

**The Effect of Service Quality and Perceived Value
on Customer Satisfaction, Loyalty and Retention in
Restaurants of North Cyprus**

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Submitted to the
Institute of Graduate Studies and Research
in Partial Fulfillment of the Requirement for the Degree of

Master of Arts
in
Marketing Management

Eastern Mediterranean University
July, 2014
Gazimağusa, North Cyprus

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ABSTRACT

The purpose of the study is to introduce factors which are important in service sectors for managers and those who intend to be successful in customer retention. Upon to these facts we analyze the steps in order to reduce the risks of customer defection, then present the main factors that should be undertaken to increase customer satisfaction, customer loyalty and customer retention. North Cyprus is known as a fast growing country. Professional service restaurants started to grow in the last few years. Many famous national brands have been taken place with special service in this region, but some restaurants failed to create a desirable service. We tried to find the components of these failures and define the salvageable solutions to create new ways and strategies to help the service sectors remain alive in fast growing and competitive environment. According to findings we realized that the value is the main factor which plays key role in satisfaction. Value acts as an intersection of retention module, that will be acquired through plausible service in restaurant and directs the path to satisfaction, loyalty and retention. The findings of this research indicates that lack of value creation in service sector possibly fails the service provider to retain customer. We mean value as an intention of the customer toward the service he/she receives. in this research we mean to mention to aspects of value creation without considering high cost solutions. Because value can be created through a single act of service provider. Value is the none cost interaction between the customer and service provider.

Key Words: Competitive environment, value creation, service restaurants.

ÖZ

Bu çalışmanın amacı, hizmet sektöründeki yöneticiler ve müşteri korumayı hedefleyenler için önemli olan faktörleri açıklayabilmektir. Bu bilgiler doğrultusunda müşteri kaybı riskini azaltmaya yönelik adımlar analiz edilmiştir ve buna ek olarak müşteri memnuniyetini, müşteri sadakatini ve müşteriyi elde tutma olasılığını artıran temel faktörler sunulacaktır. Kuzey Kıbrıs hızlı gelişmekte olan bir ülke olarak bilinmektedir. Özellikle son yıllarda, profesyonel servis restoranları hızla gelişmiştir. Bu bölgede birçok ünlü ulusal markanın özel servis sunabilmesine rağmen, bazı restoranlar istenileni servis kalitesini sunmakta başarısız olmuştur. Bu çalışmada, başarısızlığa sebep olan faktörler ve hızlı gelişen, rekabetçi bir ortamda hizmet sektörünün ayakta kalabilmesi için yeni yöntem ve stratejiler, kurtarılabilir çözümler araştırılmıştır. Araştırmanın bulgularına göre, değer müşteri memnuniyeti üzerinde önemli bir etki bırakan temel factor olduğu sonucuna varılmıştır. Değer, müşteriyi elde tutma modülü için bir kesişim görevi görmektedir; restoranlarda kabul edilir bir servisle başlayarak, memnuniyet, sadakat ve elde tutmakla da sonuçlanmaktadır. Bulgulara göre, hizmet sektöründe değer yaratılamaması, hizmet verenin müşteriyi elde tutma konusundaki başarısını da azaltabilmektedir. Burada kullanılan ‘değer’, müşterinin aldığı hizmete yüklediği anlam olarak tanımlanabilir. Bu çalışmada, değer yaratma ile ilgili bahsedilirken yüksek maliyeti olmayan çözümler sunulmaktadır. Bu, hizmet verenin tek bir hamlesi ile de sağlanabilmektedir. Değer, maliyetsiz olarak, müşteri ve hizmet veren arasında etkileşim sağlayabilmektedir.

Anahtar Kelimeler: Rekabet ortamı , değer yaratma , servis restoran .

I would like to express my immense gratitude to my family, Without their constant encouragement and support, this could not have been achieved.

To My Family

ACKNOWLEDGEMENT

My special thank to Dr. Mustafa Tümer who have had the great effort to my work. His kind supervison and countless meetings are realy appreciated. My profound respect is to my jury committee for the guidance and precise evaluation.

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Chapter 1

INTRODUCTION

1.1 Conceptualization

This chapter includes conceptualization of the study and information about study variables.

Researchers have proposed service quality as technical, outcome and process quality. Gronos et al. (1982) have assessed these dimensions according to beliefs and behavior, staff appearance, personality and accessibility of personnel. Czepiel et al. (1985) mentioned to comparisons between perception of customer and characteristics of service provider and existing realities in production in addition to process quality or outcome quality. Scholars noted that: these dimensions are important factors in measuring customer satisfaction in each sectors of service organizations. For the purpose of assessing perception and existing realities they have suggested related factors in sequence, they conclude perceptions such as: result, cost, risk, prominence and reverse affects. Factors such as nature, location, technology and sophistication are dependent variables of existing realities of production. Experts attempted to analyze the effects of these factors in web site companies. Edwardsson et al. (1989) noted to accessibility of customer.

In the case of web site company, customer perception is the comparison between the accessibility to web site according to existing technology, speed and sophistication

involved. Factors such as competence, point of view or attitude, demographic conditions are then added to list as third factor. Service quality in different industries such as production corporations or service organizations has earned as a key component of satisfaction, loyalty and retention. Each cases of organizations have been assessed differently according to requirements of organizations. Service assessed in car company is different than the service assessed in insurance or website organizations. For example, car companies have focused on tangible factors to propose the product with service, but service in organizations such as web sites, insurance or restaurants, service is proposed mostly as intangibles. According to these presented figures many scholars have proposed several factors to combine number of several services to both production or service organization. Edwardsson et al. (1989) cited that: there are factors that can be presented for the effectiveness of the customer perception. He categorized these factors into four elements. (1) technical quality (2) integrative quality (3) functional quality and (4) output quality. The first element can be figured differently in companies. The most common purpose of the technical aspect is to prefer personnel skills and the designed service in related system, for example the design of service is not visible for customers in e-commers, so we can judge the technical aspect as a component. Integrative quality is a factor which makes the system to work as a whole, as a result of integrative we can observe this factor obviously in organizations such as banking system, credit card services and restaurants. Functional quality refers to an aspect that service is prepared to deliver the desired service which is related to invisible service providers such as social networking system. Outcome quality refers to service which is prepared as promised, we can see outcome in all types of organizations but this is what which considered importantly in restaurant sector and other related sectors. For

the purpose of service measurement it is notable to consider the factors which have been revealed by Parasuraman et al. (1985). He assessed factors that are determinants of service quality, 1) accessibility 2) qualification 3) connection 4) politeness 5) service validity 6) reputation 7) responsiveness 8) security 9) tangibles 10) intangibles. He focused importantly to the service validity or credibility of service as a picture that portray a vivid illustration of the situation in service organization. As for the case of restaurant validity is the belief or perception that the customer take with him or herself about the restaurant. Validity is the result of creation of unexpected service by the organization. For example, when sale manager of Toyota realized the problem of a sold car to a loyal customer has come up he presented a new car for the noted customer with superior option in an exchange of the old car. In an interview with the customer he noted that; I have never expected such a surprise from the Toyota corporation. Service validity requires steps that has taken effectively for the purpose of the satisfaction, the purpose of the validity is to present the company according to the customer expectation. In the case of Mcdonald's restaurants the schedule of preparing a sandwich is between 5 to 10 minute maximum, in the case of delay they serve French fries for customers and doll for young kids. Parasuraman noted that validity is the key component of the service determinants which can change the overall assessment of the customer about the sector.

Perceived value purposes the value as a factor which customers gain according to desirable service they get. In marketing theory value gained its reputation when some industries realized the lack of something that should be effective in influencing customer behavior. Customer expresses satisfied behavior according to what receives in desirable situation and vice versa. Value is created by the organization and

customer tradeoff between what he/she wants and what receives. If perceived value outweighs the customer beliefs and thoughts then value is created. In some cases customers are sensitive about the value, in a way if you ask them whether they are satisfied or not the customer will explain that the way I am treated is enough to find my value. Customer treatment is one of the main characteristics in theory of marketing and components of satisfaction, loyalty and retention. Recent studies claim that the value is the key success factor in the competitive environment. There are several empirical definition of value in marketing environment, we propose the most recent one. Sweeney et al. (1999) and Ulaga and Chacour (2000) propose value as an evaluation of service and product according to perception that customer holds about what is received and what is given. Many scholars compare the value as a trade; value can be received from service or product. As Hallowell (2000) mentioned value is the perceived quality and price. He mentions to perceive quality and price as the component of value. Schelter (1984) adds the experience as the 3rd factor to perceived value. Experience reflects perceived value as an equation with two components, benefits received from the product and sacrificing money from customer. Recent studies compared perceived value in different industries. Sanchez et al. (2006, p.395) compare perceived value in manufacturing industries and service organization according to (1) economic benefits of service or product (2) emotional benefit (3) social benefit and (4) relationship benefit. In evaluation of economic benefits in automobile industry and airline, automobile industries create economic benefits for clients after purchase process, the company provides special services for customers for economic savings for a limited period. For instance, German cars such as BMW and PORSCHE corporations offer general service of 2 years and warranty of 5 years for a car sold. Airline companies provide economic benefits according to

season traveling for customers, for example, UK airline provide a service of 10 sterling traveling service to Europe. Restaurant sectors in north Cyprus provide a special 20% discount for those who make a purchase by e-mail or telephone. This is clear that economic is one of the best factor that influences customer in marketing theory. Emotional benefits refers to specific service provided by sector. Specific service means stimulating customer attention, for example ZARA as one of the successful clothing industry offers a purchase credit for clients at the first period of summer, in a way that if clients purchase \$100 goods they present \$50 credit for free. Social benefit of organization refers to outcome which the organization created as a result of representatives among society, in this case people are play role of advertising in society, for the purpose of preferred choice among different industries people advertise the company to a relative or a friend. Relationship benefit takes place where customer realizes the service provider as a source which tries to satisfy the needs of customers. For example, carwash in Turkey provides a service of free washing for constant customers twice a month by presenting with special gift card. The noted factors are those steps which industries take to influence customer. Among scholars, Gallarza and Saura (2006) and Woodruff (1997) propose three factors that can influence customer behavior, factors such as price sacrifice which include the tradeoff between the service acquired and the money paid, if the cost of service received is higher than what the customer paid, the customer decides whether the service was worthwhile or not. They define sacrifice as the amount of time the customer give to get service. For example, if the customer spend more than 20 minute for eating a snack, he/she is satisfied with the taste of the snack which decides to spend more than 20 minute. They propose effort sacrifice as a amount of energy and effort that the customer spends to a service. For example the location of

restaurant is 30 minute a way but the customer is satisfied to have a barbeque in such location. The final factor is risk which includes preferring to visit a touristic museum rather than having pleasure with relatives considering the risk of raining. Anderson et al. (1994) , Hauser et al. (1995), Kaplan and Norton (1992), and Rust and Zahorik (1993) argued that satisfaction in industries is the combination of set of factors which is required to be outlined in a base that not only lead to satisfaction but also, lead to productivity either. Researchers claim that in measuring service in organizations there are steps that should be analyzed as the indicator of satisfaction. When you ask citizens about satisfaction you may get answers such as having pleasure or good time until they dig deeply about the components that determine the nature of satisfaction. Boulding et al. (1993), Johnson and Fornell (1991), and Fornell et al. 1996 consider satisfaction as a performance of company that presented to customer, in this procedure the customer decides whether satisfied or not. Many scholars have suggested that in manufacturing industries in case of satisfaction, satisfied customers do not judge the industries. When you ask them about the brand, they will smile and accept the service they received. Many researches indicate that electronic world is growing so fast, which companies need to be more creative about service as performance to serve customer. For example when Dell personal computer company introduced its latest version of product in 2008, it has been criticized by many of buyer in societies around the world in a case that the laptop was heavy to carry, specially for student, in contrast companies such as ASUS and TOSHIBA made an action by producing a product with lighter condition, the result was the attraction from the customers about the new introduced product, in an interview in U.S many citizens claimed that this was what we would expected to have. (Huff et al. 1996) argued that; there is a positive relationship between satisfaction and productivity.

ASUS and TOSHIBA increased their productivity by introducing the same personal computer with lighter weight. So we can consider that evaluating factors that can cause dissatisfaction and acting in a way to innovate a product according to customer mind is not only cause satisfaction but also productivity as well. Anderson (1994) and Fornell (1992) noted that; word of mouth from satisfied customers decrease the cost of attracting new customer, in an interview of some American master credit card company customers, a customer was asked about the service he received from the company, he answered that master card is one of the best service provider of service in the world, when asked what was the reason he continued with the unfortunate incident that happened during his trip to Europe, the very person noted that he lost his credit card just 4 hours before his trip, when made a call to customer contact, the company provide the new card just in 2 hours at the door of the customer. Master card itself considered a 5 percent increase in a year after the incident. Crosby (1979), Deming (1982), and Juran (1988) identified steps which are indicate the satisfaction (1) quality in service: is measurement of standards that the company should realize to meet satisfaction. For example Starbuck's key success indicator is the product that provided by the company from the origin of coffee ETHIOPIAN high land, once the customer said no matter how expensive is the product I enjoy drinking original coffee. (2) service: is a presentation, accommodate with customer. Key factor of service is creating position that customer expectation exceeds the company's qualification or capacity to deliver. KFC's key factor of success factor was creating a nature for young kids in order to not to irritate their parents. Many scholars have argued that there are factors that organizations should take in order to satisfy customers. Customer expectation, organizations must know what customer wants. During examination of japan markets by starbucks, the research indicate that the

Japanese people are not interested in paying more than 3 dollar for a typical coffe, the company decided to provide packed coffee to sell, today for more than years starbucks have increased its market potential in Japan by this policy. Researchers indicated that promise should be in case that would increase the customer expectation, marketing researcher of the ROLEX has announced to customers to criticize about the brand to help the corporation to increase its capabilities.

Customer loyalty basically mentioned as the repurchase behavior. In a way that customer enjoys to be a shareholder of the brand. We can measure loyalty as the number of the existing customers who permanently visit the company. Jones and Dent (1994), considered that more than 70 percent of customers have objection about waiting time, we consider the time as the factor which directly influences the customer perception. The fact is that organizations which have resolved the waiting time for customers they increased their capacity to be loyal to their customers. As Jones and Sasser (1995) states loyalty created when the combination of service, value and time considered effectively in measuring loyalty. Dick and Basu (1994) revealed that customers can be loyal to provider if delivered service, staff appearance and warm greeting and successful customer care is created effectively. Many scholars have stated that; every step that takes to create loyalty can be measure in virtual base, they added that; any small pieces of service should be realized in order to effective in loyalty. In an study of manufacturing companies, MAZDA as one of the successful car company intended to measure it's loyalty among customers. In an interview a stable customer stated that; as an anger customer the corporation and the service received from the personnel influences me, the way they face me about the problem which I confront, makes me to be loyal to such an amazing service I get, the most important factor was the way the corporation treated the customer to calm the

customer down. The customer added that the it is not just about the corporation, I like being among MAZDA. We conclude that, every factor in service is the component of success which can direct the path toward loyalty. Hemann and Johnson (1999), Homburg et al. (1999), and Dick and Basu (1994) revealed that the service provided by the organization which effects directly to customer satisfaction, then there is just a positive correlation between satisfied customer and loyalty. In the study of KFC as a service sector, customers stated that the special service for young kids provided by the restaurant is the best factor for becoming loyal. In an interview with a customer she mentioned to personnel who take care of kids with funny and lovely dresses, so this service cause to spend time very easily and enjoy our meal. Today companies are becoming more and more competitive in marketing field, in a case that they are trying to create a single service to effect positively in customer preference. Dowling and uncles (1997) stated that: cultural factors should be considered as the effective strategy to create the service in competitive intelligence. For example, north Cyprus considered as a student society, network providers such as Turkcell, Vodafone and Telsim provide networking service for subscribers. In an contraction between the Turkcell and the university, Turkcell provided a service for students with monthly package for only \$10. This strategy created by the Turkcell to take advantage of competitive environment among the operators. In an interview of some student subscribers, they were asked to comment on the service they receive from the Turkcell, they mentioned to services such as free internet, free calling and free messages only for \$10 a month. Berry (1994; Prelec and Wenstein (1998), and Kivetz and Simonso, (2002) cited that there is a reward system that can be considered as the important determinants of the service. Researchers stated that; luxury reward and necessary reward provided by the organization create positive

impact on customer preference, but in this case there is a little difference in using reward system in restaurants. It is clear that customers prefer luxury rewards over necessary reward such as a chocolate cake for customers after meal. But in organizations such as gas station customer prefer necessary reward over luxury reward. For example, British petrol as a famous company, create a gift card for customers to get free tank of gasoline or benzene once a year.

Customer retention: every company such as manufacturing or service organization has an ultimate purpose of profit. To get profit, company requires to expense resource that get the spent money back, in addition to profitability and acquiring customer, it is notable that the organizations should be focused on keeping their current customers. CRM and ROI defines retention as a documented levels to reduce costs of attracting new customers. Retention saves the time and expenses which companies use to get new customers to become loyal, but old customers are more generous and less price sensitive. Researches indicate that 5 percent increase in retention causes 75 percent save in acquiring new ones. Service organizations specially restaurant sectors face high employee turnover. Maintaining current customers leads the sector to increase it's profitability by reducing employee turnover as a result of proud staff working for reputed sector. Roking (2005) states that; in order to increase retention rate companies need to find causes which lead to customer erosion. He cited that providing services that make customers to increase their experiences about the sector. Healy (1999) noted that; as world becoming more technological, customer expectations grow so fast. They value for money and they desire high quality service, so it is not rare for customers to switch the provider to another competitor if they don't like the service. Recent research indicate that in creation of social media, sensitive competitive environment created opportunity for

companies, an important factor in social media is word-of-mouth communication. For this reason companies use these services for advertising their products or provided services through the net. An important step of the word-of-mouth is a decision made by customer individually. Recent research of individuals who changed their favorite providers quite interesting due to creation of social media. For the cases of retailers the defection rate was 41 percent for banks was 34 percent and for internet service providers was about 26 percent. Thompson and Martin (2005) argued about switching cost that are different among industries, but they emphasized that customer defection plays a main role universally. According to Canel et al. (2000) cited that; the cost of acquiring new customer is always higher than to try retain existing customer for an extended period of time. Today most large companies with huge number of customers consider the risk of losing the customer. Gronroos (1997) mentioned to the factors which the corporations are unaware of. Considering that all of customers are not the same, outlines an important step for companies to value separately for customers. He considered value as a determinant of retention. Understanding the capabilities of customers such as what makes the customer to leave is the first step in realizing the customer intention. For example in a survey of retention in POP EYES fast food restaurant, the manager decided to change the taste of special sauce that they used for pizza and sandwiches, they realized declining customer numbers, this outcome caused the manager to create a service which called unlimited pizza, the policy was to serve customer the desired food as much as they want, in this case they were able to make up the defection that were recently occurred to the sector. Phelps and Graham (2001) argued about the invisible opportunities which are unseen for providers, they cited that; in case of defection there are factors that causes to challenge the service providers to create the new

service, they introduced superior experience and incentives. They mention to experience as an opportunity to attract the customer attention and incentives as a value for customer to be available and spend more. Nowadays we see sensitivity about the price in competitive environment. For example, CARREFOUR as a successful chain store in Europe, created a purchase credit for customers. The credit was available for customers who used to spend more than \$50. CARREFOUR announced that it was just an appreciation for customers who we are responsible for.

1.2 Thesis Structure

This thesis consists of five chapters including introduction and conceptualization that presented in chapter one. Literature review provides in chapter two. The third chapter allocated to data collection and data analysis, and the fourth chapter provide results of the study. The last chapter dedicated to conclusion, discussion, limitations, and implication of the research.

Chapter 2

LITERATURE REVIEW

According to Qu (1997), Pettijohn et al. (1997), and Lee (2004) in service sector the most important factors affecting customer satisfaction include; food quality, service, the environment of restaurant, location, speed in service therefore value and price. These factors influence customers to have a positive intention about the sector. We identify dimensions which influence positively on customers that lead to retention. Strategy in service sector is a tool which is positively related to retention, by all means many scholars have noted importantly that; the service organization's essential step to take themselves alive in the competitive environment is the strategy they use in their sector. Kotler(2003) argued that; growth is a basic strategy in business environment. Innovation as a subordinate of growth plays a main role in growth, being innovative at the right time, we consider time as a tool for innovation, being creative in competitive area makes organization to overtake from major competitors, affective implementation of growth automatically brings increased profit and increased rate of customers to business. Many of service organizations these days challenge to provide most effective service, but this is not just money or equipment and facilities, why we see obviously decrease in management of the organizations, the answer is they are not aware of the weaknesses. We should realize the increased rate of population and developed technology in worldwide base, due to this factor customer expectation changes so fast, we have to be able to be responsive and creative enough in competitive situation. According to Kotler (2003), the past

technics and strategies which has been used by service organizations were less plausible. Revolution of technology in the world requires the companies to be creative, struggle in order to deliver high level of service, because customer is aware of service and the real meaning of value, the more responsive is the organization, the more successful in delivering high degree of service. Woodall (2003) and Mohr (2008) suggested basic steps for service organization in order to be able to execute service strategy, these steps include; 1) launch the management system to track and define customer complaints, this step requires invisible evaluation of the factors that make customers to complain about. 2) resolution of customer complaints at first sight, the importance of this step is to being responsive because customer does not like repetition of the problem. 3) train employees in the most effective way to be able to handle tough situation. 4) consult the experts in marketing field or give a visit to competitor in a way to see what you cannot see in your sector about weaknesses, this step can be more effective in a way that seeing another's weakness helps you to challenge your opportunities in order to find the innovative key to improve your service. (Berry and Parasuraman, 1991) suggested that successful customer service is not only effective in creating positive view of business in customer intention, but also can create a potential for good business in competitive environment by using challenging strategies, surprising customers by innovation and increasing day to day customer relationship management, the desired outcome will occur in created customer value and their loyalty at a constant level. Media (2009) noted that customer retention as a strategy is a preparation of quality for product or service in order to satisfy customer needs and desires as well, which makes them come back, retention as major strategy means provide as much as you can, good team work, successful business, increased profit, increased job satisfaction and expansion of

market share and market potential. The traditional approach in marketing theory suggests that; in order to be able to be successful in business, organizations should get focus on customer needs, in a way that the companies need to unify customers to market segments for which to develop product line then target segments should be organized in order to satisfy them. Traditional approach assumes that service organizations can apply unidirectional control over their targeted customers by 4ps that proposed by McCarthy (1960), which include; price, promotion, place and product.

2.1 Service quality

Quality in service and product has gained its reputation as a fundamental issue from 1980s. Many scholars have defined the purpose of quality in products (tangible) and the service, remained unambiguous, therefore many authors tried to make a combination of quality and service with notion that service is the major component in developing quality. Teas (1993 a, b) and Crosby(1979) argued that customers misunderstand the meaning of quality, when you ask their idea about quality, they will answer unrelated attributes such as; causing pleasure, advantage or adjectives like that. Making clear definition of quality by customer is sophisticated (Takeuchi and Quelch, 1983and Otto and Ritchie, 1995). Manufacturing sector was the beginning phase of defining the quality. Spreng et al. (1996) and Crosby (1979) argued that Japanese believe that quality means no defect. According to Bateson (1977), Berry (1980), Lovelock (1981), and Shostak (1977), service is not a purpose it is a proficiency, that is why they call service as an intangible, they also suggested that there are services which are not measurable, these definitions clarify the issue that the firm cannot assure customers realized value of service (Zeithaml, 1981 and Zeithaml et al., 1996). Booms and Bitner (1981) noted that the comparisons between

customer expectations of service and their perception of what they receive draw service quality model, in order to be able to provide desirable service, the organization should be aware of customer perception, in fact this is the fixed issue that customer attracted to what we call value. Brown (1988) and Fornell and Manfredo (1996) look at the service psychologically, in a way that the performance performed by the sector should realize the customer notion about the service he/she receives, by all means the sector should be able to see further, act positively and thinks that customer never satisfies, this know how's create the strategy which makes expectations and perceptions parallel. Oliver (1993) and Wyckoff (1978) discussed service quality in terms of process and result, to that notion they divide service performance into three branches including material, equipment and labor, the purpose is to show that the service quality is more than just one outcome (Taylor and Baker, 1994:166). Gronroos (1982) presented that; service firm will be able to enhance the service in case of distinguishing between technical quality and functional quality, technical quality purpose the service that customer get and functional quality presents what type of quality delivered to customer. Brown et al. (1993) Lehtinen and Lehtinen (1982) argued that; quality is the cause and effect in the relationship between customer and the firm, causes are created by the firm and the effect are shown by the customer in terms of tangibles such as, facilities and corporate quality such as the image of the firm in the customer preference and interactive quality which is the interaction between the customer and the personnel. A review of service quality leads us to present our first hypothesis in marketing theory.

2.2 Perceived value

Perceived value is the most important fact that leads service sector to desirable achievements. The value has earned its importance in various marketing theories (Fiol and Alcaniz, 2009). The newest customer value has been studied in the last 10 years. Customer's quality and cost expectations are the factors that the firm should realize. If an organization has the ability of understanding these factors, then the sector can create customer value (Roig et al., 2009, Vantrappen , 1992). According to Heskett et al. (1994), expectations differentiate the customers, he states that expectation can change over time from one to another. Vantrappen (1992, p 59) stated that "Every customer has a unique desire and need: one customer may change his/her mind next time using the same product." Realizing the customer is a factor in creation of value but not enough, core competencies of value requires managers to answer the questions such as who are the rivals and technology they use, if the service provider could define the weaknesses and strengths in the short-run and use effective strategies and capabilities in the long-run it will differentiate the sector in comparison to its competitors (Zeithaml, 1988 ;Narver, 1994). According to Roig et al, (2009) (Slater, p. 165), the goal of the value theory of the firm is to enhance the activities that leads to increase the customer value, by finding the appropriate answer for what is the meaning of the value in customer preference. Christopher (1996, p 58) and Holbrook (1994, p 22) stated that "[. . .] customer value is created when the perceptions of benefits received from the transaction exceed the costs of ownership." Lapierre et al. (1999) and Christopher (1996) revealed that customer intimacy, product leadership are the main privileges of value in competitive environment, as used as a strategy to form a value. Cronin et al. (2000) and Lapierre et al. (1999) noted that; to form a strong value for customers, the sector needs to know the market

condition and the customer manner of value, it means what market and customer as a goal. (Rokeach (1968 and 1973) cites that; value is belief in the customer mind , it simplifies the organization to overcome methods, barriers and expanding strategies to create superior value. Different people hold various features of value. Parasuraman (1997,) , Afuah (2002), Thaler (1985), and Zeithaml (1988) noted that: customers can change their value as they become constant customers, they point out that; in evaluation of value, customers expect the sector to not to see them as an ordinary customer but long term buyer, the former values may not influence the customer any more, or even the organization may lose their customers for various types of reasons such as lack of satisfying the expectations of former customers. Value as a propensity recognized by the customer, some may satisfies with the service some may satisfies by the decoration or even by the least expensive product, while others may influenced by the most expensive product. According to Holbrook (1999), value is an exchange of quality and sacrifice, in the meaning that; when customer satisfies from the quality of the product it means the benefit which service provider provides for the customer, in contrast the customer sacrifices the money for what he/she gets from the sector. Value is an internal belief to the mind of the customer that distinguishes and recognizes the value in competitive market. We could note that the quality, service and service provider and customer relationship are the factors that create a perception about the image of the sector (Hoisington and Naumann, 2003;Oliver, 1999). Many scholars has already been noted that the image is the important factor that differentiates the service which provided by several brand, are difficult to measure. Tellis and Gaeth, (1990) and Weinstein et al. (2004) cited that; like an old times which people used to exchange products or goods in amount that they valued, customer value should be evaluated by customers as they

make purchase, it means when they pay for a certain product they should satisfy with the amount that they pay for, therefore customer perceived value is a exchange or trade- off between the given service and scarification which means customer sacrifices the money for service they get. Monroe (1990), Zeithaml (1988), and Weinstein (2004, p. 10) proposed that; the higher customer value can be created through privileges that can be earned in pricing, image of the sector, service and quality, These factors are main components that customers evaluate the service sector. The company should be able to analyze all the threats and strengths and specifies the strategies that could help to construct an unexpected value for target customers. One of the approaches that have contributed more to the study of the nature of Perceived value, an interaction between the consumer and the product comparison, personal, and situational (specific to the context); and it embodies a preference judgment. Bourdeau et al. (2002) identified five value factors underlying the use of internet – social, utilitarian, hedonic, learning, and purchasing.

2.3 Customer satisfaction

Satisfaction is an overall positive evaluation of customer about service received by sector and trade-off between present experience and post experience by customer. Oliver (1980, 1981) introduced expectancy disconfirmation model for service organizations. Satisfied customers with the product or service are failed to other competitors because satisfaction is intrinsic. Ueltschy et al. (2007) and Oliver (1980) looked at satisfaction as a subsidiary for adaptation and conception of disconfirmation. Churchill and Surprenant (1982) and Churchill and Surprenant (1982) stated that expectations are confirmed when product or service presented as individuals expected, when service or product presented more poorly than individuals expected, then expectations are disconfirmed negatively, or presented

more than individuals expected then expectations are disconfirmed positively, evaluation of product or service results in dissatisfaction when individual mention negatively disconfirmed about the items. Miller (1977) and Fornell and Wernerfelt (1987) noted that; there are some factors that cause dissatisfaction such as lack of providing menu that has no variety of items that customer looks for, various types of products in menu with determined high quality creates a positive vision in customer's mind about the brand. Customer satisfaction is a dependent variable and identified to be a strong structure in customer intention and purchase power in making decision about the service or product (Zeithaml, 1988) Zahorik and Rust (1992) and Fornell et al. (1996) argued that according to American Customer Satisfaction index (ACSI), production organizations have higher customer satisfaction than service organizations, they also noted that, price is not as important as the service is in marketing theory. Expectation about service influences satisfaction directly. Teas (1993a, b) and Jones et al. (2003) said that when sector has developed the service that exceed the customer expectation then satisfaction occurred so the point is to create a pragmatic expected service which customer desires. Ranaweera and Prabhu (2003, p. 82) pointed out that; the retention takes place when the customers satisfied. Monroe and Chapman (1987) and Fecikova (2004) cited that; the firm Durability requires to keep target customers survive both internal and external. Customer satisfaction must be seen by customers themselves, the firm should monitor

2.4 Customer loyalty

Loyalty is a degree to which satisfied customers feel themselves honest toward the service firm, in the result of service, value created by the firm, but it is assumed that satisfaction is not direct factor that leads to customer loyalty, it is devious factor that

leads toward customer retention by customer loyalty (cf. Herrmann and Johnson, 1999, pp. 584-587; Homburg et al., 1999, p. 178; Brink and Berndt, 2004, and Reichheld and Sasser (1990) stated that; customer loss has a negative Impact on firm's profit process than other factors, the firm is required to gain competitive advantage among its rivals, in marketing theory there is a belief that the customer is king. If the firm has the capacity of keeping customer, then the customer becomes more profitable, loss of customer is the core question that must be answered correctly, loss of customer has not only a negative impact on the firm's benefits but also on future plans. Oliver (1999 and Zeithaml (2000) argued that loyal customers have special tendency toward the brand, that the intend to have relationship with the sector, this perspective refers to their intention about the brand, Reichheld (1997, p. 19), Czepiel and Gilmore (1987), Oliver (1999) , and Neal (1999) proposed supportive action repetition that is the classification of the customer about the product or service compared to the total purchases that have already made, this perspective is refers to customer's behavioral intention, But the hurdle is that what if the intention does not convert to action, and supportive action repetition does not reflect intention, To overcome hurdle Dalton (2003) and Oliver (1999) identified stages that help service organizations create effective loyalty; the first step is identification of brand which influence customers information of brand, second phase is positive perspective which loyal customers hold about the brand which presented as effective loyal customers, the last stage is proposed to be action where behavioral and intentional attitudes replace with the action, when action and tendency mixed, then the real purchase takes place, important other factors that can be effective in loyalty are the trust which should be provided by the sector and the value that the customer receives by the sector, customer loyalty is an essential value

that plays vital role in customer mind and the sector's action, therefore customers seek to make a purchase where they receive value they wish for Reichheld (1996) and Reichheld (1997, p. 19). The fact is that customers who recognized themselves as a loyal for certain brand they will not.

To make a search for another alternatives, customer loyalty is seen to be main successful outcome in marketing theory of Reichheld and Sasser (1990) and Reichheld and Schefter (2000). Dalton (2003) noted that "we are honest to people whom we are loyal, to whom we ensure that they will come to us and will value and realize our sympathy" he added that; loyalty is the derivative variable that comes from customer, if the service firm is able to meet the expectation that customer desire. Jones and Farquhar (2003, p. 72) cited that: "customer retention takes place when the service organization has the capacity of creating the potential to attract the customer by delivering specific service provided by staff and management". In competitive environment, loyalty and retention are the concepts that should be increased more efficiently. Lam et al. (2004) proposed that; Service recommendation and supportive actions are the main components of loyalty (Haghighi et al., 2012).

2.5 Customer retention

Customer retention in marketing theory is recognized as the variable that determines the relationship between the service provider and the customer. (Gro'nroos, 1991; Coviello et al., 2002; Levitt, 1983). Meanwhile retention can be defined differently among firms (Aspinall et al., 2001). Dawkins and Reichheld, (1990), Reichheld (1996), and Buttle (2004) stated that: "when purchase is made it will strengthen the customer and service provider relationship less possibility to end the connection", more likely that the firm will get the costs which it has expensed for retaining

customers, by all means the customers become more profitable to the firm, even they pay more as tip. Lindgreen et al. (2000, p. 295) cited that: “it will be cost for the service firm to earn a customer than retain the customer”. Customer organizing process states that; organizing is the process which firms should join in order to get profitable feedback. Kotler and Keller (2003), indicate that strategic theory in marketing field directs the companies in order to be successful, this notion specifies that companies, which failed to meet customer expectations are those which did not use suitable strategic planning process. (Ford, 1980 and Levitt (1983) noted that: “it is crucial for service organizations to be aware of the policy they use about retention, because after retaining process has done, the manager should be aware of factors may cause discrepancy in customer expectations, furthermore the relationship will be altered undoubtedly”. Turnbull and Valla (1986) and Johnson et al. (1999, p. 12) introduced relational empowerment process, in the relationship between customer and service provider that creates social bond, so we can mention factors such as reliance, warranty, obligation as a components of relational empowerment, when created as relational perspective, may cause customer maintenance, gain competitive advantage and earn additional increased profit by the firm. Coviello et al. (1997, 2001, 2002) have introduced an empirical classification of marketing theory, called contemporary marketing practice which four types of classification is strongly affects the service firms network marketing, database marketing e-marketing and interactional marketing which have strong ingredients in marketing theory. Coviello et al. (2002) argued that CMP is a strategy to be effective in business-to-business, advertising and service producers in marketing theory. McNaughton et al. (2001, p. 991) purposed that market orientation theory, he says that orientation in every firms can be used as a process that directs the attention to customer, therefore the theory creates the area for

relational enablers to retain their customers, there is a connection between orientation and the firm's action which creates a strong potential for realizing the market condition and using as a tool for competitive advantage. Complementation of customer retention has been applied by Weinstein (2002). The structure has been summarized to the relationships between quality of service, customer value, satisfaction, loyalty that lead to customer retention. Value in customer can be seen in the long-run, strategy in retaining process shows the ways of attracting and retention priorities, and also flats the ways of breeding business into profitable outcome and the relationship between customer and service provider. Pfeifer et al. (2005) and Aspinall et al. (2001) presented that profitability is major component of retention. They also stated that some customers are identical which means they have the same idea about the firm, it is another prosperity for the firm that should be able to differentiate and classify the customers. According Reichheld and Sasser (1990), 5 percent increase in customer retention will enhance the profitability of the firm by 70 percent. Fornell and Wernerfelt (1987), Brown et al. (1996), Smith et al. (1999), and Stauss and Seidel (2004) focused on customer complaining process, because they believe that complaints can be components of strategic planning process for retention, customers who complain a lot their complaints can be recover and are less likely to leave than the customers who have no reason for complaint (Tarp, 1979 and Nyer, 2000). Customers complaints show that they desire to see the firm's responsiveness and the empathy and the value the firm dedicate them (Buttle, 2004).

2.6 Model and hypotheses

Proposed model depicted in Figure 1

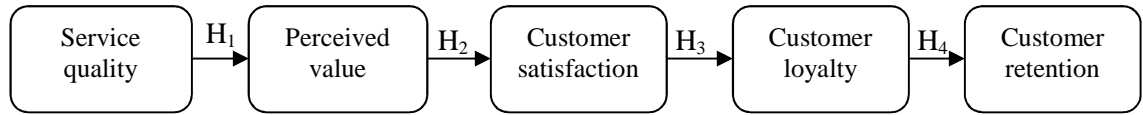


Figure1: Conceptual model

Based on above literature review, the following hypotheses have been developed:

H 1: Service quality increase perceived value

H 2: Perceived value raise the level of customer satisfaction

H 3: Customer satisfaction boost customer loyalty

H 4: Customer loyalty increase customer retention.

Sample, procedure and data analysis are presented in next chapter.

Chapter 3

METHODOLOGY

In this chapter, methodology of the study including, sample and procedure, data analysis are presented.

In this study, quantitative method used to check hypothesis. Other scholars that investigate customer satisfaction based on ACSI model used same methodology (Angelova and Zekiri, 2011; Osman et al., 2014).

3.1 Sample procedure and measure

Items of questionnaires adapted from Fornell et al.'s study (1996). Item of each variable listed in Table 1. The study variables are measured using five Likert scale ranged from 0 "strongly disagree" to 5 "strongly agree". A total of 15 questionnaires distributed as a pilot study to identify understandability of the questions. The result revealed that items did not suffer from ambiguity.

Table 1: Item of measurement

No	Variable	Item
1	Service quality	My overall perception of service quality is satisfactory in this restaurant
2		Restaurant's offering is customized to meet customer needs
3		Restaurant's offering is same as its promise
4	Perceived value	Restaurant's food I has good price under given quality
5		Restaurant has good quality under given price
6	Customer satisfaction	I feel satisfactory of restaurant overall performance
7		The restaurant's food has met your expectation as a good food
8		The satisfaction level of restaurant is quite close to your ideal restaurant

9		I will revisit the restaurant in the future
10	Customer	I will recommend this restaurant to others
11	Loyalty	Even if food price is increased, I will still revisit this restaurant
11	Customer	I think this restaurant is successful in retention of the customer
12	Retention	Service and food of this restaurant cause to my retention

Source: Adapted from Fornell et al. (1996).

To collect data from restaurant, researcher took permission from owners of the restaurants. A total of 200 questionnaires are distributed among customers who were in the restaurants of Magus. Hence, convenience sampling technique applied as sampling approach (Altinay and Paraskevas, 2008). A cover page supplemented to questionnaires to assure the respondent's anonymity. Finally, 174 valid and completed questionnaires obtained and used for data analysis. Hence, the response rate was 0.87 percent.

3.2 Data analysis

Descriptive and inferential statistical analyses performed using SPSS. Profile of customers presented after descriptive statistical analysis of demographic information. To check reliability of the study, Cronbach's alpha estimated for each variable. Mean, standard deviations, and correlation of study variables calculated. To test hypotheses of the study, regression analysis was conducted.

Results of all aforementioned analyses are provided the next chapter.

Chapter 4

RESULTS

4.1 Study findings

The results of statistical analysis, including correlation and regression tests are presented in this chapter. Results of mean, standard deviations, and Cronbach's alpha for each construct that estimated using SPSS v20, are provided in this part.

4.2 Demographic information

Summary of respondents' demographic information is presented in Table 2. More than 40 percent of the customers are aged between 36-45 years. Thirty five percent are 26-35 years old, 16.7 percent are 46-55 years old, and 6.3 percent are aged below 26 years. About 49 percent of the respondents are female and 51 percent are men (Table 2).

Approximately 45 percent of the customers are single or divorced and 55 percent are married. About 45 percent of the respondents have college/university degree, following with secondary/high school (41.4 %). Twelve percent study in postgraduate level and the rest in primary school or below.

Income level of majority of the respondent ranged between 5,000\$ and 10,000\$. About 36 percent have income between 1,000\$ and 5,000\$ and 16 percent between 10,000\$ and 20,000\$. Only 5.7 percent of the customers earn less than 1,000\$ in a month.

Table 2: Profile of respondents

Variable	N	%	Variable	N	%
<i>Age</i>			<i>Education Level</i>		
Below 26	11	6.3	Primary school or below	2	1.1
26-35	61	35.0	Secondary/High school	72	41.4
36-45	73	42.0	College/University	79	45.4
46-55	29	16.7	Graduate level or higher	21	12.1
Total	174	100.0	Total	174	100.0
<i>Gender</i>			<i>Monthly Income</i>		
Female	85	48.9	Less than 1,000\$	10	5.7
Male	89	51.1	Between 1,000\$ and 5,000\$	63	36.2
Total	174	100.0	Between 5,000\$ and 10,000\$	73	42.0
			Between 10,000\$ and 20,000\$	28	16.1
<i>Marital Status</i>			Total	174	100.0
Single or divorced	78	44.8			
Married	96	55.2			
Total	174	100.0			

Note: N is frequency of the respondents.

4.3 Reliability test

Internal consistency of variables calculated using Cronbach's alpha. The Alpha coefficient for service quality is .61, perceived value is .77, customer satisfaction is .69, customer loyalty is .87, and customer satisfaction is .65. Hence, all coefficients are more than 0.6 that ranged in frequently acceptable level (Cortina, 1993).

4.4 Correlation matrix

Correlation and regression analysis are two common approach to investigate the relationship between two variables. Correlation show to strength of the linkage between two variable, wherease regression formulate this relationship and provide an equation that used for prediction of a variable based on variation of another variable (<https://explorable.com/correlation-and-regression>).

Mean, Standard deviation, correlation matrix, and alpha coefficient are outlined in Table 3.

According to correlation results, service quality significantly and positively correlated with perceived value ($r=.325$, $p< .01$). As shown in Table 3, service quality has a significant and positive relationship with customer satisfaction ($r=. 380$, $p< .01$), customer loyalty ($r=. 357$, $p<.01$). Interestingly, service quality has not any significant correlation with customer retention ($r=.069$, *NS.*).

Table 3: Results of means, standard deviations, correlation and reliability

Variables	α	Mean	Std.	1	2	3	4	5
1. Service quality	.612	3.23	0.56	1				
2. Perceived value	.774	3.22	0.47	.325**	1			
3.Customer satisfaction	.699	1.92	0.67	.380**	.396**	1		
4.Customer loyalty	.874	2.09	0.67	.357**	.272**	.479**	1	
5.Customer retention	.659	2.17	0.53	.069	.223**	.177*	.285**	1

Note: **: Correlation is significant at the 0.01 level (2-tailed); *:Correlation is significant at the 0.05 level (2-tailed). The study variables are measured using five Likert scale ranged from 0 “strongly disagree” to 5 “strongly agree”. α is Alpha coefficient that represents internal consistency of items.

Perceived value significantly and positively associated with customer satisfaction ($r=.396$, $p< .01$), customer loyalty ($r=.272$, $p< .01$) and customer retention ($r=.223$, $p< .01$). There are significant linkages between customer satisfaction and customer loyalty ($r=.479$, $p< .01$) and customer retention ($r=.177$, $p< .05$). Customer retention significantly and positively influenced by customer loyalty (Table 3).

Since, no correlation coefficient is above .9 all of the items are distinct variables, in other words, there is no multi-collinarity (Amick and Walberg, 1975).

4.5 Model testing

To test hypotheses of the study, regression analysis performed that the results of model testing are presented in the following tables.

According to the result, service quality significantly and positively related to perceived value ($Beta < .32, p < .01$). As shown in Table 4, 10 percent of variation of perceived value is explained by service quality ($R^2 = .10$). Therefore, **Hypothesis 1** is supported. It means a high level of service quality in the food industry result in a high degree of perceived value (Table 4).

Table 4: Effects of service quality on perceived value

Independent variable	Dependent variable: Perceived value	
	β	<i>t-value</i>
Service quality	.32**	4.50
F	20.30**	
R ²	.10	

Note: ** significant at the 0.01 level (2-tailed), β is Standardized Regression Coefficient

Perceived value has a significant and positive impact on customer satisfaction ($Beta < .39, p < .01$). According to regression analysis, R^2 is about .15. It means is 15 percent of customer satisfaction change is related to perceived value. Thus, **Hypothesis 2** is supported. That is, providing a setting in a restaurant with a high level of perceived quality led to high level of customer satisfaction (Table 5).

Table 5: Effects of perceived value on customer satisfaction

Independent variable	Dependent variable: Customer satisfaction	
	β	<i>t-value</i>
Perceived value	.39**	5.65
F		31.94**
R ²		.15

Note: ** significant at the 0.01 level (2-tailed)

As shown in Table 6, customer loyalty significantly and positively influenced by customer satisfaction ($Beta < .47, p < .01$). Twenty percent of variation of customer loyalty is explained by customer satisfaction ($R^2 = .23$). Hence, **Hypothesis 3** is supported. Accordingly, customers who are more satisfied are more loyal to the restaurant.

Table 6: Effects of customer satisfaction on customer loyalty

Independent variable	Dependent variable: Customer Loyalty	
	<i>Beta</i>	<i>t-value</i>
Customer satisfaction	.47**	7.12
F		50.69**
R ²		.23

Note: ** significant at the 0.01 level (2-tailed)

According to results of regression analysis, customer loyalty significantly and positively related to customer retention ($Beta < .28, p < .01$). As shown in Table 7, less than 10 percent of customer retention change is explained by customer loyalty ($R^2 = .08$). Therefore, **Hypothesis 4** is supported. That is customer loyalty boosts retention of customer in the restaurants.

Table 7: Effects of customer loyalty on customer retention

Independent variable	Dependent variable: Customer retention	
	<i>Beta</i>	<i>t-value</i>
Customer loyalty	.28**	3.88
F	15.05**	
R ²	.08	

Note: ** significant at the 0.01 level (2-tailed)

The results of regression analysis demonstrated that service quality raise the level of perceived quality and customer satisfaction is influenced by perceived quality. Furthermore, customer loyalty enhances loyalty of the customer, which positively associated with customer retention.

In Table 8, status of hypothesis testing demonstrated. All four hypotheses supported.

Table 8: Summary of results of hypotheses testing

Hypothesis	Description	β	Status
H ₁	Service quality increase perceived value	.32**	Supported
H ₂	Perceived value raise the level of customer satisfaction	.39**	Supported
H ₃	Customer satisfaction boost customer loyalty	.47**	Supported
H ₄	Customer loyalty increase customer retention	.28**	Supported

Note: ** significant at the 0.01 level

Main findings of the study are depicted in Figure 2.

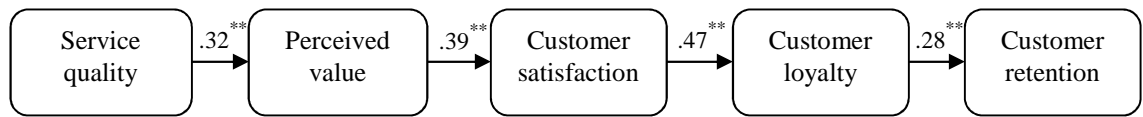


Figure 2: Main findings of the study

Main findings, discussion, limitation, and research future direction are presented in next chapter.

Chapter 5

CONCLUSION AND DISCUSSIONS

Main findings, limitations, implications and directions for further research presented in this chapter.

5.1 Main Findings

According to the results, service quality positively affects perceived value in the restaurant of the North Cyprus. Similarly, perceived value significantly increases level of customer satisfaction. This finding is consonant with Kim's study (2011).

High level of customer satisfaction in the restaurants of North Cyprus results to loyalty of customer. Hyun (2010) in prediction of relationship between quality of the restaurant and customer loyalty found that high level of quality lead to high degree of customer loyalty. Similarly, Park and Jang (2014) in drawing pattern of customer satisfaction and loyalty revealed that customer satisfaction encourage customer to revisit the restaurant.

Normally, customer retention is caused by customer loyalty in restaurants of North Cyprus. Such finding is reported by Erdi and du Toit (2014) and Ryu et al. (2012).

We conclude that if perceived value outweighs the customer beliefs and thoughts then value is created. In some cases customers are sensitive about the value, in a way if you ask them whether they are satisfied or not the customer will explain that the

way I am treated is enough to find my value. Customer treatment is one of the main characteristics in theory of marketing and components of satisfaction, loyalty and retention. Recent studies claim that the value is the key success factor in the competitive environment.

We conclude that, every factor in service is the component of success which can direct the path toward loyalty. Hemann and Johnson (1999), Homburg et al. (1999), Dick and Basu (1994) revealed that the service provided by the organization which effects directly to customer satisfaction, then there is just a positive correlation between satisfied customer and loyalty.

Every company such as manufacturing or service organization has an ultimate purpose of profit. To get profit, company requires to expense resource that get the spent money back, in addition to profitability and acquiring customer, it is notable that the organizations should be focused on keeping their current customers.

5.2 Managerial Implication

This study proposed practical implications for managers of resturants in North Cyprus. If they have tendancy to have high level of renetntion among their customer, they should care more about theis loyalty, which is influenced by their satisfaction. However, customer satisfaction depends on different factors, but results of this study revealed that positive perceived value by the customer enhance theis satisfaction. High level of perceived value achieved by providing service quality in the resturants. It means that, managares should care about service quality in their resturants that lead to high degree of perceived value, then customer satisfaction, customer loyalty,

and eventually, retention of the customer. Accordingly, four practical implications outlined as follows:

1: Consider the value of retention

For those who feel to create an ultimate service of retention, they need to focus on enhancing the loyalty, upon to this factor loyal customers are always on the scene. According to Bain and Co (2009), every 5% increase in customer retention cause 75% save in acquiring new customers and decrease in expenses. Attracting new customers make you 5 time more expenses that keeping your existing customers constant.

2: Create an efficient customer retention program

Every entrepreneurs believe that in case of creation of desirable service or product, and favorable experience for customers the retention will be created automatically, at the start of your retention process that would be right strategy, but as time passes and customer becomes more and more loyal to your created service, this is the nature of customer mind that expectations are changing so fast. Because customers do not owe you to be your loyal. Loyalty is the key factor that the service provider should create through implementation of sources, keeping the track of the customers and identifying the major steps that should be taken in order to increase the retention, these steps include: consulting with customer, involving the personnel in the process of attracting the customer. The major question is that how to create day to day value in customer mind.

3: Always be aware of customer

We just mean by be aware of customer is keep the track of the customer through retention process the relationship between the manager him/herself is a key component of the realizing the customer thoughts and beliefs toward the sector, in this case customer tries to express his/her interests about the weaknesses about the provided service which we are not aware of, researches indicate that the any customer involvement in service process directs the way through desirable loyalty.

4: Contact your customer through social media

Socializing with your customers can build retention if you do it correctly. The key is to dial down the corporate presence and give your customers a voice and a forum to connect with other customers, and then let them build the traffic. As you identify those customers (followers) who are the most loyal, send them personalized “thank you” emails. Including incentives and coupon codes that they know are meant just for them. It will make them feel even more important and appreciated.

5.3 Future Research and Limitation

This study like other researches has limitations that proposed as a solution for future studies. The first limitation is that data is collected at one time and one city of North Cyprus. This makes this a cross-sectional study. It is recommended to perform this research as libidinal study in other cities (Girne, Leflkosha, Lefke, Iskele, etc.) and other countries to find out casuality of the variables. Second limitation is this research focus on the restaurants of the city. It is suggested to add restaurants of the hotels to the selected sample to provide more comprehensive image of cutomer rention in the food industry.

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APPENDIX

Appendix: Sample of questionnaire

Dear Respondent;

You are being asked to participate in a study examine impact of perceived quality and customer satisfaction on customer loyalty and retention in resutrants. All information that you provide will be confidential and in no way will you be identified when the results of this study are reported.

Thanks for your participation.

Section 1: For each of the statements below, please indicate the extent of your agreement or disagreement by placing a tick in the appropriate box. The response scale is as follows:

1. Strongly agree
2. Agree
3. Undecided or Neutral
4. Disagree
5. Strongly disagree

No	Service quality	1	2	3	4	5
1	My overall perception of service quality is satisfactory in this resturant					
2	Resturant 's offering is customized to meet customer needs					
3	Resturant 's offering is same as its promise					

No	Perceived value	1	2	3	4	5
4	Resturant's food l has good price under given quality					
5	Resturant has good quality under given price					

No	Customer satisfaction	1	2	3	4	5
6	I feel satisfactory of resturant overall performance					
7	The resturant's food has met your expectation as a good food					
8	The satisfaction level of resturant is quite close to your ideal resturant					

No	Customer Loyalty	1	2	3	4	5
9	I will revisit the resturant in the future					
10	I will recommend this resturant to others					
11	Even if food price is increased, I will still revisit this resturant					

No	Customer Retention	1	2	3	4	5
11	I think this restutant is successful in retention of the customer					
12	Servive and food of this restaurant cause to my renetion					

Section 2: Demographic information

Age:

18-27 ()
28-37 ()
38-47 ()
48-57 ()
58-67 ()

Gender:

Male ()
Female ()
Marital Status:
Single or widowed ()
Married ()

Education Level:

High School ()
Bachelor ()
Master ()
Doctorate ()
College attendant ()

Annual income in US dollars:

Less than \$30,000 () \$60,000-\$89,999 ()
\$120,000 or more () \$30,000-\$59,999 () \$90,000-\$119,999 ()

Thanks for your time