
Customer Satisfaction in Service Companies: The Case of the Restaurant Industry

Jose Roberto Concha, V., Universidad Icesi, Columbia

Abstract

The services industry has experienced a change during the past few years to become an important line of business in the economy of Latin American countries. This is due not only to the performance of industries in this sector, but also to the fact that all sectors in these economies began to add different services to their products aiming at increasing their product value and setting themselves apart from their competitors.

When it comes to loyalty to and preference for restaurant services, customer satisfaction makes a difference. It is something that the industry requires from businesses for them to be successful. It goes without saying that offering an excellent quality product is also essential to be able to stand out in this industry.

The purpose of this research study is to establish the determining factors of consumer satisfaction in the restaurant industry and to provide them with a tool that allows identifying the most important factors for achieving customer satisfaction.

Introduction

As years go by, gastronomy has become a more and more important issue for people. It could be said that it has evolved almost hand in hand with the evolution of human beings. From the basic need of feeding ourselves an entire industry has emerged which is increasingly gaining strength worldwide day after day (Mogelonsky 1198).

Today we find restaurants offering foods of any specialty and country that we can imagine. Consumers are becoming more and more demanding, but also increasingly open to living out new experiences under the guidance of the best chefs in the world.

The "gastronomic boom" in Latin America has been passed on to other countries that have seen development not only of their cuisine, but also of the taste buds of those who visit the restaurants day after day. There are all kinds of restaurants from different countries for different tastes and budgets.

Colombia could not fall behind in this global trend in gastronomy. Gastronomic development in this country has evolved at a greater pace in recent years. The birth of new schools engaged in training future chefs, waiters, bar tenders, bakers, and sommeliers is a clear indication of a growing need for qualified personnel to provide an excellent service at restaurants in this country.

All these considerations awakened our interest in determining the level of customer satisfaction in restaurants where a lack of good service could hinder growth of the restaurant industry.

This study is aimed at providing a tool that allows restaurant owners and those who engage in this industry to identify where they stand within a range of possibilities. Additionally, the tool should enable them to identify not only their weaknesses, but also a set of solutions for them to measure

up to other restaurants in Colombia and even to the finest restaurants in Latin America.

Background

Various authors from different countries around the world have done research regarding the topic of customer satisfaction with restaurants (Stevens 1995). The restaurant industry in Colombia has gained great importance to its domestic economy in recent years. It has also encouraged similar research studies to those conducted in other countries. This research has been primarily based on studying customer satisfaction with restaurants and determining the key factors that make a restaurant financially stable and successful.

Several authors such as Szymanski and Henard (2001) and Bearden and Teel (1983) have been concerned with identifying the relation between customer satisfaction and customer loyalty. Customer loyalty is of the essence for the performance of a restaurant. Thus, identifying the different variables that somehow have an impact on customer satisfaction in a restaurant is extremely important. This would allow making the necessary changes to achieve the much desired customer loyalty. Andaleeb and Conway (2006) determined three following factors that could affect customer satisfaction in a restaurant. These factors are service quality, product quality, and product price.

In their work, Andaleeb and Conway (2006) argue that there is controversy as to whether customer satisfaction is a precedent or a consequence of service quality. To resolve this conflict, these authors take Zeithaml and Bitner (2003) as a reference and quote: "*Satisfaction is viewed as a rather general concept; service quality is one of the components of satisfaction.*" They also take Bitner and Hubbert's (1994) proposal, claiming that there are two different ways to look at satisfaction. On the one hand, there is satisfaction with the service encounter such as, for example, satisfaction or dissatisfaction with the specific service experience, and on the other hand, there is general satisfaction, which is based on multiple encounters or experiences.

To Andaleeb and Conway (2006), this would mean that small satisfaction based on each service encounter leads to general service satisfaction. To be able to measure service quality, this study is based on the DINESERV scale (Stevens 1995) which, in turn, is based on the SERVQUAL scale (Parasuraman, Zeithaml and Berry, 1988). However, not all dimensions of this scale are applicable to measuring restaurant service quality because, unlike other services where the tangible portion is either very small or simply inexistent, this is a business that involves a combination of both product and service. The DINESERV scale is used for measuring service in restaurants. In using this scale, we suggest the following variables for measuring service quality: i) reliability, which is considered the most critical variable; ii) quality of food which is associated with freshness and temperature; iii) serving food without errors as ordered the first time; and iv) the response

capability, which refers to the employees' willingness to help customers and provide a smooth and rapid service. The greater the level of these variables, the higher the customer satisfaction. Different qualitative research studies were completed in order to prepare a 29-statement survey, the answers of which are rated using a Likert scale ranging from "strongly agree" (7) to "strongly disagree" (1). These 29 statements are divided into the five original components of SERVQUAL. 10 of them reflect tangibility; 5, reliability; 3, response capability; 5, certainty; and 5, empathy. Andaleeb and Conway evaluate product quality taking into account two aspects which are quality of food (as discussed above) and the place where food is served. This is the reason that their model includes the positive influence of the physical design and appearance of a restaurant on customer satisfaction. Having applied the model, the results showed that this variable was not significant for the model, so they concluded that it is not one of the fundamental aspects for achieving customer satisfaction.

Despite this, there are other authors who have been interested in writing about the way in which the physical environment of a location where a service is provided has an impact on people's feelings. Bitner (1992) emphasizes the fact that, when it comes to services, these are produced and used at the same time. Hence, customers are inside a "factory" which can have a strong impact on the consumer's perception of service experience in general. Bitner (1992) also showed how the location affects the employees' satisfaction, motivation, and productivity. Both customers and employees interact with each other in a restaurant where the ambience of the place has an impact on their social interaction. Bitner (1992) refers to the studies by Milliman who found that background music affects customer rotation and the size of the bills at restaurants. Companies must be concerned with inducing certain behaviors in both their employees (i.e. encouraging a feeling of affiliation, exploring, desire to stay longer, commitment, and motivation to achieve the company's objectives) and their customers (desire to go to the restaurant, staying, spending money, and loyalty).

Bitner (1992) is of the belief that the physical environment is a factor that allows customers to categorize a company. In the case of restaurants, there are two kinds of environments that distinguish a fast-food restaurant from a fancy restaurant. An important consideration for restaurants is the way in which the physical environment affects customers psychologically. The customer's physical reaction to a place has an influence on whether or not they stay and enjoy a given environment. The seat comfort has a great influence on the customer's decision to stay or leave. This is the reason that fast-food restaurants use hard seats for people to leave rapidly. Therefore, Bitner gives a great deal of importance to the place where service is provided and believes that this detail should not be overlooked.

Andaleeb and Conway also incorporated price into their model. To them, the price can either attract or repel customers, and it also influences customer's expectations. This means that if the price is high, then high quality is expected, and if it is low, then the ability to deliver the product and provide a quality service is questioned. Because of competition in the restaurant industry, customers may set an internal reference price to compare the prices offered by different restaurants. Therefore, the price offered by a restaurant must be consistent with the expectations of the market. The research work completed by these authors in the United States revealed that price is in fact a significant variable for the model, so it has an influence on the level of customer satisfaction with restaurants in that country.

Jones, Passer and Earl (1995) are concerned with determining an acceptable level of customer satisfaction for a company. They find that a level below "satisfied" and

"completely satisfied" could be deemed acceptable. "*Products and services are not perfect, and some people are difficult to satisfy*" (Jones, Passer and Earl 1995). They contend that there is a very significant difference in the level of loyalty of satisfied and completely satisfied customers in markets where competition is strong. These authors classify customer loyalty into two kinds: true long-term loyalty and false loyalty. There are different kinds of situations that make customers seem loyal when they actually aren't. They only remain loyal when they are completely satisfied. Attracting customers who are part of a target market is very important for these authors because, according to them, when you attract people who are not part of your target market, satisfying their needs is very difficult and brings a lot of problems to your organization. Jones, Passer and Earl affirm that the customer satisfaction level is a good indicator of service quality, but to go from "neutral" to "satisfied" or from "satisfied" to "completely satisfied", we need to take into account the four following factors that influence customer satisfaction: i) the basic elements of the service provided by any company; ii) the basic supporting services such as providing customer assistance and monitoring orders to make service more effective and easy to use; iii) a recovery process to follow when bad experiences occur; and iv) personalized services. As shown above, these authors mention elements that are different from those of other authors discussed earlier. This may be due to the fact that not all these elements would apply to the restaurant industry directly.

Bearden and Teel (1983) focus on the way in which unsatisfied consumers complain. In 1983 they came up with a model that showed different kinds of behaviors that customers display when they are not satisfied with the service they are being offered. According to them, consumers may not take any action, but if they do so, action such action may be either public or private in nature. A private action may be in the form of warning their family, friends or others, or as simple as deciding not to purchase again. A public action, on the other hand, might be, for example, seeking reparation from the company or factory, filing a complaint with a government agency, a private company or a business, or taking legal action seeking reparation.

All of this shows the importance of keeping customers satisfied, especially in the restaurant industry where information is communicated via word of mouth or disclosed in reviews in public articles. It is important to bear in mind each of the above mentioned factors in order to obtain the best measurement possible of customer satisfaction. This will thus allow achieving true specific results for the benefit of the restaurants included in this study.

Hypothesis

With the aforementioned background in place, a decision was made to conduct this research study considering the following variables for measuring customer satisfaction with restaurants: service quality, product quality, and price.

Service quality

As stated earlier, the service quality variable should be understood as: product quality or reliability and response capability. This is the reason that these two factors were included in this research work as determining factors of consumer satisfaction with restaurants and representative of service quality. Reliability was measured in terms of quality of food, and the following hypotheses were formulated:

H1_a. The more reliable the service at a restaurant, the greater the level of customer satisfaction.

H1_b. The higher the level of quality of food, the greater the level of customer satisfaction.

The response capability refers to the willingness on the part of employees to help and provide an impeccable service to the customers. In this respect, the hypothesis is formulated as follows:

H2. The higher the response capability of the service provided by the restaurant, the greater the level of customer satisfaction.

Product quality

Product quality is evaluated taking into account the product (food) as such and the place where it is delivered or physical location. This research study considered the variables for measuring product quality: food quality and physical design (Andaleeb, Conaway 2006). Since the quality of food is also considered a variable of reliability, the hypothesis has already been formulated in service quality. With regard to physical design, the following hypothesis is proposed:

H3. The better the physical design and appearance of the restaurant, the higher the level of customer satisfaction.

Price

As stated above, price also has an influence on customer satisfaction in restaurants. In this respect, the hypothesis was formulated as follows:

H4. The lesser the extent to which current price meets the expectations, the lower the level of customer satisfaction.

Research Methodology

Research design

The research study was designed based on the DINESERV scale (Stevens, 1995) after conducting research on customer satisfaction and gathering information from restaurant owners.

Measurement

Face-to-face interviews were performed among individuals of different ages and sexes in the city of Cali, Colombia. During the interviews, respondents were asked to evaluate the service they received at the last restaurant to which they went. In

evaluating service, they were asked to identify their perception of the service using a Likert seven-point rating scale. The answers in this scale ranged from 1, which referred to the statement "I totally disagree", to 7, which referred to the statement "I totally agree".

To measure each of the factors and general satisfaction, a set of several questions was also used. Service quality (response capability), product quality/reliability, physical design, price, and general satisfaction were measured by making a set of seven, four, four, two, and four questions, respectively.

Two demographic variables were established: gender and age group (youths, adults, and seniors). A screening question was also asked for rejecting respondents who had not been to a restaurant within the last month.

The survey was conducted among individuals selected at random in the streets of Cali, Colombia. In total, 240 surveys were conducted.

Analysis

The factorial analysis was conducting using a Varimax rotation to determine which of the selected factors fit in with the expected construct. This analysis resulted in four different factors (see Table 1). The sum of the square saturations is greater than 1. The total accumulated variance accounted for by the analysis factor was 63.08%. The results obtained were as expected. Service, assistance, punctuality, appearance, understanding customer's needs, cordial treatment, and knowledge of the menu ewere under Response Capability factor. Order accuracy, error-free order, freshness, and proper temperature were put together under the food quality/reliability factor. Lighting, cleanliness, decoration, and parking space are in the same physical design group. And finally price includes the questions about this matter

Table 1. Factorial analysis of independent variables using a Varimax rotation and Kaiser (method of extraction: analysis of major components)¹

	Response capability 1	Food quality/reliability 2	Physical design 3	Price 4
Service	0,786	0,125	0,121	0,216
Assistance	0,813	0,213	0,033	0,140
Punctuality	0,775	0,140	-0,018	-0,046
Appearance	0,405	0,584	0,206	-0,054
Understanding customer's needs	0,873	0,126	0,095	0,109
Cordial treatment	0,804	0,298	0,119	-0,008
Knowledge of the menu	0,678	0,210	0,280	-0,162
Order accuracy	0,268	0,861	0,087	-0,021
Error-free order	0,255	0,848	0,021	0,060
Freshness	-0,041	0,352	0,092	0,012
Proper temperature	0,128	0,568	0,425	-0,083
Proper lighting	0,104	0,119	0,715	0,044
Adequete parking space	0,235	0,205	0,419	-0,069
Cleanliness	0,244	0,132	0,796	-0,033
Attractive decoration	0,133	0,129	0,735	0,258
High prices	0,103	0,119	0,047	0,873
Paid more than they had planned to.	0,002	-0,033	0,000	0,862

Table 2. Explanation of total variance

¹ Rotation converged in 6 iterations.

Sums of square saturations of each extraction			
	Total	Variance %	Accumulated %
Factor 1	6,07	35,70	35,70
Factor 2	1,68	9,86	45,55
Factor 3	1,52	8,94	54,50
Factor 4	1,46	8,59	63,08

RESULTS

The multiple regression analysis involved using four factors (i.e. response capability, quality of food/reliability, physical design, and price) as independent variables for measuring customer satisfaction (Table 3). The model was found to be significant using statistical F ($p < 0.000$). R^2 indicates that 58% of the variability in satisfaction is accounted for by the model - which is a high value. Three out of the four factors had a significant impact on customer satisfaction on a significance level. These factors were: response ability, quality of food/reliability, which turned out to be significant for the model

at a 1% significance level; the physical design, which was significant for the model at a 5% significance level; and price, which did not turn out to be significant for the model not even at a 10% level of significance

Based on its standardized beta coefficient (0.673), the response capability is the factor that has the greatest impact on customer satisfaction. Quality of food/reliability and physical design were also significant for the model and had an impact on customer satisfaction in the same order according to their standardized beta coefficients (i.e. 0.317 and 0.158, respectively).

Table 3. Multiple regression results (dependent variable: satisfaction)

Variables	Non-standardized coefficients	Typical error	Standardized coefficients	t	Significance p<
Constant	7,46956E-17	0,061		1,23029E-15	1,000
Response capability	0,673	0,061	0,673	11,042	0,000
Food quality/reliability	0,317	0,061	0,317	5,203	0,000
Physical design	0,158	0,061	0,158	2,597	0,011
Price	0,030	0,061	0,030	0,489	0,625

Notes: F = 38.997; $p < 0.000$; R square = 0.58

Discussion

The results of this research study have led us to come to the conclusion that three out of the four study factors have a remarkable influence on customer satisfaction. Restaurant owners should focus on strengthening the three following aspects: service quality, food quality, and physical design. The price factor turned out to be not significant when it comes to measuring consumer satisfaction. The results of the analysis show that consumers feel they are paying a fair price for the service they are getting.

The results also indicate that service quality (response capability) is the most important factor for customers. Consequently, restaurant owners should make an effort to provide training to their employees. We are aware that, because of the lack of training centers specialized in this industry, it is difficult to achieve this in Colombia, but employees at the restaurants could at least receive training in the most important aspects. Knowledge of the menu, for example, is one of the factors that restaurant managers should reinforce. Knowledge of the menu, assistance, punctuality, understanding, and politeness are, in this order, the most important items to be reinforced. Business owners should measure their employees' performance on a regular basis to ensure that the standards of quality do not decline or harm the quality of service offered to customers. Overall, this factor was rated high by the respondents.

The second set of most important factors was comprised by food quality and reliability. This was a somewhat surprising

finding because at first there was the thought that food would be the most determining factor of customer satisfaction. We believe, however, that this can be the result of poor service quality that tarnishes the quality of food. The quality of the offering has improved as the industry has grown. Assuring customers that they are getting the best food is no longer an advantage over the competition. It has become something that customers take for granted. Restaurant owners must continue to keep high standards of product quality in an industry where innovation can make a difference.

The third most important factor is the physical design of the restaurant, and it may be due to the fact that customers associate it with reliability. Overall this was rated high by respondents. This shows that the current physical design of restaurants is well accepted by their customers, and managers should continue to manage this aspect in the same way they have done thus far. Apparently part of what customers look for when they go to eat at a restaurant is to feel comfortable in a different and aesthetically pleasant setting.

Price, which was initially thought to be a determining factor, did not turn out to be significant. It is worth noting that this research study revealed that customers are satisfied with the prices at the restaurants in Cali. This shows that, in this respect, business owners have proceeded correctly in that they are providing customers fair service and quality for the money they pay.

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