

Customer satisfaction in the restaurant industry: an examination of the transaction-specific model

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Abstract

Purpose – To determine the factors that explain customer satisfaction in the full service restaurant industry.

Design/methodology/approach – Secondary research and qualitative interviews were used to build the model of customer satisfaction. A structured questionnaire was employed to gather data and test the model. Sampling involved a random selection of addresses from the telephone book and was supplemented by respondents selected on the basis of judgment sampling. Factor analysis and multiple regression were used to test the model.

Findings – The regression model suggested that customer satisfaction was influenced most by responsiveness of the frontline employees, followed by price and food quality (in that order). Physical design and appearance of the restaurant did not have a significant effect.

Research limitations/implications – To explain customer satisfaction better, it may be important to look at additional factors or seek better measures of the constructs. For example, the measures of food quality may not have captured the complexity and variety of this construct. It may also be important to address the issue of why customers visit restaurants. Instead of the meal, business transactions or enjoying the cherished company of others may be more important. Under the circumstances, customer satisfaction factors may be different. The results are also not generalizable as the sampled area may have different requirements from restaurants.

Practical implications – Full service restaurants should focus on three elements – service quality (responsiveness), price, and food quality (reliability) – if customer satisfaction is to be treated as a strategic variable.

Originality/value – The study tests the transaction-specific model and enhances the literature on restaurant service management.

Keywords Restaurants, Catering industry, Customer satisfaction, Service levels, United States of America

Paper type Research paper

An executive summary for managers can be found at the end of this article.

Introduction

The restaurant industry in the USA is large and ubiquitous. Providing a range of products and services, it touches nearly every household in one way or another. Reflecting on the size of the industry, The National Restaurant Association (NRA) predicted in 2003 that Americans would spend \$426.1 billion on food consumed outside the home (National Restaurant Association, 2003). Of this amount, it was predicted that full service restaurants could secure about \$153.2 billion or, roughly, 36 percent of the share. The restaurant industry has grown over the years, largely because the American way of life has changed. Since 1950, the proportion of married women in the work force has nearly tripled (Goch, 1999), resulting in women having less time to plan and prepare meals at home. Today, meals are more of an afterthought rather than a planned occasion (Mogelonsky, 1998). People find

themselves hungry with no time to cook; so they eat out. The result is the booming restaurant industry.

The NRA also predicted that on an average day in 2003, the restaurant industry would post \$1.2 billion in sales. The winner of this contest over America's taste buds is the customer who has more restaurant options than ever before, allowing him or her to be more finicky and demanding. Customers' expectations for value, in relation to price, also seem to be on the rise: people want "more" for their money.

These findings have interesting theoretical and practical implications for the service literature, service establishments, and especially the restaurant industry which is lucrative in size, fiercely competitive, and very important to the public palate. In particular, it is important to comprehend the dynamics of this industry from the perspective of the customer who is the final arbiter of how much to spend and where, when and what to eat. Therefore, an understanding of the factors that influence customer satisfaction ought to be useful in guiding restaurant owners and managers to design and deliver the right offering.

The main research question driving this study is "What explains customer satisfaction in the full service restaurant industry?" Given our geographic focus, we believe this study represents a small step in a series of needed studies to understand the bigger picture.

Customer satisfaction is at the heart of marketing. The ability to satisfy customers is vital for a number of reasons. For example, it has been shown that dissatisfied customers tend to complain to the establishment or seek redress from

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them more often to relieve cognitive dissonance and failed consumption experiences (Oliver, 1987; Nyer, 1999). If service providers do not properly address such behavior, it can have serious ramifications. In extreme cases of dissatisfaction, customers may resort to negative word-of-mouth as a means of getting back. A disgruntled customer can, thus, become a saboteur, dissuading other potential customers away from a particular service provider.

Researchers have also found a strong relationship between satisfaction and loyalty. Szymanski and Henard (2001), in their meta-analysis, indicate 15 positive and significant correlations between the two constructs. Bearden and Teel (1983) have also shown a relationship between satisfaction and loyalty. In fact Jones *et al.* (1995) argue that this relationship is not a simple linear one; these behaviors may depend on consumer attributions, i.e. their belief in the causes of the CS/D assessment.

Quite understandably, marketing practitioners have often aligned their bets with customer satisfaction, using slogans such as “Our focus is customer satisfaction”, or “Customer is king.” The University of Michigan tracks customers across 200 firms representing all major economic sectors to produce the ACSI (American Customer Satisfaction Index). Each company receives an ACSI score computed from its customers’ perceptions of quality, value, satisfaction, expectations, complaints, and future loyalty (Fornell *et al.*, 1996).

Customer satisfaction is defined here in Oliver’s (1997) terms: that it is the consumer’s fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfillment. In other words, it is the overall level of contentment with a service/product experience.

We used the transaction-specific model suggested by Teas (1993) and later expanded by Parasuraman, Zeithaml and Berry (1994) – PZB henceforth – to address our research question because this model suggests how overall customer satisfaction can be explained by evaluating experiences with specific aspects of service quality, product quality, and price (PZB, 1994). Also, by using the transaction-specific model, we emphasize that the offering for the full service restaurant industry must be viewed as a mixture of service and product features. Thus, customers are likely to consider specific aspects of the transaction such as product features (e.g. food quality and restaurant ambience), service features (e.g. responsiveness of the server), as well as price, to be satisfied with their overall restaurant experience. The conceptual framework and the corresponding hypotheses are outlined in the next section, followed by an explanation of the research method, the analyses, results, and discussion.

Conceptual framework and hypotheses

Service quality

An important factor driving satisfaction in the service environment is service quality. On this matter, however, there is some controversy as to whether customer satisfaction is an antecedent or consequence of service quality. One school of thought refers to service quality as a global assessment about a service category or a particular organization (PZB,

1988). Research conducted by PZB (1985) illustrated instances where respondents were satisfied with a specific event, but did not feel the organization offered overall high quality. Because most measures of customer satisfaction relate to a specific evaluation of a service episode, customer satisfaction is viewed as it relates to a specific transaction (Howard and Sheth, 1969; Hunt, 1979; Singh, 1990); hence incidents of satisfaction over time result in perceptions of service quality (PZB, 1988). Oliver (1981) stated that satisfaction soon decays into one’s overall attitude. From this perspective, service quality could be viewed as the whole family picture album, while customer satisfaction is just one snapshot.

Recently, however, it has been argued that while the two concepts have things in common, “satisfaction is generally viewed as a broader concept . . . service quality is a component of satisfaction” (Zeithaml and Bitner, 2003, p. 85). Because satisfaction derives from various sources, Bitner and Hubbert (1994) propose two ways of viewing satisfaction: service-encounter satisfaction (i.e. satisfaction or dissatisfaction with specific service encounters) and overall satisfaction (based on multiple encounters or experiences). In other words, little satisfactions based on each service encounter lead to overall satisfaction with the service.

Clearly, service quality is an issue that has engaged academics, leading to substantial debate over its conceptualization. In 1988, PZB developed SERVQUAL, a method to assess customer satisfaction for service industries, which started a stream of research on service quality measurement that continues to this day. Their measurement involved the difference between customers’ perceptions and expectations based on five generic dimensions: tangibles, reliability, responsiveness, assurance and empathy.

Research based on this framework has been applied to the restaurant industry by Stevens (1995), who created DINESERV from SERVQUAL with some encouraging results. Although the SERVQUAL framework has been pursued with some enthusiasm in various service industries, empirical support for the suggested framework has not always been encouraging. Cronin and Taylor (1992) suggested that service quality can be predicted adequately by using perceptions alone. In addition, Carman (1990) suggested that in specific service situations it might be necessary to delete or modify some of the SERVQUAL dimensions. Teas (1993) argued that measuring the gap between expectations and performance can be problematic.

When SERVQUAL, consisting of the five original dimensions, was originally conceptualized by PZB (1988), it was used to assess four organizations – a bank, a credit card company, a repair and maintenance organization, and a long distance phone service carrier. In these industries customers typically develop long-term relationships with just one organization. Moreover, PZB did not distinguish these organizations on the basis of experience, search, and credence criteria (Zeithaml and Bitner, 2003, p. 36). Each of these services is also a “pure type” with little or no physical products exchanging hands. In the restaurant industry, only a part of the offering is a service which is intangible and heterogeneous, and where the production and consumption of the product cannot be separated. In addition, customers

expect and desire a variety of food selections and places to frequent, and typically develop a “consideration set” which is a cluster of restaurants that they patronize on a rotating basis (Neal, 1999).

In this mixed product-service context and where service assessments are largely experience based (as opposed to healthcare or auto repair organizations where service assessments are credence based), we contend that all five original dimensions of SERVQUAL need not be included. For example, the assurance and empathy dimensions originally suggested in the SERVQUAL framework may not be of great significance for the following reasons: Assurance is defined as employees’ knowledge and courtesy and their ability to inspire trust and confidence. This particular dimension of service quality is significant largely for credence based industries such as healthcare, legal services, or auto repair, that have a higher degree of risk per purchase and where the outcome of the service encounter is neither easy to predict, nor well understood. In the restaurant industry, the customer’s risk is low given the purchase price, the outcome of the service, and the alternatives available. Hence assurance is not likely to be as important in this industry. Moreover, the use of scale items such as “you felt safe in your transactions with the restaurant” or “the behavior of employees instilled confidence in you” (both derived from SERVQUAL) simply did not seem appropriate for the restaurant context. Yet we acknowledge that elements of assurance – knowledge and courtesy – are important, but may have contextually modified meanings as we shall subsequently argue.

Similarly, empathy is defined in the SERVQUAL literature as the individualized caring attention that is displayed to each customer. This dimension is more applicable to industries where “relationship marketing” as opposed to “transaction marketing” is critical to the organization’s survival. These types of industries need personnel that can offer “high technical” advice and/or develop important business alliances where empathy can play a vital role. However, the need to demonstrate empathy in the context of restaurants, especially for contact personnel such as a server in a busy dinner rush when one is typically waiting on 20 or more people at a time, may be fleeting at best. Customers also do not want a doting server providing personal attention when all they want is to enjoy the food and the company. At the same time, scale items such as “the restaurant gives you individual attention” or “the restaurant had your best interest at heart” (derived from SERVQUAL) seemed inappropriate for the context. Why else would customers be there when a variety of other alternatives are available? Instead, reliable and responsive services may be more desirable for restaurants when provided in a pleasing environment.

Reliability has been regarded as the most critical factor for US customers based on both direct measures and importance weights derived from regression analysis (PZB, 1988). The SERVQUAL literature identifies reliability as the ability to perform promised services dependably and accurately. For the restaurant industry, reliability translates into the freshness and temperature of the food (the promise), and receiving the food error-free and as ordered the first time (dependably and accurately).

Interestingly, these aspects or measures of reliability could also be interpreted to represent “food quality” (provided fresh, at the right temperature, and error-free). In this regard, we were surprised at our inability to uncover any previous research on food quality. Considerable research has been conducted over whether people desire fish more than chicken and/or vice versa. Menu design and the number of appropriate items on a menu has also been extensively researched and reported in the trade literature. However, what attributes of “food quality” restaurant goes desire most has received little attention. It is probable that the “chain” restaurants have conducted their own research, but have not shared this information due to proprietary rights. We interpret this dimension interchangeably as “reliability” or “food quality” because of the common features as explained above and hypothesize that:

H1a. The more reliable the service provided by the restaurant, the greater the level of customer satisfaction, or

H1b. The higher the level of food quality, the greater the level of customer satisfaction.

Responsiveness, as defined by the SERVQUAL literature, is identified as the willingness of the staff to be helpful and to provide prompt service to the customer. In full service restaurants, customers expect the servers to understand their needs and address them in a timely manner. For this dimension, we propose that:

H2. The more responsive the service provided by the restaurant, the greater the level of customer satisfaction.

Product quality

Because the “product offering” for a full service restaurant is likely to be assessed by evaluating an actual product (the meal) and by where it is delivered (physical place), we decided to separate the tangibility dimension in SERVQUAL into its two aspects: food quality and the physical design/décor of the restaurant. The former has been discussed earlier along with reliability.

From the perspective of physical design, environmental psychologists suggest that individuals react to places with two general, and opposite, forms of behavior: approach or avoidance (Mehrabian and Russell, 1974). It has been suggested that in addition to the physical dimensions of a business attracting or deterring selection, the physical design of a business can also influence the degree of success consumers attain once inside (Darley and Gilbert, 1985). This involves research on the “servicescape” (Bitner, 1992) which is the “built man-made environment” and how it affects both customers and employees in the service process. Thus, we propose that:

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

Price

The price of the items on the menu can also greatly influence customers because price has the capability of attracting or repelling them (Monroe, 1989), especially since price

functions as an indicator of quality (Lewis and Shoemaker, 1997).

The pricing of restaurant items also varies according to the type of restaurant. If the price is high, customers are likely to expect high quality, or it can induce a sense of being “ripped off.” Likewise, if the price is low, customers may question the ability of the restaurant to deliver product and service quality. Moreover, due to the competitiveness of the restaurant industry, customers are able to establish internal reference prices. When establishing prices for a restaurant, an internal reference price is defined as a price (or price scale) in buyers’ memory that serves as a basis for judging or comparing actual prices (Grewal *et al.*, 1998). This indicates that the price offering for the restaurant needs to be in accord with what the market expects to pay by avoiding negative deviation (i.e. when actual price is higher than the expected price). We propose that:

H4. The less the accordance of the actual price with expectations (negative deviation), the lower the level of customer satisfaction.

Research method

Research design

Secondary sources were explored first to assess past research conducted on customer satisfaction in the restaurant industry. The next stage involved gathering information via qualitative methods from restaurant goers. This process allowed us to identify and narrow down the key factors and the related items comprising the factors that were expected to explain customer satisfaction for the restaurant industry. The next step involved designing and pre-testing a questionnaire that was administered to a convenient sample. The pre-test was instrumental in assessing the strengths and weaknesses of the questionnaire and in ensuring that all pertinent variables were included. At this stage, several modifications were made to the instrument to remove ambiguities, to eliminate items that did not seem to fit the context (e.g. feeling safe in one’s transactions with restaurants), and to improve the flow of the questions. The final version was administered to a representative sample in a test-market city in Pennsylvania.

Measurement

The questionnaire asked respondents to evaluate the last full service restaurant they had frequented. It included perceptual measures that were rated on seven-point Likert scales. This design is consistent with prior studies on customer satisfaction and service quality. Each scale item was anchored at the numeral 1 with the verbal statement “strongly disagree” and at the numeral 7 with the verbal statement “strongly agree.” Multiple items were used to measure each construct so that their measurement properties could be evaluated on reliability and validity. The scale items measuring the dependent variable were chosen to reflect people’s overall satisfaction with the services provided by the restaurant (see Appendix). Demographic data were also obtained from the respondents.

We did not use the gap score approach that measures the difference between perceptions and expectations suggested in the original SERVQUAL framework due to the problems

discussed earlier in the paper; instead we only focused on perceptual measures, which also helped to keep the instrument and the analyses simple. This approach is consistent with other studies (Cronin and Taylor, 1992; Andaleeb and Basu, 1994).

Sampling

Respondents were selected by utilizing a table of random numbers applied to the local telephone directory, which resulted in mailing out 600 surveys. Respondent anonymity was ensured by not requiring them to identify themselves anywhere in the survey. In addition, respondents were asked to return the completed surveys by mail in a postage paid envelope. Respondents were also informed that the study was being conducted by a well-known local college.

A total of 85 questionnaires were completed and returned by mail, resulting in a response rate of 14 percent. Such rates are not atypical: according to Harbaugh (2002, p. 70), “Response rates for traditional mail surveys have continued to decline to a point where the average is below 20%.” We might have been able to increase the response rates using follow-up mailings or including monetary incentives as these seem to maximize response rates (Larson and Chow, 2003). However, because of resource constraints, such measures had to be abandoned. Instead, to increase the sample size to more than 100, an additional 34 restaurant users were interviewed using judgment sampling to eliminate potential biases and to select respondents from a wide spectrum. This approach resulted in a final sample size of 119 respondents. The sample demographics indicated that a broad cross section of the population responded.

Analyses

Factor analysis was conducted with varimax rotation to examine how the selected measures loaded on expected constructs. Four factors were recovered from the analysis (see Table I). The Eigenvalue of each factor was greater than one. The total cumulative variation explained by factor analysis was 72.4 percent. The factor structure did not fully emerge as expected. For example, responsiveness measures loaded on one single dimension but included measures from assurance (knowledge of menu) and tangibles (server’s appearance was neat) (see Appendix). The justification for including these items in “responsiveness” is elaborated in the discussions.

Table II contains the summary statistics, as well as the reliability coefficients and correlations among the variables included in this study.

Reliability

The reliability of each multiple-item scale was assessed by coefficient alpha indicated in the diagonal of Table II. Reliability analyses showed that the internal consistency of each of the four explanatory constructs in the study was relatively high and considered to be very good because, according to Nunnally (1978), the alpha value should be 0.70 or higher.

Validity

The results in Table II provide support for discriminant validity because the correlation between one scale and another

Table I Factor analysis of independent variables with varimax rotation (extraction method: principal component analysis)

	Responsiveness 1	Food quality/reliability 2	Physical design 3	Price 4
Attentive	0.855	0.261	0.148	-0.066
Helpful	0.836	0.270	0.121	-0.047
Prompt	0.807	0.141	0.098	-0.128
Neat appearance	0.793	0.088	0.313	0.156
Understood needs	0.788	0.384	0.136	-0.121
Courteous	0.744	0.355	-0.022	-0.166
Knowledge of menu	0.714	0.313	0.259	-0.050
Exact order	0.213	0.821	0.090	-0.136
Order error-free	0.247	0.810	0.049	-0.128
Fresh	0.346	0.723	0.228	-0.062
Temperature just right	0.342	0.671	0.095	0.077
Lighting appropriate	0.147	0.067	0.880	-0.102
Adequate parking	0.025	-0.040	0.778	-0.181
Clean	0.309	0.213	0.704	0.138
Décor appealing	0.198	0.290	0.618	0.231
Expensive	-0.117	-0.060	0.008	0.900
Paid more than planned	-0.081	-0.126	-0.044	0.879
	Eigenvalue	% of variation	Cumulative %	
Factor 1	7.29	42.88	42.88	
Factor 2	2.03	11.98	54.86	
Factor 3	1.65	9.71	64.57	
Factor 4	1.33	7.83	72.41	

Table II Descriptive statistics, correlations and reliability coefficients

Variables	SAT	RSPNSV	PHYS DESIGN	FOOD QL/REL	PRICE	\bar{x}	s
Satisfaction (4)	<i>0.9</i>					5.88	1.24
Responsive (7)	0.72	<i>0.93</i>				5.6	1.17
Tangibles (4)	0.31	0.41	<i>0.77</i>			5.69	0.94
Food quality (4)	0.57	0.61	0.32	<i>0.83</i>		5.86	1.07
Price (2)	-0.39	-0.19	-0.05	-0.27	<i>0.78</i>	3.03	1.61

Notes: Figures in italics represent reliability coefficients; figures in parentheses indicate the number of items measuring each construct; $p < 0.05$; the last two columns indicate means and standard deviation

is not as high as each scale's coefficient alpha (Gaski and Nevin, 1985).

Results

Multiple-regression analysis was used with the four factors as independent variables to test the model for customer satisfaction (see Table III). The full model was found to be significant as indicated by the overall F -statistic ($p < 0.000$). The regression model explained 56 percent of the variation in the dependent variable, satisfaction, as indicated by the adjusted R^2 value. Three of the four factors had a significant effect on customer satisfaction. These include responsiveness ($b = 0.566$; $p < 0.000$); food quality/reliability ($b = 0.231$; $p < 0.025$); and price ($b = -0.186$; $p < 0.000$). The "physical design and appearance" dimension ($b = 0.006$, $p < 0.94$) was not significant. The results suggest that our modified model explains customer satisfaction in the restaurant industry reasonably well.

The standardized beta values suggest that responsiveness has the greatest impact on customer satisfaction. Price and food quality (or reliability) were also determined to be significant, having an impact on customer satisfaction in that order.

Discussion

This study tested a model of customer satisfaction for the restaurant industry using the transaction-specific framework. The results suggest that our model satisfactorily explains customer satisfaction and that full service restaurant owners and managers should focus on three major elements – service quality (responsiveness), price, and food quality (or reliability) – if customer satisfaction is to be treated as a strategic variable and enhanced.

From the results, it was determined that the "responsiveness" dimension of service quality was most important to customers. This multiattribute dimension

Table III Multiple regression results (dependent variable: satisfaction)

Variables	Unstandardized coefficients	Std error	Standardized coefficients	t-value	Significance $p <$
Constant	1.891	0.584		3.24	0.002
Responsiveness	0.566	0.087	0.523	6.49	0
Food quality/reliability	0.231	0.089	0.203	2.6	0.011
Physical design	0.006	0.087	0.005	0.08	0.938
Price	-0.186	0.047	-0.246	-3.93	0

Notes: $F_{4,113} = 38.85$; $p < 0.001$; Adj $R^2 = 0.56$

encompasses all the personal contact attributes of the employees with the customers including whether the employees were prompt, courteous, knowledgeable, neat in appearance, helpful, attentive, and understood customer needs (see Appendix). It is instructive to note that courtesy and knowledge of the menu, generally considered as assurance items, loaded with measures of responsiveness. In the restaurant business, one could easily look upon a server who is knowledgeable about the menu to be able to “respond” to customer requests or questions effectively; hence it could arguably be seen as a responsiveness item. Similarly, being courteous is how customers want contact personnel to “respond” to their presence – hence explaining its links to responsiveness.

Interestingly, a server’s appearance (neatness) also loaded with responsiveness and not with the “physical design” items (i.e. tangibles). Whether this was due to the fact that our measures of tangibles included only one employee feature (as in SERVQUAL) and four restaurant features, or whether neat employees again represent how customers expect personnel to be (i.e. respond) in their presence is a moot question and demands additional investigation. In fact, as past studies have suggested (Carman, 1990; Andaleeb, 1998; Andaleeb and Simmonds, 1998), our results seem to corroborate that strict adherence to specific measures (such as SERVQUAL) in different contexts may not be appropriate. As a specific example, it may be perfectly reasonable for employee knowledge to be categorized as an assurance item in a high-risk credence-based context such as medical or legal services, but as a responsiveness item in a lower-risk experience-based context such as dining out, suggesting that contexts can change meanings of subjective measures. This contention ought to be recognized and further addressed by researchers so that reasonable interpretations of measures can prevail over the need to adhere to popular models or to traditional interpretations of measures that may be considered by some as immutable.

From a managerial perspective, it is important to develop appropriate programs and provide on-going training on the various attributes of responsiveness to strengthen employees’ ability to improve customer service. Although easy to suggest, instilling these qualities in the frontline personnel and gaining their commitment can be challenging. However, if full service restaurants want to deliver high levels of customer satisfaction, they could periodically track staff performance on the seven items that measure “responsiveness.” By doing so, supervisors and owners of restaurants can design targeted

training programs that encourage employees to instill this dimension of service quality.

Based on the standardized regression coefficients, price expectation was determined to be next in importance in influencing customer satisfaction. The negative beta value suggests that when prices are not in accordance with expectations (with negative deviation), customer satisfaction declines. As our secondary research suggested, restaurant customers typically have internal reference prices stored in their memories (Grewal *et al.*, 1998). Consequently, if prices on the menu are higher than what the customer expects, customer satisfaction will be adversely affected. It is important, therefore, for restaurants to assess competitive prices and customers’ reference prices for a selected segment in which they desire to position their offering.

Based on the regression coefficients and the standardized beta values the construct “food quality” or reliability ranked third in importance. At first glance, this finding was a little surprising because food – the meal – is considered the primary purpose for dining out. Perhaps, restaurants have refined the science of food preparation to the point where this is not the distinguishing factor any more. In other words, restaurants are doing such a good job in this area that this is not the principal factor in a person’s decision to select a restaurant. Future studies ought to test this contention.

Curiously, although the exploratory analysis and the secondary research supported it, the physical design of the restaurant did not have a significant effect on customer satisfaction as shown by the regression coefficients. We were puzzled when this factor turned out to be insignificant because the substantial research that has been conducted on atmospherics or physical designs of restaurants and other facilities substantiate the validity of including this factor in the model. Perhaps the physical characteristics of a restaurant work through some other mediating variable to explain customer satisfaction; this should be explored in future research. In this regard, Zeithaml and Bitner (2003, p. 98) suggest that most companies combine tangibles with another dimension to develop service strategies; however, firms that do not attend to tangibles “can confuse and even destroy an otherwise good strategy”.

We believe our model for assessing customer satisfaction in the full service restaurant industry is a useful one. We also believe that if restaurant owners truly want to gain a competitive edge, they must continually strive to increase the levels of customer satisfaction by emphasizing the three significant factors discerned in this study and as suggested by the transaction-specific model.

Future research

The coefficient of determination (adjusted R^2) in our model suggests that we consider additional factors to explain overall satisfaction with the full service restaurant experience. Two such factors come to mind upon post hoc reflection: one is that our focus on food quality was rather limited and that the four measures that were selected may not be reflective of the array of considerations that may go into customer assessment of food quality (or reliability). This factor by itself would seem to require additional study and is likely to vary with the type of restaurant one visits and with the demographic profiles of customers. Clearly, this is an area that could be substantially enriched to explain customer satisfaction.

The second area that we believe requires further study is the assumption that the primary reason people go to restaurants is for the meal. This view may not hold true for those full service restaurant visitors whose main purpose is to transact business or to enjoy the company of cherished others (friends, family, spouse, etc.). The extent to which these restaurants are able to facilitate transactions or create conditions in which people are able to enjoy the company of others may also be important determinants of customer satisfaction that may need to be included in future models of customer satisfaction. By considering these aspects, it may be possible to provide deeper insight into the factors that full service restaurant owners and managers need to stress in their total offering.

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Appendix. Measures of constructs (Likert scales: strongly agree-strongly disagree)

Responsiveness

- Employees were attentive.
- Employees were helpful.
- Service was prompt.
- Server's appearance was neat.
- Employees understood your needs.
- Server was courteous.
- Server had knowledge of the menu.

Food quality/reliability

- You received exactly what you ordered the first time.
- Your order was served error-free.
- The food was fresh.
- The temperature of the food was just right.

Physical design and appearance

- Lighting in the restaurant was appropriate.
- Adequate parking was available.
- The restaurant was clean.
- The décor was visually appealing.

Price

- Food items were expensive.
- You paid more than you had planned.

Satisfaction

- Overall, you were satisfied with your dining experience.
- You would return to the restaurant in the future.
- You would recommend the restaurant to others.
- Considering the type of restaurant, the quality of service was excellent.

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Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of the article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.

Customer satisfaction in the restaurant industry: an examination of the transaction-specific model

A father's well-meant advice to his daughter, who was looking at career options, was: "Go into the catering industry. Everybody's got to eat." If she took the advice, she may now be working in one of the most fiercely-competitive industries where the customer has enormous choice and where, to survive, management has to understand the dynamics of how those customers decide how much to spend, where and what to eat.

Understanding why people go out to eat is also essential, and it's certainly not just because they're hungry and haven't the time or inclination to eat at home, or are away from home and dependent on restaurants. Socializing and doing business also come into the frame.

That being the case, restaurants must consider the extent to which they can facilitate these business transactions, and social gatherings. The food, of course, has to be enjoyable, well-presented and value-for-money; yet, important and essential as it is, the meal is no longer considered the primary reason why people visit a restaurant.

The reason for the meal not being crucial in selecting where to eat may be that restaurants have been doing such a good job in food preparation that it is no longer a distinguishing factor between many of them.

Focusing on customer satisfaction sounds a sensible starting point for designing the business for optimum custom, especially when you bear in mind that a disgruntled customer can become a saboteur, dissuading other potential customers away from a particular service provider. But what is customer satisfaction, and to what extent do its component parts (price, ambience, quality of the meal, helpfulness of the staff) combine to build "service quality"?

Syed Saad Andaleeb and Carolyn Conway, who studied the flourishing restaurant industry in the USA, see service quality as something that is built up as a result of various experiences of customer satisfaction – "service quality could be viewed as the whole family picture album, while customer satisfaction is just one snapshot."

Of great importance to customers is the responsiveness of the service – the ingredients of which include staff being

prompt, courteous, knowledgeable, neat in appearance, helpful, attentive and understanding of customer needs.

Andaleeb and Conway comment: "It is important to develop appropriate programs and provide ongoing training on the various attributes of responsiveness to strengthen employees' ability to improve customer service. Although easy to suggest, instilling these qualities in the frontline personnel and gaining their commitment can be challenging.

"However, if full service restaurants want to deliver high levels of customer satisfaction, they could periodically track staff performance on the seven items that measure 'responsiveness.' By doing so, supervisors and owners of restaurants can design targeted training programs that encourage employees to instil this dimension of service quality."

Prices vary according to the type of restaurant and if the price is high, the quality must also be high or a sense of being "ripped off" may be induced. Many customers have perceptions of what a restaurant is likely to charge, and if the prices are higher than they expect, customer satisfaction is adversely affected. Conversely, low prices could result in potential customers questioning the ability to produce the meal and service they require. It is important, therefore, for restaurants to assess competitive prices and customers' reference prices for the selected segment in which they want to operate.

(A précis of the article "Customer satisfaction in the restaurant industry: an examination of the transaction-specific model". Supplied by Marketing Consultants for Emerald.)