

Customer loyalty in the specialty restaurants: An example from Istanbul

Asst. Professor MURAT DOGDUBAY, Ph.D.
Balikesir University, Turkey

Professor CEVDET AVCIKURT, Ph. D.
Balikesir University, Turkey

Adress:
Balikesir University
Tourism and Hotel Management School
(Turizm Isletmeciligi ve Otelcilik Y.O)
Cagis Kampus / Balikesir/ Turkey

Tel: 90-266-612 13 55
Fax: 90-266-612 13 57

e-mail: murat_dogdubay@yahoo.com
e-mail: cevdet_avcikurt@yahoo.com

Table of Contents

Abstract	3
1. Introduction	4
2. Definition And Dimensions Of Loyalty	5
3. Measurement Of Loyalty	6
4. Building Relationships With Customers In Services	6
5. Research And Results	8
5.1 Research Objectives	8
5.2 Research Method	8
5.3 Results	9
6. Conclusions	11
References	12

Abstract

In today's changing world, every business is trying to achieve competitive advantage, increase customer loyalty and improve efficiency. With more choices for the ever more demanding customers, restaurant businesses face the some intense competition. The purpose of this study is to identify attributes of customer loyalty for the specialty restaurants in Istanbul.

A sample of specialised restaurants in Istanbul is surveyed using a structured questionnaire. Results show that few factors play an important role in customer loyalty. Strategies for restaurants managers to increase customer loyalty, thus customer retention, are provided as well as future research suggestions.

Keywords: customer loyalty, restaurants, word of mouth, service industry

1. Introduction

Customer loyalty has become the key strategic goal for many service enterprises, including hospitality businesses. Restaurant owners and managers realize that loyal customers are worth a great deal more than just casual customers—even if those once-in-awhile customers (Mattila 1998).

Estimates demonstrate that businesses typically lose about 50 per cent of their customers every five years. Quality service seminars are often introduced with statistics regarding the extensive negative word of mouth resulting from dissatisfied customers compared to much fewer “*positive referrals from satisfied customers*” (Mack et al. 2000).

As most restaurants are mature and competition is fierce, customer loyalty and retention are vital for success. Customer loyalty is a prime determinant of long-term financial performance of the restaurant operators. Increased loyalty can substantially increase profits in the service industry restaurants, in particular (Reichheld 1996, Gremler and Brown 1999, Tsauro et al. 2002). A study carried out by Reichheld and Sesser (1990) indicated that a five per cent increase in customer retention led to a 25 to 125 per cent increase in nine service-industry groups. Kivela et al., (2000) argue that restaurant managers need to recognise their dependence on repeat customers. Loyal customers provide predictability, security and prosperity for those involved in the business.

Achieving customer satisfaction, and thus loyalty, is the primary goal for most service businesses. Increased customer satisfaction and customer loyalty (retention) leads to improved profits, positive word-of-mouth, more stable customer base, and lower marketing expenditures (Woodside and Moore 1987, McDougall and Levesque 2000, Bowen and Chen 2001, Tsauro et al. 2002, Wirtz 2003, Petrick 2004). It has been argued that it can be five or six times more expensive to obtain a new customer than to retain one (Rosenberg and Czepial 1984, McIlroy and Barnett 2000). It has been argued that loyal customers tell 12 people, on average about the hotel for which they feel loyal and almost 20 per cent of these people claim that they would definitely mention their favourite hotel to their friends and colleagues (Shoemaker and Lewis, 1999). On the other hand, upset customer have been claimed to tell 10 to 20 people about their bad experiences with a service business. (Mattila 2001). Therefore, considerable time and money is being spent in many service organisations to develop strategies to retain customers. According to McIlroy and Barnett (2000) typically, about 80 per cent of revenue in the hospitality industry comes from only 20 per cent of the customers. It should therefore, make sense to concentrate most marketing resources on this 20 per cent. However, the problem for managers is that the most financially rewarding 20 per cent may not actually be the loyal customers.

Customer loyalty may be a simple main effect of customer satisfaction. Yet, satisfaction does not convert always to loyalty. Customer satisfaction is a necessity for loyalty, but satisfied customers may not become loyal customers (Bowen and Shoemaker, 1998, Spiteri and Dion, 2004, Auh and Johnson 2005). Satisfaction is a measure of how well a customer's expectations are met while customer loyalty is a measure of how likely a customer is to repurchase and engage in relationship activities (McIlroy and Barnett 2000). Services, on the other hand, can vary in the quality and value provided to customers. Thus, there may be differences in customer satisfaction, which, in turn, creates differences in customer loyalty.

Some of the reasons for failure in turning satisfaction into loyalty may not be related to satisfaction or loyalty. Visitors who do not regularly visit a particular area, for instance, cannot be loyal to a particular restaurant in that area simply because they never return to the area (Shoemaker and Lewis 1999). Other people may be price sensitive and try other restaurants if they make better offers. Moreover, some customers may desire novelty although they are satisfied with a particular restaurant. Therefore, it may be stated that although

keeping customers satisfied is important, loyal customers are more valuable than satisfied customers. (Bowen and Shoemaker 1998).

A loyalty program of any restaurant aims at getting and keeping customers. The aims of a business specializing in loyalty programmes may include as follows (Dunn 1997, cited in Shoemaker and Lewis 1999):

- maintain market share,
- get valuable customers,
- retain and increase valuable customers,
- upgrade high value customers,
- maintain a significant group of moderate value customers; and
- form an opportunity cost through a competitor.

Gremler and Brown (1999) claim that service organisations including restaurants may consider loyal customers as a kind of extended or part-time salesforce. They suggest that managers reward a loyal customer who repeatedly recommends the business to others by giving personal recognition to the customer; providing price discounts not available to other customers; providing other types of rewards, such as service upgrades, extended or additional services and directly compensating those customers whose recommendations result in new customers for the organisation.

2. Definition and dimensions of loyalty

A loyal customer is a customer who repurchases from the same service provider whenever possible, who continues to recommend and who maintains a positive attitude towards the service provider (Bloemer et al. 1999, Gremler and Brown 1999, Shoemaker and Lewis 1999, Kandampully and Suhartanto 2000). According to Jones and Sasser (1995), customer loyalty is defined as a feeling of attachment to or affection for a company's products, services and people. Loyalty is a long-term commitment to repurchase involving both repeated patronage and favourable attitude (Dick and Basu 1994, Stank et al. 1999). In a business context loyalty can be defined as a customer's commitment to do business with a particular organisation, purchasing their goods and services repeatedly, and recommending the services and products to other people (McIlroy and Barnett 2000). According to Nguyen and Leblanc (2001), loyalty truly exists when the customer resists pressures to switch to another brand. Weiner (2000) argues that service providers desire customer loyalty, because a consumer that has an "*attitudinal and behavioural commitment*" to a service business may repurchase even if they are dissatisfied with the last experience.

Differences occur between frequency and loyalty programmes. McMullan and Gilmore (2003) point out that frequency programmes often do not take into account which phase the customer is at within his or her development of loyalty. Frequency programmes usually offer a number of rewards dependent upon the frequency and level of purchases, but in that case, customers focus on the rewards rather than products or brands. In other words, loyalty programmes aim to build an emotional attachment to a service brand while frequency programmes focus on building repeat business. Therefore, the difference between frequency and loyalty programmes may force the businesses to follow different tactics (McMullan and Gilmore (2003)

As for dimensions of loyalty, it has been argued that there are two dimensions to customer loyalty: behavioural and attitudinal (Backman and Veldkamp 1995, Kandampully and Suhartanto 2000, Petrick and Sheila 2002). On the other hand, Ruyter et al., (1998) suggest that there are three dimensions of service loyalty as preference loyalty, price indifference loyalty and dissatisfaction response.

According to Butcher et al., (2001) excluding repeat purchase, four dimensions of loyalty can be distinguished in the service literature: *1- positive word-of-mouth, 2- resistance to switch, 3- identifying with the service and 4- preference for a particular service provider.*

3. Measurement of Loyalty

Bowen and Chen (2001) argue that there are three distinctive approaches to measure loyalty: *1- behavioural measurements, 2- attitudinal measurement, and 3- composite measurements.* The behavioural measurements refer to a customer's repetitious purchase behaviour as an indicator of loyalty for a service or brand (Bowen and Shoemaker 1998, Kandamully and Suhartanto 2000, Bowen and Chen 2001). Attitudinal measurements consider emotional and psychological attachment or commitment and switching cost (Baloglu 2002). This dimension is a key indicator of customer loyalty. The third approach includes combination of the first two dimensions in which loyalty is measured by preferences, frequency of purchase or visits, and propensity of brand-switching (Bowen and Chen 2001). This measurement approach may be accepted to be a valuable tool to define customer loyalty for service businesses.

A number of studies on loyalty have confirmed that there are four types of loyalty based on the degree of repurchase and the degree of attachment (Dick and Basu 1994, Griffin 1995, Baloglu 2002, Whyte 2002, Petrick 2004). These may be classified as *1- low (or no) loyalty, 2-spurious (or artificial) loyalty, 3- latent loyalty, and 4- high (true) loyalty.* This classification can be useful as marketers try to build or retain loyalty and attract a high percentage of "*truly loyal*" customers. Thus, different strategies for building and developing loyalty can be easily implemented.

Low (or no) loyalty demonstrates weak or low levels of both attitudinal attachment and repeat patronage (Baloglu 2002). Brand switching is common for low-loyalty groups which are highly volatile and susceptible. These customers are usually not influenced by any loyalty programme. Any effort to attract non loyal customers can usually create only short-term benefits.

Spurious (or artificial) loyalty exists when a consumer has a strong preference for or attitude toward a restaurant's brand and frequently visits that restaurant, even though they are not emotionally attached to the brand. This outcome could occur if no alternatives are available in a category or if choice is made strictly on past experiences and habits (Javalgi and Moberg 1997). Frequency programmes for services can usually create spurious loyalty but it may be possible to move customers from spurious loyalty to true loyalty through a well designed loyalty programme.

Latent loyalty occurs when customers purchase the service infrequently, even though they feel a strong emotional attachment to the service. Situational factors can determine repeat purchase (Lewis 1999). For example, customers may wish to visit a particular restaurant, but may infrequently visit there due to a desire for a variety in food or a lack of disposable income.

Customers with high or true loyalty are characterised by a strong attitudinal attachment and high repeat patronage (Baloglu 2002). This type of loyalty would obviously be the ultimate goal for service marketers including restaurants as this loyalty is most resistant to competitors' offerings, and has total commitment and strong feeling of attachment.

4. Building relationships with customers in services

To comprehend customer loyalty in specialty restaurants, investigating the characteristics of services is the important along with the importance of building relationships with customers. Characteristics of services include intangibility, heterogeneity, inseparability, and perishability (Parasuraman et al. 1994). Services are intangibles, they cannot be measured,

counted and inventoried. Although restaurants provide food, they also provide intangibles such as the speed of delivery and the reliability of delivery. Feelings, attitudes, expectations and perceptions become more important in services. Services are not homogeneous, the level of service performance varies from customer to customer, dependent on expectations and perceptions of people. Inseparability refers to the consumption of services taking place at the same time as they are produced, often on the premises of the service organisation. Services are highly perishable, they cannot be saved since services are performances, time cannot be held over for future sale. (Parasuraman et al. 1994).

Customers cannot evaluate service quality easily because of these characteristics of services. As restaurants offer services, service quality and loyalty become a very important issue. Clark and Wood (1998) report that the quality and range or type of food are key determinants in restaurant choice and customer loyalty. In this study, tangible rather than intangible factors are identified as being of greater importance in customer loyalty.

Front line employees are who are in customer contact in a powerful position to influence buying decisions, particularly in services where there are few tangibles which customers can use in evaluates alternatives. Such employees become, in effect, the most tangible evidence of the quality of the service organisation and its products (Buttle 1989). Therefore, attracting and retaining the right employees in service organisations including restaurants become an important issue. In terms of attracting and retaining the right employees, (Reichheld 1996, cited in Ahmad and Buttle 2002) argues that employees who are not loyal are unlikely to build an inventory of customers who are loyal. Long serving employees generate following economic effects:

- they can reduce total hiring and training costs of the business;
- they may be more efficient at finding and recruiting the best customers;
- they retain customers through the production of better services and value;
- they are generally sources of customer and employee referrals.

Shoemaker and Lewis (1999) argue that managers frequently fail to see the link between customer loyalty and employee satisfaction, and employee satisfaction and profits. The highest customer retention is related to the best employee retention. Treating service employees like customers will encourage employees to stay with the business. Moreover, it will also influence the way employees treat guests. Therefore, the restaurant operators have to take a strategic approach to human resources.

The goal of any relationship strategy is to make customers loyal and maintain relationships with customers and other stakeholders (O'Malley and Prothero 2004). Marketing to protect and strengthen an existing customer base has become increasingly important in a wide variety of service industries since it has been recognised that long-term relationships with existing customers are less expensive to maintain than the effort to create new customers (Long and Schiffman 2000). Building relationships with customers or *customer relationship marketing (CRM)* require understanding the specific needs and preferences of customers and marketing, staffing, and merchandising to meet those needs. The key objectives of building relationships with customers are to increase operational and marketing efficiency, customer loyalty, and long-term profitability.

Building relationships with customers is particularly important for service operators. For example, a restaurant can provide fabulous food to its customers who still may experience overall dissatisfaction if the service employee provides poor service. Employees of service organisations must be aware of the effect they can have on a customer's perception of service quality and satisfaction. Chebat and Slusarczyk (2005) point out contact employees need to be trained to deal with customers complaints and should be aware of the emotional consequences of specific cues. Therefore, training needs to be provided by restaurant companies to "*instill relationship fostering skills in their employees*" (Javalgi and Moberg 1997).

The extent of customer loyalty demonstrates the likelihood of a customer's visiting a particular restaurant and that customer's willingness to behave as a partner to that restaurant. The future of a guest and firm relationships will probably depend on the commitment and restaurant managers should measure commitment as well as repeat patronage. Commitment can be defined as the belief that an ongoing relationship is so significant that the partners are willing to work at maintaining the relationship and are willing to make short-term sacrifices to realise long-term benefits (Rylander et al. 1997, Bowen and Shoemaker 1998). Bowen and Shoemaker (1998) found in their study that benefits and trust are the most important antecedents to guests' commitment. Commitment can also be defined as an emotional or psychological attachment to a brand (Beatty et al. 1998). As Oliver (1993) argues consumption emotions influence both satisfaction and repeat patronage but the emotions in a restaurant vary by type and intensity and can be created by restaurant products and services.

When investigating customer loyalty in restaurants, consider the relationship between image and loyalty. A restaurant or firm's image is an important variable that positively or negatively influences marketing activities and may have a significant impact on guests' visiting decisions (Kandampully and Suhartanto 2000).

Various studies indicate that a good image or reputation of a firm helps to increase the firm's sales and its market share, and to establish and maintain a loyal relationship with customers. A favourable firm image can influence repeat patronage (Nguyen and Leblanc 2001). Rooney (1995) argues that one of the first steps in maintaining customer loyalty is to build and sustain a positive brand image. The image is not only based on a name but also based on a total product concept that includes colours, symbols, words and slogans, with a clear consistent message. Customers may know the existence of the brand with the help of a brand image. The brand image plays a significant role in product choice as customers try to reinforce their self-image by buying products that are consistent with their self-image (Tepeci, 1999). For product differentiation in the service industry, the branding process itself may be considered as the starting point.

5. Research and Results

5.1 Research objectives

The objectives of this research have been to:

- identify characteristics of the customers eating in specialised restaurants
- classify the customers according to loyalty segments
- identify attributes that lead customers to become loyal to specialty restaurants and determine importance-performance ratings of loyalty factors
- provide strategies to restaurant managers to increase customer loyalty.

5.2 Research method

The research was carried out during the summer of 2008 by means of a self-administered structured questionnaire.

This study sampled 14 out of 50 well-known restaurants randomly. These restaurants are all among the group specialty restaurants in Istanbul, where most of the restaurants serve Turkish-Ottoman cuisine. The Turkish-Ottoman restaurants often satisfy customers' needs for food and beverage items that may be unavailable at home. Both atmosphere and food quality are equally important for this type of restaurant. A numbered list of all 50 specialty restaurants was created (restaurant number one, restaurant number two, and so forth). Then, sorted numbers with a range from 1 to 50 were generated. For this purpose, a web site, www.randomizer.org/form.htm, was used. A total of 250 questionnaires in 14 restaurants were distributed, of which 141 questionnaires were completed. The rate of return was 56.4 per cent.

Statistical analyses such as frequencies and the mean scores were used according to the research objectives.

A Likert-type scale, which may be accepted as a common research method in social sciences, was employed in this study (Ryan and Garland 1999). Respondents were asked to give a score to each of the 31 attributes on levels of loyalty importance and loyalty performance separately using a 7-point Likert-type scale ranging from not at all important (1) to extremely important (7) and from terrible (1) to excellent performance (7), respectively.

5.3 Results

The first section of the study included characteristics of respondents as shown in *Table 5.3.1*. More than half of respondents were male and were married. An important part of the respondents were between the ages of 31 and 40, with some college education and above. Respondents were also asked how many times they had dined in the restaurant. Thirty-seven and six-tenths per cent of the respondents noted that they had not dined there before. Thirty-five and four-tenths per cent of the respondents stated that they had dined there more than 4 times. This may indicate that the customer profile of the specialty restaurants is quite different from other restaurants and may have more loyal customers than other types of restaurants.

As for the purpose of the dining visit, both respondents who had and respondents who had not dined there before stated that they had come “*just to eat out*” (72.5 per cent and 45.8 per cent respectively). Since an important part of the customers consider the restaurant as a place to eat-out, it may be stated that they are more price conscious.

Table 5.3.1 here

The second section examined customer loyalty classification of respondents who had dined there before. Respondents were asked to indicate their opinions on the four statements related to loyalty classification.

As can be seen in *Table 5.3.2*, 32.9 per cent of respondents state that though they do not feel loyal to the restaurant but they come there often. They may be classified as spuriously or artificially loyal customers. As Javalgi and Moberg (1997) point out this could occur if there were no alternatives in a category. With a well-designed loyalty programme, restaurants can elevate their customers from spurious loyalty to the true loyalty.

Thirty-one and eight-tenths per cent of respondents feel loyal to the restaurant and frequently patronize it. As pointed out by Baloglu (2000) high or true loyal customers have a strong attitudinal attachment and total commitment. They will create positive word of mouth and they may be less price sensitive (Petrick 2004). Restaurant managers may try to maintain and increase the number of their loyal customers.

On the other hand, 23.5 per cent of respondents indicate that they feel loyal to the restaurant but that for various reasons they do not go there often. They may be defined as latent loyal customers. As situational factors can determine repeat purchase, restaurants may try to improve their products or services which they can control.

Eleven and eight-tenths per cent of respondents state that they do not feel loyal to the restaurant and that they do not frequently go there. This group can be classified as low or no loyal customers. As brand switching is common for this group, any effort to attract them can usually generate only short-term benefits.

Table 5.3.2 here

From the results, it may be concluded that all four segments require different business and marketing approaches but the main goal for the restaurants must be eventually to attract a high percentage of “truly loyal” customers as argued by Morrison (1989).

In the third section, participants were asked to determine what attributes lead customers to become loyal to the restaurants and to rate how the restaurant performed on a specific attribute. A total of 31 characteristics under the 5 subheadings (*Food Quality, Service Quality, Ambiance, Convenience and Overall-everything included*) were developed to build customer loyalty in this study.

Table 5.3.3 indicates the average responses of the restaurant customers. Tasty food, fresh food and overall cleanliness were mentioned in the survey as the most important attribute that would advance customer loyalty (*mean scores= 6.2*). It indicates that respondents tended to feel that it was extremely important. Nutritious/healthy food was considered as the second most important factor that would affect their loyalty with a mean of 6.1, signifying that respondents considered it very important. Similarly, an important part of respondents stated that variety in the menu, proper food temperature, consistent standard in food quality and friendly/polite/helpful staff were other important determinants that would boost their loyalty (*mean scores= 6.0*). Price/value for money was also a key determinant in customer loyalty and the performances of the restaurants concerning price/value for money were found out to be unsatisfactory. On the other hand, consistent standard in service quality was ranked as the least important attribute that would affect restaurant choice/customer loyalty in this study. This indicates that most of the respondents felt that consistent standard in service quality in a rating of all 31 characteristics with a mean of 3.1 did not have much of an influence in their decision to dine out. Professional staff and appearance of the other customers were also considered as less important attributes that would advance customer loyalty (*mean score= 4.9*).

Performance-importance analysis is extremely important but many significant research issues and gaps currently exist (Garver 2003). Comparing importance and performance rankings has been used in this study as indicators of restaurant customer satisfaction and loyalty. As for the importance and performance scores of the restaurants, the customers perceived that the restaurants performed well on consistent standard in service quality with a positive mean gap score (+2.9), while the restaurant performed worse on nutritious/healthy food and variety in the menu with a negative mean gap score (-0.4).

A product may consist of both physical products and services (Thelen and Woodside 1992). It should be noted that service quality is more difficult for customers to evaluate than product quality and customers compare their expectations with actual service performance and service quality (Parasuraman et al. 1994). In this study, restaurant product and food quality were identified as being of greater importance in customer loyalty than restaurant service and service quality (intangible factors). According to Clark and Wood (1998) the quality and range or type of food were key determinants in restaurant choice and customer loyalty. Therefore, it may be stated that this study supports Clark and Wood’s statement.

Results show that restaurant customers were pleased with their overall experiences. Average scores of importance-performance rates are the goals for the restaurant managers who wish to develop and maintain continuous loyalty among customers.

Table 5.3.3 here

6. Conclusions

A number of studies have indicated the significance of customer loyalty in service industries. This study has examined customer loyalty in the specialty restaurants and has aimed to identify the features that build loyalty and evaluate the current performance.

Keeping customers is important. High retention is correlated with high profitability (Reichheld and Sasser 1990, Bowen and Shoemaker 1998, Bowen and Chen 2001). Petrick (2004) has proposed that loyal customers are good visitors as they are likely to visit in the future and provide free advertising. As the restaurant industry matures and competition becomes strong, customer loyalty is of primary importance.

It should be stated that there is no single type of loyalty programme that is appropriate for all restaurants. Different types of restaurants require different approaches to the development of loyalty programmes but it may be emphasised that as the relationship between customers and restaurant get closer, loyalty levels may rise. Therefore, the fair treatment of customers, meeting their needs and expectations and adding value to services have played a significant role in building relationships which may result in customer loyalty.

Results from this study indicate that all features of a restaurant establishment are not equally important to the customer. It was found that four specific features (tasty food, fresh food, overall cleanliness and nutritious/healthy food) were the most important factors determining customer loyalty. As Bessier (1998) argues, the fact that healthy foods are seen as important may reflect a trend towards “natural” and “farm fresh” products.

From a practical perspective, some other outcomes and realistic solutions can be drawn from this study:

- Various marketing aspects of the restaurant operation such as product, price, place and promotion, people, process and physical appearance may directly affect the restaurant's image and loyalty. Therefore, these variables need to be managed and marketed in accordance with the restaurant's image. From the research results, it can be argued that specialty restaurant managers should emphasize nutritious/healthy and fresh food options on their menus. They should also eliminate any perception of food-safety risk in their own operations in order to ensure that their customers believe that they are committed to nutritious/healthy food and food safety.

- Building strong brands is essential for the restaurant business as strong brands enable the restaurant operators to charge premium prices as well as to foster customer loyalty.

- Restaurant managers may consider ways that might enhance the customer's emotional ties to the restaurant brand. Therefore, the restaurant brand needs to be differentiated from its competitors. One way to achieve this goal may be to provide and encourage relationship training for front-line employees particularly. Reducing employee turnover may also enable restaurant managers to develop familiarity and interpersonal bonds with customers.

- As “word of mouth recommendations” are important information sources, restaurant managers need to create a positive word-of-mouth advertising by encouraging their guests to promote the restaurant and tell their family, friends and other people about the restaurant.

- From the findings of the study it is evident out that restaurant managers need to recognise their dependence on repeat customers. Moreover, restaurant managers should try to create an extremely loyal customer who dines in the restaurant, likes it, thinks very highly of it and does not dine in another restaurant.

- Restaurant managers may develop and measure the benchmark scores for the attributes that would boost customer loyalty and compare them with similar restaurants.

- Finally, it is proposed that future research may be conducted to find out customer loyalty factors in other types of restaurants besides specialty restaurants. Thus, customer loyalty measures may be compared to those of other types restaurants and strategies may be inferred.

References

- Ahmad, R. and F. Buttle. 2002. Customer retention management: a reflection of theory and practice. *Marketing Intelligence and Planning* 20 (3): 149-161.
- Auh, S. and M.D. Johnson. 2005. Compatibility effects in evaluations of satisfaction and loyalty. *Journal of Economic Psychology* 26: 35-37.
- Backman, S.J and C. Veldkamp. 1995. Examination of the relationships between service quality and user loyalty. *Journal of Park and Recreation Administration* 13 (2): 29-41.
- Baloglu, S. 2002. Dimensions of customer loyalty: separating friends from well wishers. *Cornell Hotel and Restaurant Administration Quarterly* (February): 47-59.
- Beatty, S.E., P Homer and L.R. Kahle. 1988. The involvement commitment model: theory and implications. *Journal of Business Research* 16 (2): 149-167.
- Bessier J. 1998. Local development and heritage: traditional food and cuisine as tourist attractions in rural areas. *European Society for Rural Sociology* 38 (1): 21-34.
- Bloemer J, K Ruyter and M Wetzels. 1999. Linking perceived service quality and service loyalty: a multi- dimensional perspective. *European Journal of Marketing* 33 (11/12): 1082-1106.
- Bowen, J.T and S.L Chen. 2001. The relationship between customer loyalty and customer satisfaction. *International Journal of Contemporary Hospitality Management* 13 (5): 213-217.
- Bowen, J.T and S. Shoemaker. 1998. Loyalty: a strategic commitment. *Cornell Hotel and Restaurant Administration Quarterly* 2 (February): 12-35.
- Butcher, K, B Sparks and F O' Callaghan. 2001. Evaluative and relational influences on service loyalty. *International Journal of Service Industry Management* 12 (4): 310-327.
- Buttle F.1989.Marketing services. In *Management in Service Industries*, ed. Peter Jones, 234-259. London, UK: Pitman Publishing.
- Chebat, J.C and W. Slusarczyk. 2005. How emotions mediate the effect of perceived justice on loyalty. *Journal of Business Research* 58: 664-673.
- Clark, M.A and R.C Wood. 1998. Consumer loyalty in the restaurant industry – a preliminary exploration of the issues. *International Journal of Contemporary Hospitality Management* 10 (4): 139-144.
- Dick A.S and K. Basu.1994. Customer loyalty: toward an integrated conceptual framework. *Journal of Academy of Marketing Science* 22 (2): 99-113.
- Garver, MS. 2003. Best practices in identifying customer-driven improvement opportunities. *Industrial Marketing Management* 32: 455-466.

- Gremler DD and SW Brown. 1999. The loyalty ripple effect appreciating the full value of customers. *International Journal of Service Industry Management* 10 (3): 271-291.
- Griffin J. 1995. *Customer loyalty: How to earn it and how to keep it*. San Francisco: Jossey – Bass Publishers.
- Javalgi, RG and CR Moberg.1997. Service loyalty: implications for service providers. *The Journal of Services Marketing* 11 (3): 165-179.
- Jones, T.O and E.W Sasser. 1995. Why satisfied customers defect. *Harvard Business Review* 73 (6): 88-99.
- Kandampully, J, and D Suhartanto. 2000. Customer loyalty in the hotel industry: the role of customer satisfaction and image. *International Journal of Contemporary Hospitality Management* 12 (6): 346-51.
- Kivela J, R Inbakaran R and J Reece . 2000. Consumer research in the restaurant environment. Part 3: analysis, findings and conclusions. *International Journal of Contemporary Hospitality Management* 12 (1): 13-30.
- Long M.M and L.G Schiffman. 2000. Consumption values and relationships: segmenting the market for frequency programs. *Journal of Consumer Marketing* 17 (3): 214-232.
- Mack R, R Mueller, J Crotts and A. Broderick. 2000. Perceptions, corrections and defections: implications for service recovery in the restaurant industry. *Managing Service Quality* 10 (6): 339-346.
- Mattila, AS. 1998. Emotional bonding and restaurant loyalty. *Cornell Hotel and Restaurant Administration Quarterly* (December): 73-79.
- Mattila, AS. 2001. The effectiveness of service recovery in a multi-industry setting. *Journal of Services Marketing* 15 (7): 583-596.
- McDougall, GHG and T. Levesque. 2000. Customer satisfaction with services: putting perceived value into the equation. *Journal of Services Marketing* 1: 45-51.
- McIlroy A. and S. Barnett.2000. Building customer relationships: do discount cards work? *Managing Service Quality* 10 (6): 347-355.
- McMullan, R and A. Gilmore. 2003. The conceptual development of customer loyalty measurement: A proposed scale. *Journal of Targeting, Measurement and Analysis for Marketing* 11 (3): 230-243.
- Morrison, AM.1989. *Hospitality and Travel Marketing*. New York: Delmar Publishers.
- Nguyen N, G. Leblanc. 2001. Corporate image and corporate reputation in customers' retention decisions in services. *Journal of Retailing and Consumer Services* 8: 227-236.

- Oliver, R.L. 1993. Cognitive, affective and attribute base of the satisfaction response. *Journal of Consumer Research* 20: 418-430.
- O'Malley L and A. Prothero. 2004. Beyond the frills of relationship marketing. *Journal of Business Research* 57: 1286-1294.
- Parasuraman A, V.A. Zeithaml and L.L Berry. 1994. Reassessment of expectations as a comparison standard in measuring service quality: Implications for further research. *Journal of Marketing* 58: 111-124.
- Petrack J.F, S.J Backman.2002. An examination of golf travelers' satisfaction, perceived value, loyalty, and intentions to revisit. *Tourism Analysis* 6 (3/4): 223-237.
- Petrack J.F. 2004. Are loyal visitors desired visitors? *Tourism Management* 25: 463-470.
- Reichheld, F.F and W.E. Sasser. 1990. Zero defections: quality comes to services. *Harvard Business Review* 68: 105-111.
- Reichheld, F.F. 1996. *The Loyalty Effect*, Boston: Harvard Business School Press.
- Rooney, J.S. 1995. Branding: a trend for today and tomorrow. *Journal of Product & Brand Management* 4 (4): 48-55.
- Rosenberg L. and J. Czepial. 1984. A marketing approach for customer retention. *Journal of Customer Marketing* 1: 45-51.
- Ruyter K.D, M. Wetzels and J. Bloemer. 1998. On the relationship between perceived service quality, service loyalty and switching costs. *International Journal of Service Industry Management* 9 (5): 436-453.
- Ryan C. and R. Garland. 1999. The use of a specific non-response option on Likert-type scales. *Tourism Management* 20: 107-113.
- Rylander D., D. Strutton and L.E.Pelton. 1997. Toward a synthesized framework of relational commitment: Implications for marketing channel theory and practice. *Journal of Marketing Theory and Practice* 5 (1): 58-71.
- Shoemaker S. and R.C. Lewis.1999. Customer loyalty: The future of hospitality marketing. *Hospitality Marketing* 18: 345-370.
- Sparks B., J. Bowen and S. Klag.2003. Restaurants and the tourist market. *International Journal of Contemporary Hospitality Management* 15 (3): 6-13.
- Spiteri J.M. and P.A Dion.2004. Customer value, overall satisfaction, end-user loyalty, and market performance in detail intensive industries. *Industrial Marketing Management* 33: 675-687.
- Stank T.P, T.J. Goldsby and S.K. Vickery. 1999. Effect of service supplier performance on satisfaction and loyalty of store managers in the fast food industry. *Journal of Operations Management* 17: 429- 447.

Tepeci M. 1999. Increasing brand loyalty in the hospitality industry. *International Journal of Contemporary Hospitality Management* 11 (5): 223-229.

Thelen E.M and A.G. Woodside. 1997. What evokes the brand or store? Consumer research on Accessibility theory applied to modeling primary choice. *International Journal of Research in Marketing* 14: 125-145.

Tsaur S.H, Y.C. Chiu and C.H Huang. 2002. Determinants of guest loyalty to international tourist hotels—a neural network approach. *Tourism Management* 23: 397-405.

Weiner B. 2000. Attributional thoughts about consumer behavior. *Journal of Travel Research* 27: 382-387.

Whyte R. 2002. Loyalty marketing and frequent flyer programmes: Attitudes and attributes of corporate travelers, *Journal of Vacation Marketing* 9 (1): 17-34.

Wirta J. 2003. Halo in customer satisfaction measures. The role of purpose of rating, number of attributes and customer involvement. *International Journal of Service Industry Management* 14 (1): 96-119.

Woodside A.G and E.M Moore. 1987. Competing resort hotels word-of-mouth communication and guest retention. *Tourism Management* 8 (4): 323-328.

5.3.1 Characteristics of the respondents (n=141)

Variable	Frequency	Percentage	Valid Percent	Cumulative Percent
Gender				
Male	73	51.8	52.1	52.1
Female	67	47.5	47.9	100.0
Missing	1	0.7		
Marital Status				
Single	60	42.6	42.6	42.6
Married without children	29	20.6	20.6	63.1
Married with children	44	31.2	31.2	94.3
Single parent	2	1.4	1.4	95.7
Empty nester	6	4.3	4.3	100.0
Age				
0-25	28	19.9	20.1	20.1
26-30	30	21.3	36.7	41.7
31-40	51	36.2	7.9	78.4
41-50	14	9.9	20.1	88.5
51-60	11	7.8	36.7	96.4
Over 60	5	3.5	7.9	100.0
Missing	2	1.4		
Education				
Less than high school	17	12.0	12.3	12.3
High school	38	27.0	27.5	39.9
Some college but not graduate	18	12.8	13.0	52.9
College graduate	30	21.3	21.7	74.6
Post graduate	35	24.8	25.4	100.0
Missing	3	2.1		
How many times dined in this restaurant?				
Not dined there before	53	37.6	37.6	37.6
Once	5	3.5	3.5	41.1
2 times	17	12.1	12.1	53.2
3 times	9	6.4	6.4	59.6
4 times	7	5.0	5.0	64.5
More than 4 times	50	35.4	35.4	100.0
Purpose of dining visit? (respondent who not dined there before)				
Celebration	4	7.5	7.8	7.8
Business	2	3.8	3.9	11.8
Family get together/night out	3	5.7	5.9	17.6
Just to eat out	37	69.8	72.5	90.2
Other	5	9.4	9.8	100.0
Missing	2	3.8		
Purpose of dining visit? (respondent who dined there before)				
Celebration	9	10.2	10.8	10.8
Business	9	10.2	10.8	21.7
Family get together/night out	20	22.7	24.1	45.8
Just to eat out	38	43.2	45.8	91.6
Other	7	8.0	8.4	100.0
Missing	5	5.7		

5.3.2 Customer loyalty classification of respondents (respondent who dined there before)

Variable	Frequency	Percent	Valid Percent	Cumulative Percent
I don't feel loyal to this restaurant and I don't come here often	10	11.8	11.8	11.8
I don't feel loyal to this restaurant but I come here often	28	32.9	32.9	44.7
I feel loyal to this restaurant but I don't come here often for various reasons	27	23.5	23.5	68.2
I feel loyal to this restaurant and I come here often	20	31.8	31.8	100.0
Total	85	100.0	100.0	

5.3.3 Average scores of importance-performance ratings of loyalty factors

Feature	Importance Average ¹ (n=141)	Standart Deviation	Performance Average ² (n=141)	Standart Deviation	Gap	t test	Sig 2-tailed
A. Food Quality							
Garnished food	5.7	1.8	5.6	1.4	-0.1	-0.25	0.803
Nutritious/healthy food	6.1	1.5	5.7	1.3	-0.4	-2.701	0.008
tasty food	6.2	1.6	5.9	1.3	-0.3	-1.715	0.089
variety in the menu	6.0	1.7	5.6	1.3	-0.4	-2.252	0.026
fresh food	6.2	1.7	5.9	1.4	-0.3	-1.601	0.112
proper food temperature	6.0	1.8	5.8	1.4	-0.2	-1.110	0.269
consistent standard	6.0	1.2	5.9	1.3	-0.1	-0.932	0.353
B. Service Quality							
friendly/polite/helpful staff	6.0	1.7	6.2	1.2	+0.2	1.450	0.149
knowledgeable staff	5.8	1.8	6.1	1.2	+0.3	1.467	0.145
speed of service	5.9	1.6	6.0	1.4	+0.1	0.459	0.647
service style	5.9	1.8	6.0	1.4	+0.1	0.412	0.681
consistent standard	3.1	2.4	6.0	2.3	+2.9	13.620	0.000
professional staff	4.9	2.3	5.9	1.3	+1.0	4.329	0.000
C. Ambiance							
brand name/fame	5.0	2.0	5.6	1.3	+0.6	3.883	0.000
overall comfort	5.9	1.5	5.7	1.3	-0.2	-1.142	0.255
quiet atmosphere	5.7	1.7	5.7	1.4	0.0	0.426	0.671
view from the restaurant	5.4	1.8	5.2	1.6	-0.2	-0.697	0.487
overall cleanliness	6.2	1.7	6.0	1.2	-0.2	-0.822	0.412
privacy in the restaurant	5.9	1.6	5.9	1.2	0.0	-0.335	0.738
appearance of the restaurant	5.5	1.7	5.7	1.3	+0.2	1.799	0.074
appearance of the staff	5.7	1.6	5.9	1.2	+0.2	1.115	0.267
appearance of the other customers	4.9	2.0	5.8	1.2	+0.9	5.315	0.000
temperature of the restaurant	5.8	1.5	5.7	1.4	-0.1	-0.429	0.669
background music	5.5	1.8	5.7	1.6	+0.2	0.894	0.373
D. Convenience							
Location	5.6	1.7	6.0	1.3	+0.4	2.341	0.021
ease of reservation	5.7	1.7	5.9	1.3	+0.2	0.964	0.337
ease of parking	5.0	2.2	5.2	2.0	+0.2	0.965	0.336
overall timing	5.0	2.2	5.6	1.6	+0.6	3.077	0.003
children friendliness	5.2	2.1	5.7	1.5	+0.5	2.071	0.040
promotions/coupons	5.2	1.9	5.2	1.8	0.0	-0.315	0.754
price/value for money	5.9	1.5	5.7	1.3	-0.2	-1.113	0.267
E. Overall (everything included)							
	6.0	1.5	5.9	1.2	-0.1	-0.649	0.518

1. Importance average ranges from 1 (not at all important) to 7 (extremely important)
2. Performance average ranges from 1 (terrible) to 7 (excellent)