



AN ANALYTICAL STUDY ON THE IMPACT OF INFLATION ON THE SPENDING OF PEOPLE OF SAURASHTRA REGION TOWARDS DINING OUT

Dr.Kalpesh P.Gandhi

Government Arts & Commerce College Jafrabad, kpsgandhi@gmail.com

Abstract

Dining out is an activity which gives pleasure in eating and fulfills the satisfaction need whether related to psychological or social or physical. Modern urban people have started the concept of dining out as in rural place; people do not like to charge for food when served to others. Gradually social changes have accepted the dining out activities because it gives fun to the people and reduces the isolation. Impact of inflation affects majority of the activities of the people, so how dining out can be left. With the price rise of the food grains, vegetables and other goods, meal price at restaurants also increases. The objective of the study is to know the impact of inflation on spending towards the dining out activities. Structured questionnaire have been circulated and 174 respondents have filled the form, out of which 50% have stated that they have decreased the consumption. To test the hypotheses, Chi-square technique has been used. It is found that association between impact of inflation towards dining out and gender and income have been established association, female and lower income groups are more in the category of decreased spending compared within demographic categories.

Keywords: Dining out, restaurant food, impact of inflation

Introduction

Various consumption and spending behaviour have been recognised during economic cycle. Generally during inflation, spending has been decreased by the people due to price rise and fall in income. Dining out term covers various categories for this study as restaurant food, street food and also the food received through various home delivery applications, in simple term any food for which a consumer pays is treated as dining out for the present study. There are various reason why people select dining out options like convenience, good quality and test, status, avoid home cooking work, celebrating events, formal and informal meetings¹, availing fun etc.

It has been observed that people residing in urban places go for more dining out than the people

residing in rural, the factors may vary like availability of various options in urban place, habit of going out once or twice in fortnight, celebrating birthday or similar events, comparing with the neighbors and friends. Dining out option has economic impact on the family budget for the household depends upon the frequency of the visit and number of family members. High income group and middle income group may not think that much calculative for dining out expenditure because either they include these types of expenditures into total monthly budget or the cost is affordable, but for lower income group, dining out visits are occasional.

Presently the rate of inflation in India is round 7% during March 2022 to June 2022². Impact of inflation have also affected to the cost of dining

out. Price raise of commodities, vegetables, transportation, labour cost etc. compels the service providers to raise the price of the product to maintain the profit. With the price rise at restaurants, immediately law of demand applies to some categories and fall in demand observed. In the present study also 50% of the respondents have mentioned that due to inflation they have decreased the option of dining out. Total 174 respondents have filled the form out of which 87 have mentioned the decrease spending, 38 have stated that they have no change with the dining out while 49 respondents have increased the spending towards dining out.

Review of literature

Cepparulo, A. et.al. (2012)³ have carried out a study on relative price changes and households' welfare in Italy. The study has been stated the debates about correct consumer price index. Researchers have considered the period of the study from 1997 to 2007 and applied micro simulation analysis for the impact of inflation on Italian households. They have found that poorer and larger households were adversely affected by inflation and that the prices of gas and gasoline were largely responsible for determining the living conditions of Italian households.

Batrancea L. (2021)⁴ has conducted a study on empirical evidence regarding the impact of economic growth and inflation on economic sentiment and household consumption. Researcher has used sample from 28 countries of European Union to study the degree to which economic growth and inflation impacted economic sentiment and household consumption. The data have been considered from December 2019 to October 2020. Researcher has found that in the case of economic sentiment, the negative impact of inflation was stronger than the positive impact of economic

growth and the reverse has been observed in household consumption.

Maneesh P. and Shaharaban V. (2015)⁵ have made a study on impact of food inflation on BPL and APL household consumption - a study in Kannur District, Kerala. Researchers have mentioned that the study has been focused on impact of food inflation on BPL and APL households, for that they have collected data from 50 respondents, equal from each group. They have found that the poor people who share their larger part of earnings on food have been highest adversely affected, they have to shifted to lower cost diet. Other categories have also either reduced their consumption or shifted to lower cost diet.

Yesikar V. et. al. (2015)⁶ have carried out a study to evaluate inflation and price rise: effect on common man. Researchers have stated objective as to evaluate the impact of inflation on general population and their usage of public transports, theater and restaurants. Researchers have collected data from 200 respondents. They have found that impact of inflation restricted the people for utilizing the basic needs also restricted towards eating out at restaurants, movie going habits etc.

Objective of the study

- ❖ To measure the impact of inflation on spending towards the dining out
- ❖ To check the association between impact of inflation on spending towards dining out and different demographic variables
- ❖ To find out which demographic variables have increased or decreased the spending

Data collection

The present study is based on primary data where respondents have been questioned towards the impact of inflation on the spending towards dining out. Total 174 respondents have answered the

structured questionnaire. The data have been collected in July 2022. Convenient sampling method has been used for selection of samples.

Scope of the study

Saurashtra region has been considered as geographical scope for the present study. Functional scope for the study has been taken as spending of the respondents towards dining out which includes all type of spending whether eating

out at restaurants, hotels, street food or home delivery.

Data analysis and interpretation

To check the data, hypotheses have been set as there is no significant association between impact of inflation on spending towards the dining out and different demographic variables. To test the hypotheses, Chi-square has been used.

Table No. 1 shows the cross tabulation between impact of inflation on spending towards dining out and gender of the respondents and result of chi-square test.

Impact/ Gender	No change	Decrease	Increase	Total
Male	32	56	39	127
Female	6	31	10	47
Total	38	87	49	174
χ^2 Tests	6.79			
P value	0.034			

(Source: Primary data)

Figure No. 1 shows the impact of inflation on spending towards dining out and gender of the respondents

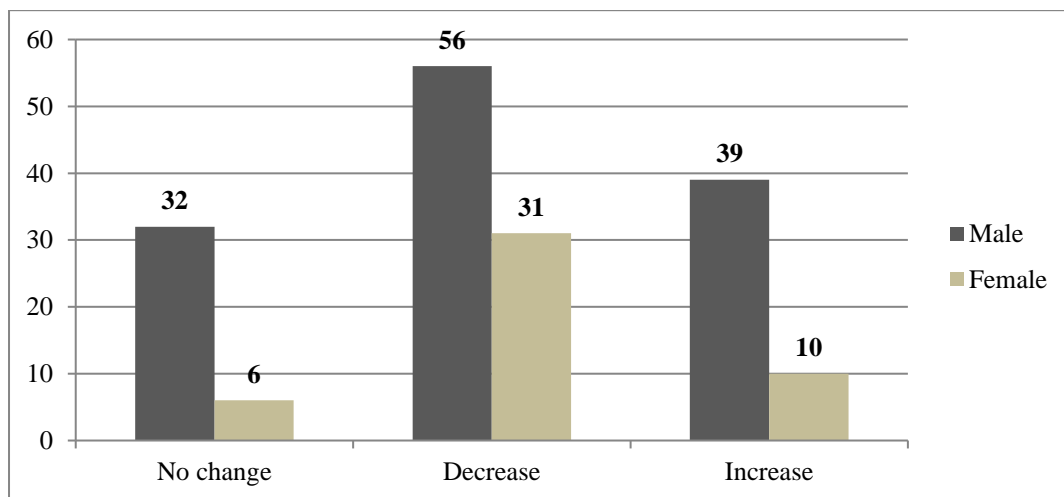


Table no. 1 shows the cross tabulation and result of Chi-square. Out of total 174 respondents 127 are male and 47 are female. The data reveals that 50% of respondents have decrease the spending towards dining out due to inflation. The null hypothesis has been set as there is no significant association between impact of inflation towards spending for dining out and gender of the respondents. The P

value is arrived as 0.034 at 5% level of significance and which is lower 0.05. The result has been interpreted that null hypothesis is rejected and alternate is accepted which states that there is significant association between them. The relationship can be demonstrated in the decrease column, around 44% of male have decreased the spending while in case of female category 66%

have opted which clearly shows that female have decreased more than male. In case of increase, around 30% male have selected and only 21% female have selected that, so contrary situation is

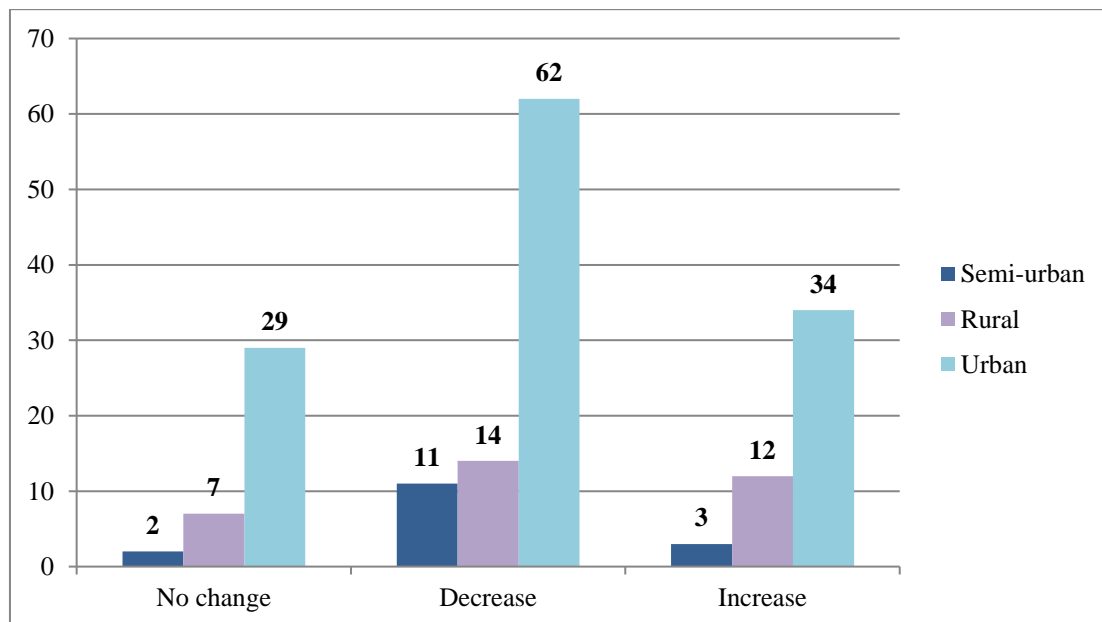
observed in case of increase where male are higher than female. This analysis points out that there is significant association between spending towards dining out and gender of the respondents.

Table No. 2 shows the cross tabulation between impact of inflation on spending towards dining out and place of the respondents and result of chi-square test.

Impact/ Place	No change	Decrease	Increase	Total
Semi-urban	2	11	3	16
Rural	7	14	12	33
Urban	29	62	34	125
Total	38	87	49	174
χ^2 Tests	3.59			
P value	0.464			

(Source: Primary data)

Figure No. 2 shows the impact of inflation on spending towards dining out and place of the respondents



The concept of the dining out is also connected with the place of the respondents. Places have been classified in three categories as urban, semi-urban and rural. In case of dining out case, urban have various options which may not be available in rest of the places and at a same time as per the system, culture and customs of rural places, they may not prefer frequent visit for dining out. To confirm this,

null hypothesis has been set as there is no significant association between impact of inflation on spending towards dining out and place of the respondents. The result arrives at 0.464 at 5% level of significance and as per the widely accepted statistical parameters when the calculated value is higher than 0.05 then null hypothesis is accepted, so in the present case also null hypothesis is

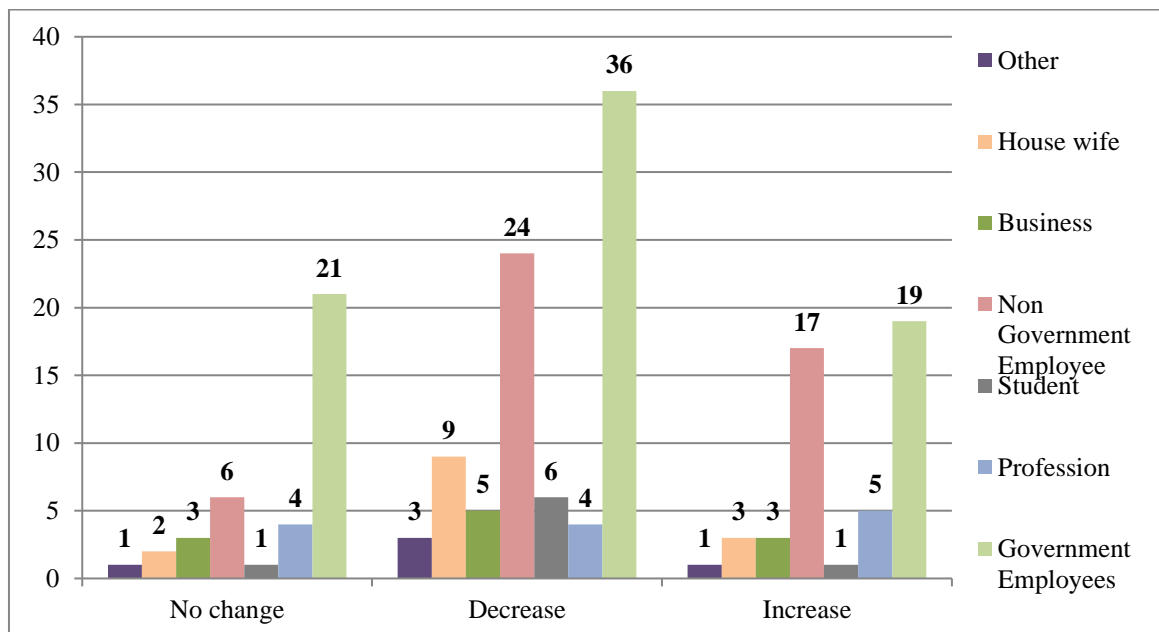
accepted which says that there is no significant association between the two variables.

Table No. 3 shows the cross tabulation between impact of inflation on spending towards dining out and occupation of the respondents and result of chi-square test.

Impact/ Occupation	No change	Decrease	Increase	Total
Other	1	3	1	5
House wife	2	9	3	14
Business	3	5	3	11
Non Government Employee	6	24	17	47
Student	1	6	1	8
Profession	4	4	5	13
Government Employees	21	36	19	76
Total	38	87	49	174
χ^2 Tests	9.92			
P value	0.623			

(Source: Primary data)

Figure No. 3 shows the impact of inflation on spending towards dining out and occupation of the respondents



Impact of inflation affects all the categories of occupation, but the intensity varies. Some group of occupation may get chance to raise income while some have not that available. Impact of inflation may compel to reduce this kind of expenditures to those groups of occupations who do not have that

chance to raise income. The null hypothesis has been set as there is no significant association between impact of inflation on spending towards dining out and occupation of the respondents. The null hypothesis is accepted as the significant value arrived at 5% level of significance is 0.623 which is

higher than 0.05 which mentions that there is no significant association between them. The proportional bifurcation between the three

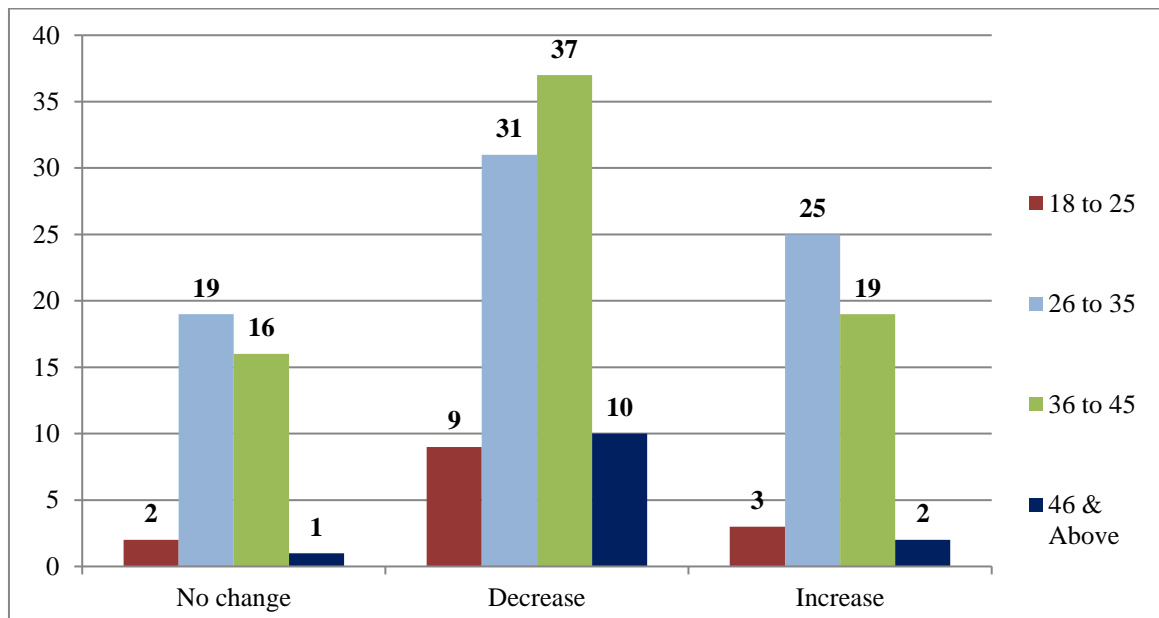
categories are more or less same, no variation is observed in any one category, so association cannot be analysed by evaluating the result.

Table No. 4 shows the cross tabulation between impact of inflation on spending towards dining out and age of the respondents and result of chi-square test.

Impact/ Age group	No change	Decrease	Increase	Total
18 to 25	2	9	3	14
26 to 35	19	31	25	75
36 to 45	16	37	19	72
46 & Above	1	10	2	13
Total	38	87	49	174
χ^2 Tests	7.36			
P value	0.289			

(Source: Primary data)

Figure No. 4 shows the impact of inflation on spending towards dining out and age of the respondents



The response towards the inflation vary with the change of age is general phenomenon, as simple elder people have faced various inflation and deflation cyclic changes. They may have experience how to deal with it which may not have to the youngsters. Null hypothesis has set as there is no significant association between impact of inflation on spending towards dining out and age of

the respondents. The result clarifies that there is no association, the calculated value is higher than 0.05, so null hypothesis is accepted. First three categories of the age group are nearly 50% in the decrease category; the last category is on the higher side in the decrease option, so association that much cannot be formed between the impact of

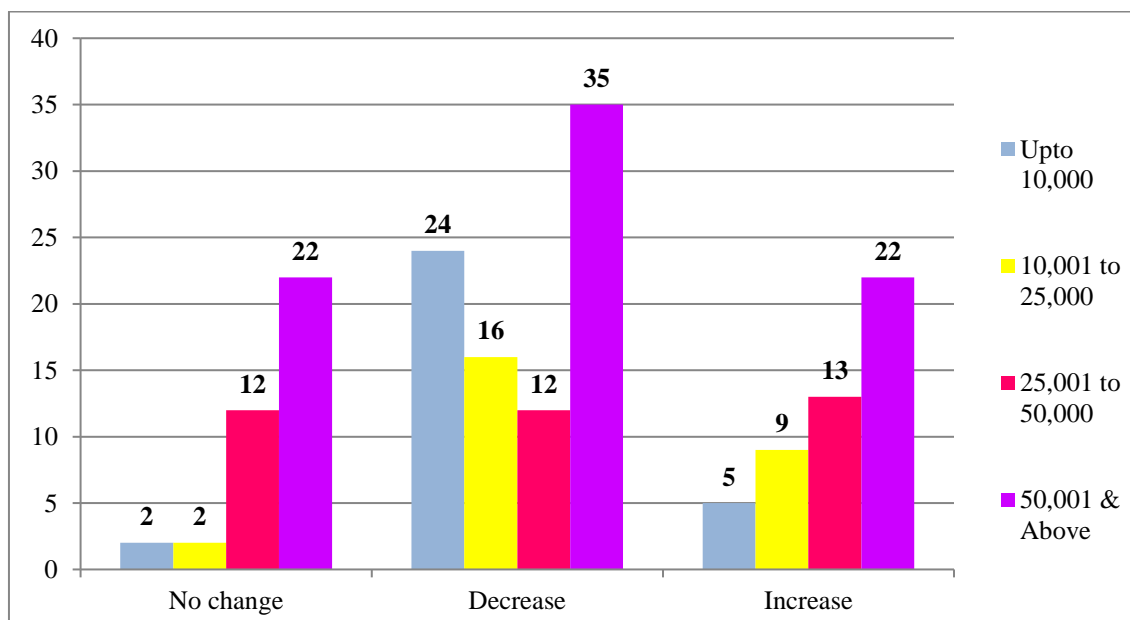
inflation on spending towards dining out and age group of the respondents.

Table No. 5 shows the cross tabulation between impact of inflation on spending towards dining out and monthly income of the respondents and result of chi-square test.

Impact/ Income	No change	Decrease	Increase	Total
Upto 10,000	2	24	5	31
10,001 to 25,000	2	16	9	27
25,001 to 50,000	12	12	13	37
50,001 & Above	22	35	22	79
Total	38	87	49	174
χ^2 Tests	19.6			
P value	0.003			

(Source: Primary data)

Figure No. 5 shows the impact of inflation on spending towards dining out and monthly income of the respondents



Impact of inflation has been firstly affect to the lower income group then gradually with all the categories. The relationship can be analysed between the impact of inflation and income of the respondents. The result of the test of hypothesis is confirms this theory as null hypothesis is rejected and alternate hypothesis is accepted which mentions that there is significant association between impact of inflation on spending towards

dining out and income of the respondents. The calculated value is 0.003 which is lower that 0.05 at 5% level of significance. The result can be evaluate as 77% of respondents from income upto 10,000 category have reduced the spending which is higher than rest of the categories. The second emphasis is given on the third category of income where equal percentage have been analysed in all three categories of impact as increase, decrease and no

change. At a same time it has higher percentage for increase option comparing with rest.

Conclusion

Human beings prefer social gathering and it is the part of their social need satisfaction and dining out is one of the medium to fulfill it. Various advantages have been found by the people in dining out but at a same time it has cost. People go for dining out according to their income level; some prefer street food while some go for starred hotel as per their affordability. One thing affects to both the categories that is inflation. Impact of inflation resulted into higher cost for dining out and it will reduce the demand upto certain extent. The present study focuses on the impact of inflation on spending of the people towards dining out activities. It has been found from the data analysis that gender and monthly income have association with it. In precise analysis, female and income upto 10,000 have decreased the consumption in higher proportion compared with their respective groups. In case of place, age and occupation, they have not any association with the impact of inflation on spending towards dining out.

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