffic received comparatively lower agreement. Promotions and discounts were perceived as being associated with revenue performance; however, the results do not establish that these practices directly increase revenue. These findings are consistent with Deloitte (2023) and Statista (2024), which highlighted the importance of promotions and discounts as factors that may contribute to improved revenue performance.

Table 9 presents the restaurant's profitability-cost efficiency.

Table 9

Profitability-cost efficiency

Statements	Weighted Mean	Description
The restaurant's cost efficiency is demonstrated by;		
1. controlling food and operational costs.	3.72	Strongly Agree
2. implementing effective strategies to reduce food waste.	3.76	Strongly Agree
3. managing labor costs well without affecting service quality.	3.68	Strongly Agree
4. securing competitive pricing from suppliers to reduce expenses.	3.56	Strongly Agree
5. improving cost efficiency through technology and automation.	3.28	Strongly Agree
Average Weighted Mean	3.6	Strongly Agree

Legend: 3.25–4.00 Strongly Agree; 2.50–3.24 Agree; 1.75–2.49 Disagree; 1.00–1.74 Strongly Disagree.

The participants strongly agreed with the statements describing the restaurant's cost efficiency, with an overall weighted mean of 3.60 (Strongly Agree). The statement concerning the implementation of measures to reduce food waste received the highest mean (WM = 3.76). In contrast, improving cost efficiency through technology and automation received the lowest mean (WM = 3.28), although it was still interpreted as Strongly Agree. The participants perceived conventional cost management practices, such as reducing food waste and controlling operational costs, as more prominent than technology-based approaches in maintaining cost efficiency. The findings are consistent with Kim et al. (2021), who highlighted the role of operational efficiency in supporting restaurant performance. However, the present findings reflect participants' perceptions of cost-efficiency practices and should not be interpreted as evidence that these practices directly improve the restaurants' actual financial performance.

Table 10 presents the profitability-profit margin per meal of a restaurant.

Table 10

Profitability-profit margin per meal

Statements	Weighted Mean	Description
The restaurant's profit margin is sustained by;		
1. maintaining strength despite changing costs.	3.58	Strongly Agree
2. ensuring profitability through a competitive menu pricing strategy.	3.2	Agree
3. managing operating costs to sustain profitability.	3.2	Agree
4. generating significant additional sales from beverages and side dishes.	3.64	Strongly Agree
5. adjusting pricing strategies effectively to maintain a healthy profit margin.	3.56	Strongly Agree
Average Weighted Mean	3.44	Strongly Agree

Legend: 3.25–4.00 Strongly Agree; 2.50–3.24 Agree; 1.75–2.49 Disagree; 1.00–1.74 Strongly Disagree.

The results showed that participants strongly agreed with the statements describing the restaurant's profit margin, with an overall weighted mean of 3.44 (Strongly Agree). The highest mean was recorded for income generated from beverage and side-dish sales (WM = 3.64), whereas the lowest mean was recorded for earning profits through competitive menu pricing (WM = 3.20). The participants perceived additional sales from beverages and side dishes as the most important contributor among the measured indicators of perceived profit margin, while competitive menu pricing also received favorable ratings. These are consistent with Kim et al. (2021), who discussed the importance of upselling strategies in restaurant operations and profitability. However, the present findings reflect the participants' perceptions and should not be interpreted as evidence that beverage and side-dish sales directly increase restaurant profitability.

Table 12 illustrates the relationship between restaurant location variables and participants perceived profitability among the 50 samgyupsal restaurants. Geographical positioning was positively and significantly associated with perceived revenue performance ($r = .600$, $p < .001$), perceived cost efficiency ($r = .450$, $p = .001$), and perceived profit margin ($r = .542$, $p < .001$). Likewise, the competitive environment was positively and significantly associated with perceived revenue performance ($r = .628$, $p < .001$), perceived cost efficiency

($r = .604$, $p < .001$), and perceived profit margin ($r = .565$, $p < .001$). The participants who reported more favorable location characteristics also tended to report higher levels of perceived profitability.

Table 11

Relationship between restaurant location and perceived profitability

		PRevenue	PCost	PProfit
LGeographical	Pearson Correlation	.600**	.450**	.542**
	Sig. (2-tailed)	0	0.001	0
	N	50	50	50
LAgglomeration	Pearson Correlation	.412**	0.087	-0.016
	Sig. (2-tailed)	0.003	0.55	0.91
	N	50	50	50
LCompetitive	Pearson Correlation	.628**	.604**	.565**
	Sig. (2-tailed)	0	0	0
	N	50	50	50

Similarly, agglomeration economies were significantly associated only with perceived revenue performance ($r = .412$, $p = .003$) but were not significantly associated with perceived cost efficiency ($r = .087$, $p = .550$) or perceived profit margin ($r = -.016$, $p = .910$). Participants perceived business clustering as being associated with revenue performance, whereas no significant associations were observed with perceived cost efficiency or profit margin.

The findings are consistent with Han et al. (2022), who highlighted strategic location as an important factor in restaurant profitability. They noted that surrounding commercial activity, neighborhood characteristics, and accessibility may contribute to increased sales among restaurants. Hence, restaurants may benefit from establishing their businesses in favorable locations to support stronger business performance. The results are also consistent with Central Place Theory, which emphasizes the importance of accessibility and strategic location in business performance. However, the present findings should be interpreted as statistically significant associations based on participants' perceptions and should not be construed as evidence that geographical positioning or the competitive environment directly causes higher restaurant profitability.

Table 12 presents the relationship between menu pricing, and the profitability drivers of the restaurant.

Table 12*Relationship between menu pricing and the profitability drivers*

		PRevenue	PCost	PProfit
MPrice	Pearson Correlation	.614**	.466**	.602**
	Sig. (2-tailed)	0	0.001	0
	N	50	50	50
MCustomer	Pearson Correlation	.403**	.408**	.637**
	Sig. (2-tailed)	0.004	0.003	0
	N	50	50	50
MProfit	Pearson Correlation	.605**	0.27	.462**
	Sig. (2-tailed)	0	0.057	0.001
	N	50	50	50

Price competitiveness was positively and significantly associated with perceived revenue performance ($r = .614$, $p < .001$), perceived cost efficiency ($r = .466$, $p = .001$), and perceived profit margin ($r = .602$, $p < .001$). Customer perception of value was likewise positively and significantly associated with perceived revenue performance ($r = .403$, $p = .004$), perceived cost efficiency ($r = .408$, $p = .003$), and perceived profit margin ($r = .637$, $p < .001$), with the strongest relationship observed for perceived profit margin. Perceived profit margin per meal was positively and significantly associated with perceived revenue performance ($r = .605$, $p < .001$) and perceived profit margin ($r = .462$, $p = .001$), but its association with perceived cost efficiency was not statistically significant ($r = .270$, $p = .057$).

Participants who reported more favorable menu pricing practices also tended to report higher levels of perceived profitability, particularly in terms of perceived revenue performance and perceived profit margin. In contrast, the non-significant association between perceived profit margin per meal and perceived cost efficiency suggests that participants did not consistently associate menu pricing practices with efficient cost management. These findings are consistent with Mabeza (2024), who argued that value-based pricing and pricing methods aligned with service quality can enhance customer satisfaction. Customers who perceive greater value may be more willing to patronize restaurants, which may contribute to improved business profitability. The findings are also generally consistent with Price Elasticity Theory, which provides a theoretical explanation for the relationship between pricing decisions, customer responses, and business performance. However, the present results should be interpreted as statistically significant associations based on participants' perceptions and

should not be construed as evidence that menu pricing directly causes higher restaurant profitability.

5. Conclusion

The restaurant location and menu pricing may be associated with the perceived profitability of samgyupsal restaurants in the Third District of Nueva Ecija. Strategic location, the nature of competition, and price competitiveness were positively associated with perceived profitability, although not all of the relationships examined were statistically significant. The findings support theories emphasizing the importance of strategic location and appropriate menu pricing in promoting successful restaurant operations. Menu pricing should also be aligned with the restaurant's resources, costs, and target market.

Based on the findings and analysis, several recommendations are proposed for samgyupsal restaurant owners and managers. First, they should strengthen their location and competitive positioning when making business decisions. This may include conducting feasibility assessments and evaluating the competitiveness of their existing locations. Restaurant owners should consider factors such as accessibility, visibility, parking convenience, digital presence, and localized promotional strategies. Second, they should consider adopting data-driven menu pricing and menu engineering practices. Restaurants may improve their menu management by promoting profitable menu items, offering product bundles, and regularly analyzing customers' purchasing behaviors. These practices may help restaurants make more informed pricing and revenue management decisions.

The findings contribute to the limited body of research on samgyupsal restaurants in the Philippines by providing empirical evidence on the relationship between strategic restaurant location, menu pricing, and perceived profitability. However, the results should be interpreted with caution because purposive sampling was used and the study involved only 50 restaurant owners and managers. These methodological limitations may restrict the generalizability of the findings. Future research involving larger and more diverse samples may help validate and extend the results of the present study.

Future studies should include larger samples drawn from different regions of the Philippines to provide broader evidence on restaurant profitability. Researchers are also encouraged to incorporate objective financial data alongside participants' perceptions and to employ longitudinal or mixed-method research designs. Additionally, variables such as service

quality, customer satisfaction, and marketing strategies should be examined to provide a more comprehensive understanding of the factors influencing restaurant profitability.

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This study was conducted in accordance with the ethical guidelines set by Wesleyan University-Philippines. The conduct of this study has been approved and given relative clearance(s) by Wesleyan University-Philippines.

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