

**Customer Satisfaction in the Restaurant Sector,  
Gazimagusa North Cyprus**

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## ABSTRACT

In the midst of the increasing student population in Famagusta, There has been a noted increase in competition amongst the restaurants in Famagusta catering and delivery different type of restaurant service, due to this customers have been able to experiencing multiple outlet services', as sure Managers of these restaurants have understood and realized that customer satisfaction plays an important role in maintaining their businesses. Therefore it has become important for restaurant's to try as much as possible to developed and build a good business strategy to manage customer satisfaction. Thus the development of this paper was to identify and analyze the satisfaction levels of customers in restaurant's sector around the Famagusta area. Data was collected from different restaurant around the neighbor hood. This research analyzes the different determinant of customer satisfaction and the various feature related to its .further more, a comparative analysis was conducted between these different relative restaurants. Customer satisfaction levels were measured. The result indicated a vast different between dif1 and dif7. according to the analyses highest percentage of customers satisfaction belonged to dif1 while the lowest come from dif7 as such,. the statistical result concluded that dif1 were much higher satisfied than those of dif7. By so doing the results showed that customers felt satisfied with the following factors, service quality, including tangibility, reliability, empathy, assurance and responsiveness and the rest were ranked lowest. Due to these results, in conclusion the effect of these attributes on Customer satisfaction must not be over waves

**Keywords:** Customer Satisfaction, Dimensions of Satisfaction, services quality Customer Satisfaction Level

## ÖZ

Gazimağusa'daartan öğrenci nüfusununortasında , birden fazla çıkış deneyimleme mümkün olmuştur Mağusa ikram ve bu müşterilere nedeniyle restoran hizmeti , teslim farklı tiprestoranlar arasında rekabette bir not artışı 'olarak emin Yöneticileri olmuştur bu restoran anladım ve müşteri memnuniyetini işlerini korumada önemli bir rol oynadığını fark var . Restoranın geliştirilen mümkün olduğunca denemek ve müşteri memnuniyetini yönetmek için iyi bir iş stratejisi oluşturmak için Bu nedenle önemli hale gelmiştir . Böylece bu yazının gelişmeMağusa alanı çevresinde restoranın sektöründe müşterilerinin memnuniyet düzeylerini belirlemek ve analiz etmek oldu . Verimahallenizdeki etrafında farklı bir restoranda toplandı . Bu araştırma , müşteri memnuniyeti ve .further daha ilgiliçesitli özelliğifarklı belirleyici analiz , karşılaştırmalı bir analiz bu farklı bağıl restoranlar arasında icra edilmiştir . Müşteri memnuniyeti düzeyleri ölçüldü . Sonuç , diff1and arasında büyük bir farklı müşteri memnuniyetini en yüksek yüzdesidüşük gibi dif7 gelen ederken dif1 aitanalizlere dif7.according belirtti. İstatistiksel sonuç çok daha yüksek tatmin dif7 oranla daha dif1 sonucuna vardı . Bunu yaparaksonuçları müşteriler somutluğu , güvenilirlik , empati , güvence ve yanıt ve en alt sırayıkalanı gibiaşağıdaki faktörler , hizmet kalitesi , memnun hissetmişlerdir . Bu sonuçlara nedeniyle , sonuç olarak müşteri memnuniyeti üzerine bu özelliklerin etkisi dalgaların üzerinde olmamalıdır

**Anahtar Kelimeler** ,Müşteri Memnuniyeti , Memnuniyeti Boyutları , Müşteri Memnuniyeti kaliteli hizmet Seviye

# **DEDICATION**

To God Almighty, my friends

And to my beloved family for their love, support, encouragement and prayers

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# Chapter 1

## INTRODUCTION

During the past years, the service sector has been facing a rapidly change in the market structure, economy, advances in technology, risk uncertainties and even more demanding customers as well as rapidly changing environments, Famagusta inhabitants has been face with a complex set of challenges. Not to mention the immigration of customers in and out of the different countries (north and south Cyprus(. These have force the service sector to adjust and modify their operations and processes to fit in with the ever changing society and its demand. In order to meet up with its fierce competitors,

Over the years there has been a shift from transaction in the service sector towards relationships focus in the service sector, where the service providers have been managing a lot of information about customer profile, location and a good knowledge of their needs, wants, requirements, cash positions. Through these they have been able to provide them with offers in order to fit their unique need and requirements. As a result, giving them a competitive edge over the others. But unfortunately, there have been issues in the past where service products were bought because of marketing strategy, a situation where the service provider strategic focus on converting the products and services into money rather than trying to understand the customers needs and wants. What they needed was an effort on their part to modify and increase their service image and take advantage of their customer information as such effectively and efficiently communicate the service image and availability.

Today the service sector has become market driven and responsive. Their top priority is to maximal profit, reduce cost and maintain their current customer over time and building long term relationships with them. With the entry of new competitors customers have become less loyal and more discerning to the service sector making it more and more difficult to provide them with the best goods and services to ensure their satisfaction.

Customer satisfaction has become the paramount and one of the most vital elements for the firms overall profitability in the service sector. Many businesses prefer to have an ongoing relationship with the customer since it is economically cheaper to retain the current one than to go after new customers. (Reichheld & Earl Sasser, 1990) has found out that achieving customer satisfaction requires making use of existing customer information by building deeper relationships with them. Gain inside information about them through their contact with the firm and improve customer service-related processes and procedures so as to better serve the customer by maintaining a system free of errors, fast and convenient service for them.

In addition to this, there is a basic perception about variety, that when a customer is pleased with a service provider concerning a particular service encounter, it will probably lead to re purchase, intention and as well as positive word of mouth communication. (Cardozo, 1965). Customer satisfaction is universally recognized as a key factor in the formation of future customer purchase and re purchase intention. (Taylor S.A & Baker, 1994). Personalized and differentiation service are the critical elements in today's fiercest competitive environment.

## **1.1 Objectives of this research**

The primary objective of this thesis can be mention as follows:

The aim of this thesis is to identify the major factor of customers satisfaction in the restaurants that would help management of the service sector to evaluate, design and redesign its present marketing strategies to improve the overall customer satisfaction levels while on the other hand can help in retaining the existing profitable customers, also extract

new ones and as well increase in their profitable margin. Furthermore, this study is also based on the assumption that the survival of any business in the service sector depends greatly on the degree of customer satisfaction.

## **1.2 Research Questions**

Based on those objectives, two vital questions were developed as strong guidelines for the over all study:

What are the determinants of customer satisfaction?

What is the satisfaction level of customers at respective restaurant?

## **1.3 The scope of the research**

This research is specifically focus on the service sector (restaurants in Northern Cyprus city of Famagusta (.The study research is revolved around customer satisfaction and its related factors.

## **1.4 Structure of the thesis**

This study constitute 5 chapters, just like any other academy studies which include introduction chapter, literature review chapter, methodology chapter, data analysis, discussion chapter and as well as the conclusion chapter. The first chapter which is the introduction discusses the various problems, that is why the study is necessary, the purpose of this study. The next chapter that follows introduced Literature review as the second chapter by providing concepts that facilitate the define research problems and question. Next to it is the third chapter that discuss the methodology method which involve the different step and approach, method of data selection and collection, designing a questionnaire's', conceptual model or theoretical framework for analysis and sampling method.in addition to the above is Chapter four was 4 which is base on analyzing of the data that was collected from chapter three for customer satisfaction from the respondent and finally the last chapter, which is the final section of the study it concluded the findings of chapter four and answered the research questions and as well as present the finding result; point out the limitations of the study and make recommendations for future study.

Base on the introduction the structure of this study is demonstrated in the figure below Figure 1.1

Structure of study step 1 Introduction (Chapter 1)



Step 2 Literature Review (Chapter 2)



Step 3 Methodologies (Chapter 3)



Step 4 Data Analysis (Chapter 4)



Step 5 Discussion and conclusions (Chapter 5)



Reference

## **1.5 Problem formulation**

Currently the service sector specifically Hotels and restaurants have become the largest and the back bone of North Cyprus economy. The development of this sector has been wide spread with the use of technology.

The question have become whether the customers are satisfied or not and what are the basic elements which leads to customer satisfaction or dissatisfaction of the customer. Having a good knowledge of this basic factors of customer satisfaction is profitable to the service provider as a result it will permit them to strengthen the vital area and further concentrate on them to improve customer satisfaction. Sometime the situation may be reversed.

The pages that follow will address the issue that result when customer is dissatisfied. Because customer satisfaction has been the main focus of the restaurants sector, this thesis will raise awareness of the various aspects involve and exploring them.

## **1.6 Rationale of the research**

The restaurants sector in North Cyprus has undergone a radical transformation in its operations since the opening of the border between the north and the south Cyprus. Before the war,

Cyprus used to be one nation but after the war it became two that is the north and the south but, with the opening of the border about 5 years ago, there has been liberalization, unwrapping up of the economy that has led to the reforms of the service sector based on the recommendation of their committee, this have permitted the lowering of the entry barrel within the service sector and the non-service sector.

The restaurants sector faces a lot of competitive pressure, within this sector, both from national and international. This has led some of the Cyprus service sector to fail or struggle

within this difficult time. This pressure has led them to look for other means of surviving by lowering cost, improving the quality of their goods and service while effectively increasing their efficiency and profitability, as well as increase customer satisfaction. In order to apply this strategy, the restaurants sector now pay attention on improving the quality of service encounter experience, which is a situation where the customer comes in contact with the firm's staff directly or indirectly. (R, 1996) Each service encounter is very crucial because it contribute to the customer overall satisfaction.

In this crucial time when firms face a lot of intense competition, it is important for the restaurants service to do their best and as much as possible to retain a loyal and profitable customer by establishing strategic and policies towards improving the overall customer satisfaction and building a strong relationship with loyal customers through the various service encounters experience and as well as improve on the service quality.

Unlike in the past, more and more providers are trying to do their best in order to differentiate their services in this intense competitive environment. Now this is the one and only tool that help them to set their offering apart in the mind of their customers. This has not been easy with globalization that has constantly evolved the world, making the customer needs and expectation to shift towards new technology. Therefore there has been a shift from traditional model of life to modern way of life in the name of fashion. Thereby reducing significantly overhead associated with restraints service.

## **1.7 Background**

We all want it. It has been and will always be you probably want it now. The word satisfaction comes from a Latin word "satisfactio" and it means fulfillment. It is not visible but it can certainly cause your business to boom. Customer satisfaction causes loyalty, customer's retention, positive word of the mouth advertisement and increase returns. Yet most service providers do not know and understand exactly how to go about it.

The term customer satisfaction often conjures the image of happiness which means customers' needs and wants has been fulfilled by the service provider. There is a positive correlation between customers satisfaction, customer retentions and as well as productivity. Customer's perception of service and product quality will determine the level of customer satisfaction. Companies with a thorough understanding of customer's expectation have success in delivering quality services because they can determine the actions required to meet the customers need. This in turn has giving them a competitive advantage over other service providers. But being wrong about it can cost them money, time and other valuable resources. Sometime it can mean them not surviving in a competitive environment.

There is a lot of debate about customer satisfaction and expectations as such there is a confusion about what actually is required, how to go about it and when to go about it. Customer satisfaction is a very complex problem and it changes from customer to customer, provider to provider depending on the situation and time.

This paper attempts to discuss the necessary requirements and steps taken in order to satisfy a customer and the outcome.

The following section consists of background information relating to customer satisfaction, including explanation and definitions of common words associate to it. Although many nation states and disciplines defer in terms of what constitute the definition of each word, the following consist of discussion on the explanation used in this paper on customer satisfaction,

- Customer expectations,
- Customer value,
- Brand preference,
- Purchase intentions,
- Recommend intentions, Customer retention, Customer recommendation

## **1.8 Customer value**

Customer value is what is worth paying for. Customer value is the perceived monetary and non-monetary worth of the goods and services. (Zeithaml & V A, 1988) Found out in his research and stated that “the perceived value is the customer overall assessment of the utility of the goods and services based on its perception of what is received and is given”

## **1.9 Brand Preference**

It Is the extent to which a customer is committed to a particular brand depending on a number of factors relative to the competing brand or alternative. This is an important factor because it also contributes to the customer satisfaction and loyalty (Rundle- Thiele & Mackay, 2001) found and confirms it on their research. For example a customer whose preference brand is Nike will think of the advantages of Nike brand when even the name Nike Is mentioned. So it has impacts on customer’s behavior and loyalty as measures by share of wallet, (Keiningham, T.L.,Perkins-Munn,T.,Aksoy.L, & Estrin, 2005) .

## **1.10 Purchase Intentions**

Here the customer make the decision to re buy a particular product and service in the future because of the satisfaction they got from their past experience or positive word of the mouth communication. Many researchers found and uses purchase intention to help predict the future purchase behavior (Bemmaor, 1995) (chandon, 2005)

## **1.11 Recommend intention**

This may be personal or non-personal statements made by a party other than the service provider to communicate to the customer what the service will be like as a result, it shapes the customer predicted service desired expectation as well as the overall customer satisfaction. Word of mouth intention has been of importance to researchers and customers because it is perceived to be unbiased.

It is very vital to the service sector in this sectors it is difficult to assess or evaluate the service or product before purchasing them without direct experience. Expert such as

(Jamieson L. , 1989) (Morwitz, 1993) found and argues that a recommended intention is the best metric at predicting customer recommended behavior, and purchasing behavior.

## **1.12 Customer Retention**

Customer retention is simply the customer's stated continuation of business relationship with a particular firm or continuing the use of the particular restaurant's service. Some research by (Reichheld F. , 1993,) (Reichheld F. K., 1990) found and stated that customer satisfaction and actual customer behavior relationship are linked between customer satisfaction and customer retention as the key driver of firm profitability.

Furthermore, this section will establish and as well set the stage that the research will follow.

## **1.13 Customer Satisfaction**

Customer satisfaction in its broad sense is fulfillment response. It is by far the most commonly used customer perceptual metric by manager. Even without defining the term, customer satisfaction is easy to understand and it communicates to the manager and respondents. (Gupta, 2007) found and stated that customer satisfaction is generic and can be universally gauged for all product and service. Some research has shown that there is a link between customer satisfaction and retention. (Jones & Earl, 1995) (Bolton, 1998) (Sambandam & Lord, 1995) (Rust .R, 1993)

In addition to the knowledge of fulfillment it also provides contentment which is a positive response or even a feeling of pleasure that is a feeling of happiness by the customer this depends greatly on the specified service and time.

## **1.14 What constitutes customer satisfaction**

It will not be possible to create customer satisfaction just by meeting customer need and want fully because we have to satisfy them in any way possible, means while, if we fail to satisfy them it may lead to dissatisfaction. The following are factors which determine customer's satisfaction.

- service quality
- Customers and employees emotion
- Personal factors
- Value for money
- Situational factor

#### **1.14.1 Product and Service quality**

Customer satisfaction is influenced significantly by the customer assessment and evaluation of the core product and service factor based on the importance that they place on the attributes to them.

#### **1.14.2 Customer and employee emotions**

In many cases emotions of the customer can affect their perception of satisfaction towards a product or service. Some customers may have stable emotions while others may not. Pleasure, good mood, happiness, positive mood, or frame of the mind will increase customer satisfaction. Negative feeling, sadness, sorrow, regret and anger may affect the evaluation or customer perception of the service by reducing Customer satisfaction. Positive feeling usually outweighs negative feeling since it is stronger than it.

#### **1.14.3 Personal factors**

The way the encounter takes place and its perceived cause can influence the customer perception and satisfaction as well. In this case the customer usually blames themselves if they did not articulate their intentions of what their needs are, as a result it affects their perception or satisfaction and vice versa.

#### **1.14.4 Value for money**

We usually ask ourselves if we have been treated fairly, in terms of getting better quality. As humans we usually compare how we are being treated as compared with other individuals. Service, better price or intend of what we paid for. This perception is very central to customer perception of satisfaction with product or services.

### **1.14.5 Situational factors**

Further to the above points, one's own feeling and beliefs is affected by the people around them or condition in which the encounter take place

### **1.15 What are the determinants of service quality**

There are five factors of service quality, which are listed below as follow and the detail will be giving later

- Reliability
- Responsiveness
- Assurance
- Empathy
- Tangibles

All the strategies developed in restaurants sector are focusing on the customer and their implementations are carried out with an understanding of their impacts on customer satisfaction. Consumers are regarded as assess to be value, developed, and retained.

### **1.16 What do customers want?**

Before we start discussing in details what customer satisfaction is and the various stages that it involves, it is vital to develop a clear view and understanding of what customer wants exactly. We need to know what their expectations are from the different products and services provided.

Customer expectation are customer define attributes. That is these elements or features that customer value in a particular good and service and that the provider must meet, match or exceed to achieve customer satisfaction. In other word this is the belief that the customer held about a particular service and uses it as a reference point to evaluate the service. It varies from person to person. understanding customer expectation is the first and the most influential factor that determine customer satisfaction and being wrong about it may force

the firm not to survive in the fiercer environment as sure spending time, money and resource on the wrong direction.

### **1.17 Customer expectation is categories into two types**

- Express expectation
- Implied expectation

### **1.18 Expressed customer expectation**

This situation is when the requirement of customer are written down in the contract agreement and are agreed upon by both parties involved, that is the service provider and the customer; Example specifying to the provider how they want their product and services to be delivered. Failing short of these requirements may eventually lead to dissatisfaction.

### **1.19 Implied customer expectation**

These are non-written expectations or spoken agreements in which the customer would expect the service provider to meet. Example, a customer would expect a waitress in a restaurant to serve them in a friendly manner, to be knowledgeable and competent in the way they handle their job. In order to meet the customer expectation, it is therefore crucial to periodically update the knowledge about customer expectations

## Chapter 2

### LITERATURE REVIEW

#### 2.1 Concept of customer satisfaction

Customer satisfaction evolves over time and it is dynamic although some people may think it is static, it is variable based on the service life cycle that is if the customer had had any encounter with the service provider. Where he or she had many transactions with the firm, their experience and expectations will be different from someone who is experiencing the service for the first time. In this situation or this stage, the customer may be barely forming their expectations at the initial purchase but as time goes on, their expectation will be solidified, as a result the customer begins to form their own perceptions. In the different stage of the cycle, the customer will be faced with different feeling, some good ,some bad or a mixture of both each will definitely contribute to the customers overall satisfaction

Customer satisfaction is defined as a company's ability to fulfill the emotional and psychological needs of its customers. (Pairot, 2008) .

In the exact words of (oliver R. ..., 1981) as “ the summarized psychological state resulting when the emotion surrounding disconfirmed expectations is compared with the prior feeling about the consumption experience “. Whereas (Hunt, 1977) defined it as: an evaluation of the consumption experience, that was at least as good as it was supposed to be”.

In addition to that, Engel and Blackwell (Engel James F & D, 1982) explained it as being an: “evaluation that the chosen alternative is consistent with prior belief with respect to that alternative”.

With regard to the above definitions, it can be said that customer satisfaction is a judgment made by the customer after the purchase has taken place. Customer Satisfaction is the

consumer fulfillment response. (Oliver, 1997) . However, people have different backgrounds and so do they have different beliefs and behaviors', with different levels of satisfaction as they have different attitude towards each service encountered experience as perceived from the service provider. For this reason, the value each customer places on the product and service in question differ. The way each customer measures satisfaction, allows the service provider to understand the key force that creates satisfaction or dissatisfaction and what is really driving satisfaction during a service encounter experience.

Previously there has been a well researched evidence that investing customer satisfaction and it relationship, will lead to profitability and increase in market share. (Rust .R, 1993)

Thus, customer satisfaction leads to customer's retention and increased customer's loyalty, which in turn leads to profitability. (Hallowell, 1996) Meaning that if a customer is satisfied with a specific high quality service from a specific service provider after using it, then they will definitely be expected to engage in repurchasing the product in the future. And even try many more offerings from that specific firm and as such increase in profit margin and market share. (Levesque & McDougall, 1996) Confirm the notion that consistent poor service provision, leads to reduced customer satisfaction and a chance for repeat business occurring. Besides that, the cost of customer acquisition is more expensive, than trying to retain the customer. (Reichherd & sasser, 1990)

A review of many researches has shown that there exist a link between service quality dimension and overall customer satisfaction. (Andresson & W, 1993). This research reveals that service quality is one of the bases of customer satisfaction. (Parasuraman, Zeithaml , & Berry , 1994)

However there is much debate, whether customer satisfaction is the genesis of service quality judgments and vice versa. . (Parsuraman A, Zeithaml, & Berry, 1988)

Recent research by (Zeithamal & Bitner, 2000) , show that customer satisfaction is not only influenced by perception of service quality , product quality , price factors, situational factors , personal factors but as well as with emotional factors , perception of fairness and equity. Attribute of service failure or success,.

For example, customer satisfaction with a restaurant would be a broad concept and would certainly be influenced by the perception of the service quality, but would also include perception of product quality (Such as the meal varieties available to the customer), price of the product (price charged per meal offered by the restaurant.) Personal factors, (such as how both parties articulate their specify need). Uncontrollable situational factors (such as weather conditions),. Attribute of service failure or success (since the customers is present during the production process, they become the co-producer and how well they articulate their intention to the service provider concerning their requirement

## **2.2 Determinant's of customer satisfaction**

### **2.2.1 Service quality**

The success of every hospitality sector stated by (Lewis & Boom, 1983).is their ability to understand customer's expectation, how and when to go about it and as well perform its main function of a good service quality delivery to meet up with customer's needs and requirement. According to (Gronoos, 1984). a comparison of the expected service and the perceived service serves as an indicator of what the perceived quality of service is depending on and also as a sure indicator of the outcome of the comparative assessment. (Barsky, 1996). (Gunderson, M.G., Heide, U, & H, 1996) Also defined it as'' the degree Difference between a customer's perceptions and expectations, whereas "perceived service quality" is the gap between a customer's expectations and perception as a measurement of service quality. In other word it is the customers post judgment or evaluation of the product or service that is what they wish it should be and what it actually is . They further stated that, the smaller the gap, the better the service quality,

and the greater the customer satisfaction.

Customers information, surveys and focus groups can be used as an excellent source of information for management on how an organization can provide quality service to their customers and as well as determine which service areas are in need of improvement .

(Hospitality management 23, 2004) Evaluate guest's performance on specific attributes.” The authors' Research revealed that the tourists concerns was more about the tangible aspects of restaurant service , like the internal decor the intangible aspects of the front desk sure as willingness to provide service. Obviously providing service that the customer would like is a starting point to providing customer satisfaction, as first impression in the service encounter is always paramount for the new customers.

A number of researches on customer satisfaction have focused on identifying service requirements; that is, a customer's needs and wants. From a marketing perspective, customer satisfaction is achieved when the customer's needs are anticipated and fulfilled .this was found by (Lam & Zhang, 1999) Some researcher sure as (Juran, 1988) found and suggests an approach to defining quality in resolving the complex issue between customer satisfaction and productivity. This approach suggests that although there are many dimensions Of service quality, the different dimensions can be classified as

two distinct categories namely :

- Quality that meets customer needs ( i.e. customization quality).
- Quality that consists of freedom from deficiencies (i.e. quality Standardization )

Service quality that meets customer needs refers to those unique design qualities the Characteristics of a product and its attributes and features, and as well as the way in which the service quality is delivered to meet the customers unique needs ,that is, tailoring service delivery to meet the individual needs and requirement of customers. Managers should seek to continually improve on the customer service experience. By meeting customer

requirements there is a notable improvement in competitive advantage. Customization services that can be improved upon for example in a restaurant include amenities e.g. comfortable kids play ground , fast check-in/check-out, courteous staff , high-speed Internet service, concierge services etc. Customization service should match changing customer needs and lifestyles.

Thus, regardless of whether for general (standardization) or customized service, service quality clearly influences customer satisfaction and consumption values. Customer satisfaction can be ensured by providing high quality services as found by (J.M & Getty, 2003) , (Lam & Zhang, 1999),. (Parsuraman A, Zeithaml, & Berry, 1988) Carry out a research to assess customers' expectations and perceptions of service Quality, by so doing they discovered a gap between the two and explored the complex issue affecting overall customer satisfaction. Their findings revealed that customers judge the service quality based on their perception of;

- Service quality delivery
- Technique by which the outcome was handled,
- the process by which that outcome was delivered, that is, the quality of the interaction between the customers and the service provider,
- physical environment where the service quality was delivered, this includes the décor and ambience.

They also find out that of the five service quality dimension;

Reliability, responsiveness, assurance, empathy, tangibility

“reliability”, “responsiveness and assurance” are the most significant determinant in predicting customer satisfaction and had the largest differential scores, indicating that the customers' perceptions fell well short of their expectations.

Service quality is identified as the most important factor in differentiating service provision, and in creating a competitive advantage in the restaurant sector.

Based on these assumptions, Parasuraman and others were able to develop an instrument called SERQUAL which is used to assess service quality, this includes the five service quality dimensions, to assess service quality in the restaurant industry (Parasuraman A, Zeithaml, & Berry, 1988).

The SERVQUAL and SERVPERF models are commonly used models in measuring service quality in the restaurant business. The SERVQUAL model measures service quality by showing the gap between the customer's expectation of service with their perception of the actual service performance. These models have been successfully applied to the service sector but cultural differences do influence the importance of each dimension on the individual customer.

### **2.2.2 Reliability**

This is the most important factor in the determinant of customer's perception of service quality. It simply refers to how much trust can be offered by a customer to service staff, based on perception projected by the establishment to the customer. Some of these perceptions include service provision methods, example: the way a customer's bills, etc. are handled. If the service provider cannot keep their promise, it will dissatisfy the customer and as a result lead to dissatisfaction and negative word of mouth advertisement (Parasuraman, Zeithaml, & Berry, 1985).

According to (Kandampully & Sahartanto, 2000) customer satisfaction in housekeeping was directly related to customer loyalty and is a major factor in deciding loyalty. In addition to that, Reception, food, beverages, and as well as prices to be considered as supportive factors for customer retention. (Min & Min, 2005), also found that the cleanliness of a restaurant was an important characteristic of service quality in the restaurant industry.

Because service is basically center on human performance as people-delivered service, ensuring service reliability is an important factor for service delivery.

### **2.2.3 Responsiveness**

This is measured using customer point of view rather than that of the service provider. This dimension focuses on the length of time, speed and promptness with which the service provider responds to customer requests, complaints and also answer their questions. According to (Parasuraman, Zeithaml, & Berry, 1985) waiting time in a restaurant etc., is an experience that can lead to customer dissatisfaction and As such can negatively impact on the service providers patronage behavior by a customer (Taylor S.A & Baker, 1994)also supported the notion that customers are more satisfied when afforded shorter waiting times.

Previous research by (Singh, 1988) found and agreed that responsiveness is providing prompt service. In other words handling customer complaints, indicates the willingness to help in dealing with customer requests, questions and as well as problems. (Maxhan & Netemeyer, 2002) Spread the notion that efficient handling of complaints, request and questions by a customer, could increase customer satisfaction and transform a first timer or a complaining customer into a satisfied loyal customer. keeping to promise and deliver on time service while maintaining a system free error is an important factors, because Customers prefer to do business with provider that keeps their promise in term of price, time, problem solving, service delivery and service provision.

Thus, regardless of whether services are general or customized ,Its quality clearly impacts customer satisfaction and consumption values. Customer satisfaction can be ensured by providing high quality services (J.M & Getty, 2003) (N. & Qu, 2000)

### **2.2.4 Assurance**

In every service sector, employees are very important for their marketing strategy. As such the restaurants service should hire competent, expert staffs which are friendly, helpful and acknowledgeable to inspire trust from the customer. By so doing they will inspire trust and

confidence making the customer safe and confident in their transaction. The staff is very important due to the fact that they act as a link between the service provider and the customer. According to (Parasuraman, Zeithaml, & Berry, 1985),

The company staff have to behave in a proper way Because their actions can influence customer satisfaction either positively or negatively. workers play an important role in developing an important working relationship with the customer and also that the personal relationship between the staff and customer is significantly related to service quality perception and customer satisfaction.

### **2.2.5 Tangibility**

This refers to the facilities in the restaurant , in this dimension we use elements such as ambience and décor to measure the effect on customer satisfaction. According to (Bitner M. , 1992) the bad or good aspect of the environment such as the surrounding, food, dress code, safety, décor etc. Will influence customer satisfaction

Sometimes certain customers enter the restaurant without the intention of eating a particular meal, but due to the aroma and presentation, a customer may be influenced into making an order. The sales outlets are very important because they have the power to influence the purchasing power of the customer. And he also spread the notion that seventy percent of the purchase decision are made when the customer is in direct or indirect contact with the service provider Due to the fact that it gives customer a good impression and attitude towards the restaurant image and reputation.

### **2.2.6 Empathy**

Research suggests that people like to socialize outside their homes. According to (Seller, 1988) confirmed the notion that people like to eat or stay in restaurant's or hotels where the staff are friendly and courteous , intuitive in personalized service provision , and are quick in problem solving. Other factors that impact on service quality include being able to recognize the customer and greeting them by their names , providing overtime services ,

listening to them , showing courtesy , politeness and anticipating their needs. According to researchers such as (Crosby, 1979) , (Parasuraman, Zeithaml, & Berry, 1985) etc.; Service quality has been found to have noticeable impact on service value. According to (Bolton & H.D, 1991) Courtesy such as giving individual attention, providing personalized service makes the customer understand that their needs are understood and shows how important they are to the firm.

### **2.3 Customer satisfaction in the restaurants sector**

A restaurant is a service industry that focuses on the customer's meal and its management. A factor that strongly drives the satisfaction of the customer in the restaurant sector is the conviviality factors related to the future of the restaurant and the attributes of its personnel.

In another research, (Rust .R, 1993), revealed that Satisfaction with perceived product quality was the driving force behind overall customer satisfaction. In addition, the research also revealed that the impact of service delivery factors, vary considerably on customer satisfaction. (Hallowell, 1996) Both in their research, looked into the relationship between customer satisfaction, service quality and loyalty, and concluded that satisfaction with the service quality and price were the key force in the overall customer satisfaction measurement. The measurement used in their research was reasonably all inclusive. He found and Spread the belief that the service sector in general were to all intents and purpose ,to be exact were doing the right thing using the wrong way and He suggested that customer satisfaction or dissatisfaction did not arise from the same factors. To be more candid, some factors of service quality if improved will increase the satisfaction level of the customer, while others will not. He uses the hygiene factors of herzbg motivation theory to explain that some factors will simply function to keep dissatisfaction at least low level or reduce satisfaction.

Furthermore (Levesque & McDougall, 1996) investigated the consequence of service quality factors and customer satisfaction. Based on their result and finding, both suggested that the

determinant of customer satisfaction were driven by numerous factors including service quality dimension, the offering of the service provider and many other factors(e.g. location, competitiveness meal price, customer perception of employee skill etc) ; have a strong impact on customer satisfaction ; Were among a few factors that drove customer satisfaction . Based on the description mentioned above this research hypothesizes the following:

H1. Service quality is linked to customer satisfaction.

## **2.4 Customer and employee emotion**

In addition to service quality dimension, we also have customer and employee emotion that affect the perception of satisfaction, with the product or service. This means that each emotional experience or service encounter experienced is significantly influenced by the environment in which the encounter takes place (Lewis & Mccan, 2004).found and represents the actual customer perception or feeling, regarding a service or product. Some customer emotion can be stable depending on their mood or life stages.

There are 2 types of emotion, namely: Positive and negative emotions (Havlena & Holbrook, 1986). (Han & Back, 2006) Found out that the positive emotions such as positive frame of the mind, this is a positive feeling about a service encounter experiencing. Examples include happiness, pleasure, elation and sense of warm heartedness. The moods mentioned above, will definitely increase customer satisfaction with the service provider during a service encounter experience. While on the other hand, negative emotion, feelings such as regret, sadness, sorrow, anger, would decrease the level of customer satisfaction because the negative feeling may reflect how the customer responds to the service encounter experience. Consequently, the customers overall satisfaction would diminish.

However research by (Philips, Chang, & D.Buzzll, 1983).also found and Shows that positive emotion is stronger than negative emotion and also the service employee emotion delivering the service has a stronger impact on customer emotion and satisfaction. This means that the

good mood or spirit of the employee can be transferred to the customer. (Mattila & Enz, 2002) (Barsky & Nash, 2002). The front line employee action and service encounter experience frequently influence customer emotion and consequently their final decision.

(Jang & Namkung, 2009) Found out from their current research stated that, numerous service providers have started designing their service in such a way that it would impact customer emotions positively. Some of This area that has been modified include: attributes of the service delivery process, décor, architecture, front line service etc, which have all been improved. Their research indicates that these factors can influence customer emotions either positively or negatively. Because these are the first things noticed by the customers, when they come in contact, either directly or indirectly with the service provider. This has resulted in either customer satisfaction or dissatisfaction, depending on the mood.

Despite the numerous debate concerning both negative and positive emotions, research shows that both have significant impacts on customers overall satisfaction, as such it is now universally accepted that the emotion is one of the most dominant factors of customer satisfaction. Many literature reviews have identified that consumer emotions and perceived value is one of the cofactors of customer satisfaction and has been widely accepted as one of the dominant factors in the service and leisure industry. (Jang & Namkung, 2009) found it as being significantly related to perceived value (Barsky & Nash, 2002)

## **2.5 Perceived Value**

Perceived value is based on the tradeoff between perceived cost (monetary or nonmonetary cost) as compared to other customers and the perceived quality. (Zeithaml & V A, 1988) . For example Customers ask themselves if they have been treated fairly in terms of better quality, price etc.; as compared to other customers. It also, explained it as the interactive relativity preference experience in which customer evaluate the product and service utility, based on their personal perception of what is given and what they receive. This perception of fairness is central to customer evaluation of service quality, as such satisfaction will increase

leading to increase in retention and loyalty, (Andresson & Fomell, 2000) (Cronin & J., 2000).

This research further hypothesizes the following

H2 perceived value is positively related to customer satisfaction

H3 customer satisfaction is directly related to customers loyalty and retention

## **2.6 Model and Hypothesis**

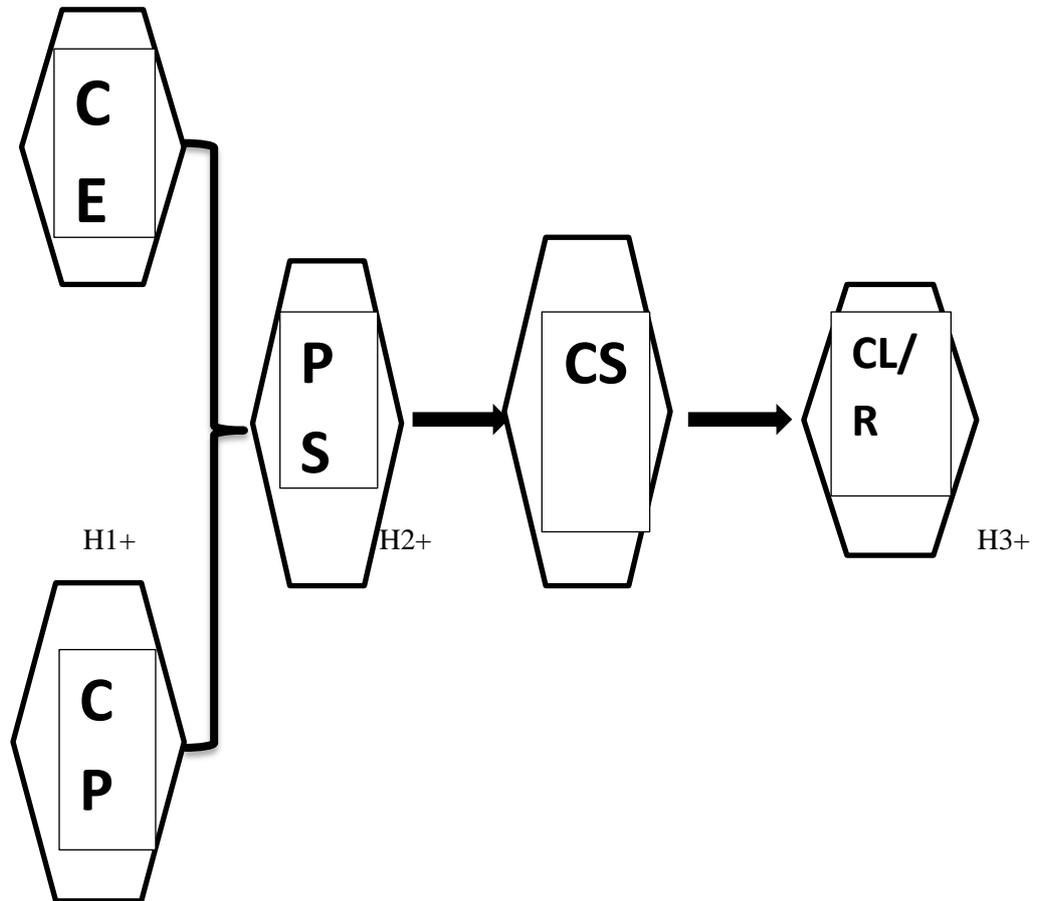
This research investigates three hypotheses. Base from the above literature three (3) hypotheses were drawn.

H1. Service quality is linked to customer satisfaction..

H2 perceived value is positively related to customer satisfaction

H3. Consumer customer satisfaction is strongly linked to customer loyalty.

## 2.7 Proposed Model for this study



Sources by Researcher's own frame work

Figure 2

## **2.8 Interrelationships between Service Qualities**

### Customer Satisfaction and the Benefit of Customer Satisfaction

Research by (Reichheld & Earl Sasser, 1990) exclusively exploited the consequence of customer satisfaction and acknowledging the benefit that customer satisfaction provided by the retention of the restaurant customer. They suggested that the longer a customer stayed with a firm, the more profit margins, the customer generated. This is based on numerous factors related to the amount of time a customer spent with a restaurant, including a high cost of introducing and attracting a new customer, as such increase in both the value and amount of purchase, the customers better understanding of the restaurant and also positive word of mouth advertisement, Social benefit. (Bolemer & Kasper, 1995) , After their research concluded that an increase in customer satisfaction would increase the firm's image, and perceived service quality, positive word of the mouth communication and as well as profit margin.

## **2.10 Customer complaints**

In the simplest sense, customer complaints are comments made about a service. Mostly as a sign of dissatisfaction. To the firm it is a sign of the service provider reconnecting with the customer by identifying a service or product failure, in such a way it gives the firm a second chance to reconnect with their customer that is complaints are gifts that customers give to the service provider. As such many customers may complain about a product or service that they have just purchased, which did not meet their need or the promises made by the service provider.

According to (Barlow & Miller, 2008) this situation is mostly common about low quality service. When this situation is managed properly, it will lead to a satisfied and loyal customer. In order for this to happen, firms have to put an efficient recovery system strategy in place, which can handle such situations. When a customer takes their time to complain about dissatisfaction, they usually have an idea on how to deal with the problem. As such it

is the responsibility of the service provider to ask the customers input towards problem the solving. This as a result makes the customer feel valued and rely more on the service provider.

According to (Dru, 2000) In order to handle complaints effectively, the service provider should have a well trained workers and an effective recovery strategy in place. Nowadays, almost every restaurants service business has establish one since the service sector is based on human action and performance. As such there is no system free error. In order to manage their business successfully and improve customer satisfaction, many service sector uses strategy such as: Thank you, give reason, listen carefully, apology, show empathy, offer reward and prevent future failure.

#### **2.10.1 By thanking the customer**

It makes them to feel better and encouraged and makes the service provider notice the area that needs improvement. (Barlow & miller, 2008)

#### **2.10.2 Give reason**

The service provider should give a reason why they are thanking the customer. By so doing the thanks expressed becomes more meaningful to the customer .For example : “ thank you for letting us know about the mistake”

#### **2.10.3 Listen**

It is important to listen carefully to what the customers are saying. Because in today’s business the customers are the focal point of the business. By listening to them, it shows them that their opinions are taken into consideration and makes them feel less dissatisfied.

#### **2.10.4 Apology**

When the customer takes time to complain, it is better for the firm to acknowledge and accept the situation. Because any justification may further upset the customer. (limited, 2005)

### **2.10.5 Empathy**

This is the manner and way in which the service provider communicates to the customer. That is the courtesy, politeness and friendliness in which the service provider handles the situation. This makes the customer feel that they have been understood clearly and that by complaining it was the best thing for them to do. As a result, the service provider solves the problem and improves the service quality. According to (Dru, 2000), who suggested that the service provider have to offer a reward which will be of the same value of what it cost the customer or even more , in order for the customer to be satisfied. Examples include refunds, discounts or even replacements. According to (Barlow & miller, 2008) the very important point is preventing future failure or mistakes. In order for this to happen the service provider has to build an organizational strategy to prevent future failure. It is advisable not to put the blame on the employee because by so doing, it breaks their morale; Rather the firm should train and motivate their employees to ensure service quality.

### **2.11 Benefits of Solving Customer Complaints**

When a customer pays for a particular good or service, they expect the service or product to function as promised .Failure to meet this requirements, will lead to service failure. As such the customer will complain. When the customer complains about a service failure, then the service provider should immediately respond to the issue at hand before it further escalates. In most firms, this situation is mostly handled by the customer service activities at the same time the manager needs to follow up and boost the business processes and ensure that the problem is solved immediately. Complainants are considered as service provider friends because they challenge the status quo. When customer complaints are solved, it helps to satisfy the customer which in turn helps in the smooth and effective functioning of the business. On the other hand, it also helps other customers who may not have had the courage of complaining.

When the customer complains, it shows the service provider their weaknesses in the service process that needs improvement at the same time, it helps to control complaints or any problem which may arise in the future. According to (Kurtus, 2007) this is considered as an effective form of customer feedback. In addition to the above, when a service provider receives a formal complaint, they may be more than 20 dissatisfied customers who are unwilling to complain because they feel that by complaining no action will be taken by the service provider. As such, they do not want to waste their time and energy to complain, rather they tell their friends about their frustration and dissatisfaction. This situation is usually not good for the firm because the spread negative word of mouth advertisement.

Many service providers do not consider complaining issues as a big deal but this issue has to be taken into consideration. Businesses should view complaining customers as friend to the company and also as a chance for them to improve the customer service, the quality of their service. If complainants are viewed as friends they will feel free to communicate with the firm and express their opinion. Complaints play an important role for the business success, since it helps to identify the problem in the business and the steps needed for the business to get into another level of success. In reality, complaints help to check the business and identify ways to grow, develop and improve. A successful business has a well structured management processes and a good recovery system , with the use of complaints it help to test the customer service skill, train the employee and help to identify the weak area for future training. (2012) (Thriving Small Business, 2008)

## **Chapter 3**

### **METHODOLOGY**

#### **3.1 Research strategy and Data collection Method**

One of the most vital steps of a research is its methodology, because it plays a prominent part in data collection, data analysis and data dissemination. As well as making good use of the information to improve on customer satisfaction in the restaurant industry. According to ((Kumar, 1996) ,There are two types of research methods namely : Quantitative research , which is based on questionnaires and qualitative research based on structural interview of the responders .These two methods are the most commonly used in most industries.

This research was a descriptive research which describes the character tic of a situation in its current stage such as customer satisfaction. In addition to that the research also focuses on identifying the important attributes of this situation to answer the question of how and what. In this research, survey and observational study were the suitable methods to capture the situation

#### **3.2 Time Dimension**

This research due to time limitations was a cross sectional based which allows the researcher to observe the situation at a single point in time. According to (Saunder & Thornhil, 2000), stated that it is simple and less costly while on the other hand the disadvantage of it is that it cannot reflect it change over time .

#### **3.3 Method**

According to (Leedy & Onmrod, 2001) in order to explain predictable situation with measurable variables .Quantitative method which involve data collection of numerical and statistical data with the use of mathematical models to analyze the data collected.

According to (Cresswell J. , 2003) which argues that quantitative research makes use of experimental survey , and collects data on predetermined instruments that yield statistical results with the use of the Microsoft excel tool. On the other hand, (Bryman & Bell, 2007) argues that qualitative research focuses on word rather than quantification and individual interpretation of their social world. Qualitative research requires high involvement of the participant from the observation of the actual experience. The author's objective was to identify the different attributes of customer satisfaction and measure the level of customer satisfaction. The research adapted quantitative research which focused on known variables and describes predictable attributes of the object, such as service quality, value for money, situational and, emotional factors.

According to (Bryman & Bell, 2007) Quantitative research is simple and more preferable because it analyzes and test the researchers assumption and the empirical research; and also because of academic time constraints it takes less time, this method is preferable. It is possible to predict the time schedule. Quantitative research (survey) is commonly used universally because it can collect large data samples in an economical way, compared to qualitative research. In addition, the author conducted interviews with managers of some restaurants in order to obtain a better understanding of the situation. The questionnaire used in this research was adapted from (Bitner, Booms, & Tetreault, 1990) who had asked: "Think about when as a customer you had a particular satisfying or dissatisfying interaction with a restaurant, hotel or airline employee"

All together, there are 22 questions about the service quality of the restaurant, listed in the questionnaire. In this study the service quality dimensions are measured using five items which contain other important items .The measurement is done in two ways. Firstly the expectation of customers in relationship to the service is consider then then the assessment of the perceived level of the actual service giving.by so doing the respondents were asked to indicate their degree of agreement with certain element on the five likert point type scale. 1

of the scale indicates low or strongly disagrees while 5 indicates high or strongly agree. For each of the 22 elements of service quality, the expectation score (E) is subtracted from the perception score (P) to get the gap score (G). The level of perceived service quality is determined by the degree of positivity of the gap score (G) i.e., the higher the perceived service quality, more positive the gap scores, (Mesay, December, 2012)

The Data that was received from the questionnaire was analyzed with the help of Microsoft excel software. Secondary data was also obtained from the library, internet websites and electronic books. All the questionnaires were distributed to 206 customers and were answered in approximately ten to fifteen minutes during a period of about 4months. Whereas quantitative research provides measurement of reality while qualitative permits the researcher to exploit the complexity of the object to get better insight of the problem being solved (Bryman & Bell, 2007).

### **3.4 Data collection and procedure**

Generally they are two types of research data namely: primary and the secondary data. Primary data is collected to address the issue at hand .There are collected by interaction with respondents and also utilizing the observation method. For this present research, the survey methods was used by the researcher for the respondents to answer the research question. And it was based on a structural questionnaire.

According to (Kvitastein & Gronhaug, 1991) secondary data are collected for other purpose but maybe relevant to the research at hand. In this study secondary data are collected through different sources, including articles, organizational databases, internet, government sources and enterprise. One of the many advantages is that it is time saving and less expensive as compared to primary data. On the other hand, secondary data may not be suitable in some cases because they are conducted for other purposes with different aim and objectives.

In this present research, primary data was collected based on the research situation and the design of the author .Due to the fact that the researcher investigated the factors of customer

satisfaction for restaurants, the researcher focused mainly on customer's expectation and perception. As such it requires a close interaction between the customers (respondent) for the research purpose. This was done by the use of primary data through researchers own surveys to collect data, the questionnaire used include four parts.

The first part was related to service quality taken from the SERVQUAL model developed by (Parasuraman A, Zeithaml, & Berry, 1988). Which contain total of 23, of which 22 questions each for expectation and perception on five dimensions of service quality and one additional question for overall service quality.

The second part was related to customer satisfaction consisting of 4 questions. The third part is related to customer loyalty and consists of three questions. The fourth part includes demographic data of respondents. This gives the researcher access to interview the responder and get accurate information from the targeted respondent. The researcher also makes use of questionnaire which was the preferred option and it permits the researcher to get structured information, find out customer satisfaction level from their perspective and as well as identify those factors that lead to customer satisfaction..

### **3.5 Sample size, collection and method**

The next step is the sample process. In this step, the researcher has to filter the convenient sample by asking the respondent if they have ever eating in a restaurant. Almost all the academic research are cross sectional due to the fact that this is also an academic research, it is also cross sectional. This is because it takes less time to be completed; the researcher has limited time to complete the research due to academic time constraints and financial resource. By filtering the convenient sample which is generally cheaper and easy to conduct research with, As such it is the best way due to the fact that it enables the researcher access to valuable information quickly and more efficiently by saving time and financial resources. Firstly empirical cases of the research were the restaurant customers, respectively around the

Famagusta area. That is the sample was derived from a population of customers from different restaurants.

After conducting a pilot survey of 30 respondent which were the customer of the surrounding restaurants to guarantee that the measure in the study reflected real interactions and expectations from customers, by so doing wrong question setting or questions that might mislead the respondent were avoided ,from the result of the data of the pilot survey it was discovered that some questions were misleading as a result it was remove from the final survey (Manije & Effat, 2012). The researcher decided a total sample size of a two hundred and six (206) respondents. Most of the local and foreign residents of Cyprus were customers of these restaurants; hence it was very important to take frequency of patronage into consideration. The respondents were randomly selected as long as they were qualified for being customers of these respective restaurants. According to (Saunder & Thornhil, 2000) researchers used questionnaire as a tool for data collection and it assist to increase response rates. The respondents were asked on site at the different restaurants to fill the forms while they were randomly selected in the neighborhood of this restaurant.

### **3.6 Questionnaire Design**

After the sampling selection the next step is the questionnaire design. According to (Kumar R. , 2008) , Questionnaire design is an appropriate data collection technique which involves three sources: Questionnaires, observation and interview. In this research, we are particularly concerned with questionnaire, but we therefore combine these two techniques under a form of survey questionnaire interview. Due to the fact that respondents were scattered all over the local area, the use of questionnaire was more suitable for the research and economical. According to (Saunder & Thornhil, 2000), questionnaires could be classified into: self administered interviews, telephone administered questionnaire or structured interview, self administered questionnaire online, postal or delivery and collection questionnaires. Other surveys such as online, telephone may be time saving, requiring less effort but the

responders may not be accurately targeted. As a result the information may be less reliable than the traditional manual administered questionnaire. In this research the questionnaire had only two forms, which was in English and Turkish language.

The questionnaire consisted of structured questions with close ended questionnaire. The advantage of it being that it increases response rate, less time for responders since they have to choose within the answers and also reduced the waiting cost for the researchers. And also because of time limitations and inconvenience, responders regularly feel stressed and unwilling to participate in the interview. When they are asked to answer a lot of open ended questions. Due to the fact that quantitative research is deductive in nature it enables the researcher to predict and develop the time schedule, a model of attributive feature related to the research being solved related to the interview. It was advisable to make use of many close ended questions for the sake of security, responders were not asked to reveal their personal information except for their age, occupation and gender.

The questionnaire was brief comprehensive and jargons were avoided, to facilitate the understanding and increase the interest of the responder. The core questionnaire emphasizes five (5) determinant dimensions which constitutes satisfaction of customer under restaurant. Those co value dimension included service quality, value for money emotional factor, personal factors and situational factors. Each dimension composed of few elements which describe customer satisfaction in more detail. There were a total of 38 elements categorized into relevant dimensions. For this main question, the respondents were asked to rate the importance of this elements in accordance to their satisfaction level by application of linkert scale. The scale is from 1 – 5, (5 = extremely satisfied, while 1 = extreme dissatisfaction). In addition, interviewers were also asked about the importance of the name of their choice of restaurants, in accordance to the image components of their model.

## **3.6 Variable measurements**

### **3.6.1 Independent variables**

In this study Service quality is the independent variable and it include five dimensions of Service quality as earlier mentioned, which consist of 22 items according to (Anber & Shireen, 2011), these dimensions measure customer satisfaction by comparing the expectation of the service with the performance of the service on the customers service encounter. The above measurement was base on many different items according (Mary O. P. 2012 p.41)

### **3.6.2 Dependent variable**

Perceived value, (Value for money, emotional factor, situational and personal factor) Satisfaction, retention and loyalty are the dependent variable that the study measure with the independent variables. Customer satisfaction point out the level of service quality perceived by the customer. In other word If perception (P) is higher than expectation (E) then customer is satisfied. If perception is lower than expectation then customer is dissatisfied. But if  $P=E$  this means that the customer is neutral. An indicated of customer satisfaction include retention, loyalty and increase in profit margin which indicate that customers is being satisfied with the services provided by the service provider .As mention in the beginning of this study ,repeat business by the customers, referrals by the customers as well as the customers" preference of the restaurants

## **3.7 Development of the Theoretical frame work for analysis.**

The theoretical framework shows the relationship among several factors which are important to the study. It is also known by some as the conceptual model, this theoretical framework is used to elaborate the relationship among the variable and also explain the logical underlying of the relationship and as well as describing the nature of the relationship . The five dimensions along with the 38 relevant element were developed to identify the attribute of customer satisfaction , service quality including reliability(system free error, deliver on promise, accuracy of service ) responsiveness( speed and promptness of service ) , assurance

(professionalism and competence) , empathy( courtesy and personalized service ) , tangibility( clean atmosphere , display ,music, dress code) value for money ( fairness , equity ) personal service (unique treatment , customized service ,individual attention) , Emotional factors ( sadness, happiness, anger, regret ,pleasure etc. ) Situational factors under the control of the restaurant or customer, beyond the control of the restaurant or customer , additional service , location and name of the restaurant.

## Chapter 4

### DATA ANALYSIS AND DISCUSSION

#### 4.1 Data analysis

The data that was collected was edited and coded base on the modification of bitner 1990 questionnaire who ask the customer to think about a positive or negative service encounters experience and narrate it. The coded data was then run on SPSS version 20. Cronbach's alpha was used to test internal consistency reliability. Regression Analysis was used to test the influence of customer satisfaction on retention and loyalty. A gap analysis was used to determine satisfaction level by examining the gap between perception and expectation. Demography used to test the percentages of the age, gender, educational level, marital status and frequency of restaurant visit. The result is mainly based on the responses of the questionnaire administered to the customers of the different restaurant around the Famagusta region.

The questionnaire was administered to 206 customers of the various restaurants in Famagusta. All the 206 were valid for analysis.

#### 4.2 Reliability Analysis

They were 22 items each for customer expectation (CE) and customer perception (CP),question 1-4 was based on physical evident,5-9 was based on reliability,10-13 was based on responsiveness,14-17 was based on assurance.18-22 was based on empathy, 4 items for customer satisfaction and 3 items for customer loyalty. For all of the items, the Cronbach's alpha value is 0.89 for service quality, 0.84 for customer satisfaction and 0.87

for customer loyalty. All were greater than the suggested criterion 0.7, These measurements are hence considered very reliable with the samples. (Vu & Nguyen, p.7 reliability.

### 4.3 Cronbach's alpha for the different variable

Table 1. Variables No of items Cronbach's alpha

Variables	No of items	Cronbach's alpha
Service quality	22	.89
Customer satisfaction	4	.84
Customer loyalty	3	.87

The above tables shows that the reliability alpha coefficient for all variables services quality, customer satisfaction and customer loyalty are all above 0.70. Hence these variables are very reliable Cortina, (1993) and suitable for use with a satisfactory internal consistency (Naresh K. p.391)

### 4.4 Gap analysis

Gap 5 for the 22 item of SERVQUAL according to Parasuraman, zeithaml, and Berry (1985) will be calculated, which is the difference between customer perception and expectation (P-E) of the service. A positive result will indicate that respondents are satisfied with their restaurants. Question 1-4 was based on physical evident, 5-9 was based on reliability,10-13 was based on responsiveness,14-17 was based on assurance.18-22 was based on empathy. The result indicate that customer were more satisfy with diff1 which show the negative number indicating the higher positive lever of satisfaction while diff7 show the highest positive number which indication the lowest lever of satisfaction based on the table, there is a mixture of both high and low lever of satisfaction based on the different of service quality,

meaning that some customers are satisfy more with some service quality dimension while other are satisfy with some different elements of the same dimension.

#### **4.5 Gap analysis result**

Table 2 . gap analysis







### 4.5.1 gap analysis result discussion

The mean difference for diff1 is less than that of diff2; meaning that The table results show that diff 1 has a mean difference of -1.03883 and diff 2 has a mean customers are more satisfied with the items of diff1 than that of diff2. This shows that all the dimensions have a positive gap 5 of service quality. Therefore H1, H2 and H3 is supported since increase service quality lead to satisfaction which results to loyalty and retention

### 4.6 Regression analysis

Testing Hypothesis 1 and 2:

R square result suggests that 33.6% of the change in satisfaction can be explained by the quality perception.

R square result suggests that 33.6% of the change in satisfaction can be explained by the quality perception.

#### 4.6.1 Quality perception influences satisfaction positively

We carried out single regression analysis in order to find if quality perception influences satisfaction.

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.579 <sup>a</sup>	.336	.332	.50446

a. Predictors: (Constant), perceived

R square result suggests that 33.6% of the change in satisfaction can be explained by the quality perception.

Table 4.ANOVA<sup>a</sup>

Model	Sum of Squares	Df	Mean Square	F	Sig.
-------	----------------	----	-------------	---	------

1	Regression	26.085	1	26.085	102.504	.000 <sup>b</sup>
	Residual	51.660	203	.254		
	Total	77.745	204			

**4.6.2 ANOVA** results show that the regression model is statistically significant

Table 5. ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.085	1	26.085	102.504	.000 <sup>b</sup>
	Residual	51.660	203	.254		
	Total	77.745	204			

a. Dependent Variable: satisfaction

b. Predictors: (Constant),

### 4.6.3 Perceived quality

Perceived service quality positively influences satisfaction

Table 6. Correlations

		satisfaction	perceived
Pearson Correlation	satisfaction	1.000	.579
	perceived	.579	1.000
Sig. (1-tailed)	satisfaction	.	.000
	perceived	.000	.
N	satisfaction	205	205
	perceived	205	205

On the other hand the correlation analysis also supports the hypothesis that there is a positive relation between quality perception and satisfaction.

#### 4.6.4 Testing Hypothesis 3

Satisfaction positively influences loyalty.

Table 7. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.223 <sup>a</sup>	.050	.045	.80665

a. Predictors: (Constant), satisfaction

R square result suggests that 0.5% of the change in satisfaction can be explained by the quality perception, which is very low. This also means that 99.5% change in loyalty can be explained by other variables other than satisfaction

Table 8. ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	6.926	1	6.926	10.645	.001 <sup>b</sup>
1	Residual	132.088	203	.651		
	Total	139.014	204			

a. Dependent Variable: loyalty

#### 4.6.5 ANOVA

The results show that the regression model is statistically significant

Table 9. Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.343	.357		9.361	.000
	satisfaction	.298	.091	.223	3.263	.001

Coefficients'

#### 4.6.6 Satisfaction influences loyalty

Satisfaction positively influences loyalty. The regression analysis was extracted by a nova component analysis method and rotated by coefficient analysis method. with an approximate R square of .336 degree of freedom of 204 and a significance of .000 which is less than the level of significance ( $p=0.05$ ), hence it is very logical that the regression analysis suitable and reflected the correlations among the variables considered for this study (Vijay and Selvaraj, 2012,p.6)

#### 4.7 Demographic information

##### 4.7.1 Age Distribution of Respondents

Of all the 206 respondents, 90 respondents has age from 18-27 making 43.7%, 55 has age 28-37 making 26.7%, 27 has age from 38-47 making 13.1%. 15 respondents from 48-57 making 7.3% 11 respondents from 58-67 making 5.3 percentage and lastly 8 respondents from 68 plus making 3.9 percentage

Table 10. show age distribution of respondents

Age	Frequency	Percent	Valid percent
18-27	90	43.7	43.1%
28-37	55	26.7	26.7%
38-47	27	13.1	13.1%

48-57	15	7.3	7.3%
58-67	11	5.3	5.3%
68!	8	3.9	3.9%

#### 4.7.2 Educational level

Table 11. below shows Educational level of the respondents

	Frequency	Percent	Valid percent
University level	95	46.1	46.1%
Graduate level	40	19.4	19.4%
Post G level	25	12.1	12.1%
H school	46	22.3	22.3%
Missing	-	-	100.0
Total	206	100	%

95 of the 206 respondents are have university level making 46.1%, 40 graduates making 19.4% 46 high school, 22.3%, 25 post graduates, 12.1%

#### 4.7.3 Marital status

Table 12. below show the marital status of responds

	Frequency	Percent
Single	92	44.7%
Married	102	49.5%
Missing	12	5.8%
Total	206	100

92 of the 206 respondents are single with a percentage of 44.7%, 102 married with a percentage of 49.5%. 12 respondents did not respond to this question giving a percentage non respondent of 5.8%.

#### 4.7.4 Heard from

2 out of the total respondents hear from flyer making 1.0 %,24 from advert making 11%,35 from billboard making 17.0%,18 from brochure making 8.7%,1 from brother making .5 %,1 from cousin making .5%,1 from coworker making .5%,58 from friends making 28.1%,12 from mother making 5.8% ,31 from newspaper making 15.0% 1 from online bazar making .5%,21 from TV making 10.2

Table 13. below shows respondents

From	Frequency	Valid percent
advertflyer1	2	1.0
advertflyer12	1	.5
Adverts	24	11.7
Billboard	35	17.0
Brochur	18	8.7
Brother	1	.5
Cousin	1	.5
Coworker	1	.5
Friend	11	5.3
Friend	46	22.3
Friiend	1	.5
Mother	12	5.8
Newspaper	31	15.0
onlinbazaar2	1	.5

Tv	21	10.2
Total	206	100.0

#### **4.7.5 Occupation**

Of the 206 respondents, 152 were students with a percentage of 58.9%. The number that did not respond this particular question was 8 giving a percentage of 3.1%. The remaining 97 respondents comprised of; 2 drivers, 3 business men, 2 accountants, 4 computer engineers etc., making a total percentage of 38%

#### **4.7.6 Frequency of restaurants visit**

Out of the total respondents, 82 of them visited the restaurants 2-4 times a month making a percentage of 33.3%, 83 made visit ones a month giving a percentage of 32.2% while 51 visit ones a week.

## Chapter 5

# CONCLUSION, RECOMMENDATIONS, IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH

### 5.1 Conclusion

The questionnaires were delivered to the customers of the respective restaurants. After which the data was collected and analyzed, the dimension tangibility had the lowest score which indicate customer were more satisfy with that element while dimension reliability services had the highest score indicating that customer were less satisfy with that element . Particularly, diff1 scored -1.03883,diff5 score 0.300971,diff22 score0.461165,diff8 score 0.480583 highest customer satisfaction This showed general trend that people like to eat in the restaurant that are of most convenient with a mixture of some element of service quality dimension; in the result physical evident is the most important factor for restaurants business followed by reliability,assurance,empathy and responsiveness' means while. In contrast, customers felt least satisfied with reliability to services such as performing service right the first time with a score of 0.708738 for diff7as such restaurants should provide awareness among its employees for customer dealing.

To start a new business, Staff can make or break a relationship through their interactions with customers and consequently, reliability builds trust or distrust to the customer. Therefore, the implication on management is to pinpoint where they have strengths and prioritize on excelling there while improving on their weaknesses. The restaurants should focus on both high score and low score dimensions. Thus, critical factors of customer satisfaction of selected restaurants were physical evident, reliability, assurance, empathy and

responsive services. The restaurants did not provide proper responsiveness services to their customers.

Restaurants should provide responsiveness services to their customers in order to increase their satisfaction level. This showed that people now care more about responsiveness services, like waiting time at queues. Nowadays customers are time conscious and they like to visit a restaurant through express counters because they want to save time spent at queue

Furthermore, the scores obtained across the dimensions were good, which represents the validity of the questionnaire. Across the 1st dimension physical evident, the result showed that people felt relatively high satisfied and were pleased with clean, modern looking equipment and spacious atmosphere

Across dimension reliability,. Customers felt more satisfied with “correct information about the promise service”., as showed by the result.. Across the dimension assurance, the staffs were friendly, helpful and knowledgeable, quick performance. Across dimension empathy the result showed that customers were fairly satisfied with personnel service provided by the restaurants, such as availability of staffs to offer help and individual attention to frequent customers. And was likely to have better personnel service. Thus, customers felt most satisfied since the staffs paid individual attention to their frequent customers and there was availability of staff to offer necessary help.

## **5.2 Limitation and future research directions**

There were certain limitations of this study that are enlisted below:

Resources of the researcher, as the restaurants are spread all over the regions; a large amount of financial resources is required.

Geographical expansion of target population.

Time of submission, due to academic schedule the researcher had the limited time frame to complete this research.

The findings of the current study were applicable only to the restaurants in Famagusta region. The target population was the customers of restaurant around the Famagusta region so the findings could not be generalized to the customers of SMEs

In this field, for the further research with a little modification this questionnaire can be applied to customers of SMEs. Customer satisfaction can be related to the profitability through customer loyalty and customer retention

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## **APPENDIX**

**Appendix A: Questionnaire**

Thank you for making out time to take this survey. The survey is carried out by a student of the department of marketing for Academic research purpose only. I fully assure you that all of the answers you provide in this survey will be kept confidential. The survey data will be reported in a summary fashion only and will not identify any individual person.

Please write down your Favorite Restaurant you patronize:  
 .....

How did you hear about the Restaurant? (Please specify).....

Frequency of Restaurant visit:

Once a week  2 – 4 times a month  Once a month  Every two months

Answer the following questions concerning the Restaurant above.

**Appendix B; Service quality questionnaire**

**Expectation:** Related to your service expectation from this Restaurant. For the first column (E), circle the number that indicates your level of expectation for the items below for the Restaurant you are using.

**Perception:** Related to your feelings about the performance of a particular Restaurant you are using. In the second column (P), circle the number that indicates your level of perception for the items below for the Restaurant you are using.

	Item	Expectation (E)				
		Low	.....	High		
	When it comes to.....	☹	☺		☺	
1	Modern looking equipment	1	2	3	4	5
2	Visually appealing facilities (e.g.Seating layout,decor )	1	2	3	4	5
3	Employees who have a neat, professional appearance.	1	2	3	4	5
4	Visually appealing materials associated with service (e.g. cutleries, Napkins etc	1	2	3	4	5
5	Providing services as promised	1	2	3	4	5
6	Dependability in handling customers' service problems	1	2	3	4	5
7	Performing services right the first time	1	2	3	4	5
8	Providing services at the promised time	1	2	3	4	5
9	Maintaining error-free orders	1	2	3	4	5
10	Informed about when services will be performed	1	2	3	4	5
11	Prompt service to customers	1	2	3	4	5
12	Willingness to help customers	1	2	3	4	5

13	Readiness to respond to customers' requests	1	2	3	4	5
14	Employees who instill confidence in customers	1	2	3	4	5
15	Making customers feel safe in their transactions	1	2	3	4	5
16	Employees who are consistently courteous	1	2	3	4	5
17	Employees who have the knowledge to answer customers' questions	1	2	3	4	5
18	Giving customers individual attention	1	2	3	4	5
19	Convenient business hours	1	2	3	4	5
20	Employees who deal with customers in a caring fashion	1	2	3	4	5
21	Having the customer's best interest	1	2	3	4	5
22	Employees who understand the needs of their customers	1	2	3	4	5
23	Overall service quality	1	2	3	4	5

**Appendix C; Customer satisfaction questionnaire**

Please indicate your level of satisfaction with your Restaurant.

		Dissatisfied..... Satisfied				
		☹		☺		☺
1	Overall I am satisfied with the Restaurant	1	2	3	4	5
2	I think I did the right thing when I chose this Restaurant.	1	2	3	4	5
3	The Restaurants service meets my expectations.	1	2	3	4	5
4	I am delighted with the level of Service.	1	2	3	4	5

**Appendix D; Customer loyalty questionnaire.**

Indicate your level of loyalty to restaurant you are using.

		Agree..... Disagree				
		☺		☹		☹
1	Does the name of the Restaurant influence your patronage?	1	2	3	4	5
2	I would recommend my Restaurant to others.	1	2	3	4	5
3		1	2	3	4	5
4		1	2	3	4	5
5	I will always consider this Restaurant as my first choice.	1	2	3	4	5
6	I expect to do more business with this Restaurant in future.	1	2	3	4	5

**Appendix E; Demographic questionnaire**

Please tick the right box and fill the blank

1. Age:                                    18-27         28-37         38-47         48-57   
58-67         68+

2. Educational level:

High school         University level         Graduate degree         Post graduate  
degree

3. Marital status:                    Single                     Married                     Divorced

4. Occupation: (Please specify) .....

