Determinants of Customer Satisfaction, Revisit Intentions and Word Of Mouth in the Restaurant Industry – Study Conducted In Selective Outlets of South Kolkata

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ABSTRACT: The hospitality sector in Bengal has witnessed a significant growth over the last decade. The colonial image of the city has been successfully replaced to a bustling marketplace. Locating an eatery in every main lane is no longer a rare site. Since the city is a hub of several eateries, reviewing customer feedback is essential for restaurant owners to continue with successful and profitable operations. The purpose of conducting this research is to examine how food quality, service quality, pricing and restaurant environment influence customer satisfaction. The level of satisfaction of a customer also impacts his revisit intentions and word of mouth. To attain the research objectives, necessary hypotheses are developed and tested. The results obtained are subsequently explained. Literature reviews are also included in this research to provide a better understanding of the influential factors on dining experience. The primary data was collected through 250 sets of self administered questionnaires which were distributed to customers of five popular casual dining restaurants of Kolkata. The restaurants were selected on the basis of Dineout ratings. By using SPSS (V.21), data collected through survey questionnaires is analyzed and tables and charts are prepared. Lastly, major findings of this research are discussed in order to understand the relationship between the different relevant variables in a restaurant.

I. INTRODUCTION

The restaurant business is a major component of India’s service sector. It makes a significant contribution to the GDP of the country and also has high manpower requirements. It is a huge impetus to other sectors like agriculture, food processing, supply chain, logistics and real estates. Kolkata has innumerable restaurants and many more coming up on an everyday basis. The exponential growth in terms of frequency of eating out and experimentation with cuisines and concepts has given the Food and Beverage services in the city a major boost. Growing awareness of Western lifestyles, smaller and nuclear families, higher disposable incomes, technological revolution and emergence of the mall culture are some of the factors that accelerated the sales of restaurants.

The growing changes in the hospitality sector also crafted the perspective of the modern consumer. The Indian consumer is no longer skeptical in spending money on experiential dining. Quick and personalized services, value for money, soothing atmosphere and healthy delicacies do not fail to capture a consumer’s interest. The rising competition in this business created the need to generate a unique offering and position in the mind of the consumer. Thus the servicescape elements need to be synchronized to induce an exclusive impact on the consumer’s subconscious mind.

Restaurant owners are well acquainted with the fact that satisfied customers are the most valuable assets to any business. The purpose of conducting this study is to examine the factors influencing food quality, service quality, pricing as well as restaurant ambience that influences customer satisfaction. The level of satisfaction of customers also impacts intentions to revisit and recommend the restaurant.

II. SIGNIFICANCE OF THE STUDY

Consumer satisfaction is an essential business issue as entrepreneurs have realized that favorable customer feedback is vital for long term sustainable operations. For hospitality and tourism, satisfaction has always been important. This study examines and analyses the satisfaction level of customers with reference to the restaurant business in Kolkata. It would help restaurateurs to employ the outcome to develop suitable
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A thorough analysis and evaluation of the available literature on the restaurant business was done by us for the study. The following table integrates and summarizes prior research work.

Table 3.1 - Tabulation of the variables studied by the various authors in the restaurant business

<table>
<thead>
<tr>
<th>S.No</th>
<th>Author(s)</th>
<th>Year</th>
<th>Variables Identified</th>
<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Carman and Langeard</td>
<td>1990</td>
<td>Price, product quality, service quality</td>
<td>The variables have a positive impact on customer satisfaction.</td>
</tr>
<tr>
<td>2</td>
<td>Bateson</td>
<td>1992</td>
<td>Reasons to dine out</td>
<td>Doing out is a technique to entertain guests and relax.</td>
</tr>
<tr>
<td>3</td>
<td>Cronin and Taylor</td>
<td>1992</td>
<td>Age, gender and income influences</td>
<td>Demographic characteristics have a major impact on customer perceptions.</td>
</tr>
<tr>
<td>4</td>
<td>Sheth and Parvatiyar</td>
<td>1995</td>
<td>Service, delivery, product and quality dimensions</td>
<td>The studied variables influenced customers' decision for restaurant selection.</td>
</tr>
<tr>
<td>5</td>
<td>Lee and Ulgado</td>
<td>1997</td>
<td>Food quality, pricing, portioning and presentation</td>
<td>The food served has a strong impact on the customers.</td>
</tr>
<tr>
<td>6</td>
<td>Guimaraes and Gremler</td>
<td>1998</td>
<td>Ambience, food and service quality, meal cost</td>
<td>The variables studied influenced a customer's decision to return to a restaurant.</td>
</tr>
<tr>
<td>7</td>
<td>Muller</td>
<td>1999</td>
<td>Concept based categories</td>
<td>A well defined concept is critical for the success of a restaurant.</td>
</tr>
<tr>
<td>8</td>
<td>Inbakkaran and Reece</td>
<td>1999</td>
<td>Satisfaction and repeat patronage</td>
<td>Satisfaction leads to repeat patronage in restaurants.</td>
</tr>
<tr>
<td>9</td>
<td>Harrington and Abeyarat</td>
<td>2000</td>
<td>Food type, quality and variety, atmosphere and location</td>
<td>Food is a key determinant to consumer consistency.</td>
</tr>
<tr>
<td>10</td>
<td>Sulek and Henley</td>
<td>2004</td>
<td>Food safety, quality, appeal, dietary acceptability, cleanliness</td>
<td>Food safety is most important for restaurant consumers.</td>
</tr>
<tr>
<td>11</td>
<td>Budwiar</td>
<td>2004</td>
<td>Hygiene, location, parking, music, quality, design and decor, food cost</td>
<td>The variables studied impact the success quotient and hence should be regularly monitored.</td>
</tr>
<tr>
<td>12</td>
<td>Mohsin</td>
<td>2005</td>
<td>Service quality, atmosphere, entertainment, value for money</td>
<td>There exists a direct relationship between customer satisfaction and business profits.</td>
</tr>
<tr>
<td>13</td>
<td>Qin and Pyburtok</td>
<td>2009</td>
<td>Food and service quality</td>
<td>The variables studied play a role in restaurant image and customer perceived value.</td>
</tr>
<tr>
<td>14</td>
<td>Chen and Hu</td>
<td>2010</td>
<td>Food quality, service and extra benefits</td>
<td>The variables studied influence a customer's perceived value.</td>
</tr>
<tr>
<td>15</td>
<td>Jiang</td>
<td>2010</td>
<td>Food and service quality</td>
<td>Good food and service quality increases the foot fall in restaurants.</td>
</tr>
<tr>
<td>16</td>
<td>Jasti and Han</td>
<td>2011</td>
<td>Conduct of the front staff</td>
<td>Human elements are a major contributor to both customer satisfaction and behavioral intentions.</td>
</tr>
</tbody>
</table>

Based on Table 3.1 it is evident that the key factors affecting customer satisfaction in the restaurant business can be grouped under four broad categories – Atmospherics, Food Quality, Service Quality and Pricing.

IV. RESEARCH GAP

The research done by us in the areas of hospitality and factors affecting a consumer’s satisfaction in restaurants gave us a meaningful insight into the variables that affect a consumer’s choice. Food quality, ambience, pricing and front staff behavior were found to be the prominent variables affecting customers’ perceived value, level of satisfaction and intention to revisit. However, sufficient research in the same domain has not been conducted in Kolkata. The behavioral pattern of the citizens of Kolkata regarding restaurant selection is still unexplored and not well defined. There are also restricted numbers of studies that analyse the influence of atmospherics on consumer satisfaction in restaurant business.

V. RESEARCH OBJECTIVES

The purpose of the study is to examine and evaluate the factors affecting customer satisfaction and management schemes in restaurants in Kolkata. It also aims to analyze how satisfaction levels influence a customer’s intentions to revisit and recommend a restaurant.

The specific objectives of the research are:

1. To examine the relationship between food quality, service quality, atmospherics, pricing and customer satisfaction.
2. To analyse the relationship between customer satisfaction and revisit intention.
3. To explore the relationship between customer satisfaction and word of mouth.

VI. THEORETICAL FRAMEWORK

6.1 Restaurant Industry in Kolkata – An Overview

Food is a big part of the Indian culture. It has always been something that Indians have bonded over. Indians take pride in eating home-cooked meals and thus the restaurant culture took a while to find a place in the country. The post liberalisation era witnessed an upsurge of restaurants in Kolkata. The several reasons responsible for this alteration were growth in disposable income, shrinking household sizes, a large young
population, women empowerment and changing lifestyles. Technological revolution, emerging mall culture, shorter supply chains and flexibility of operations further aggravated the pace of growth of restaurants.

Locating an eatery in every main lane of the city is not a rare site. Restaurants are no longer the traditional kinds with little or no focus on the ambience. The changing aspirations, choices and behavioral patterns of the consumers form an essential parameter, driving the perpetual transformation of the hospitality sector.

Despite the glamour associated with it, restaurant business is notoriously tough. Its seasonality, dependence on local markets and local tastes, intense competition and constant involvement required of entrepreneurs are just some factors that contribute to an absurdly high mortality rate.

6.2 Customer Satisfaction

Customer means the party to which the goods are to be supplied or service is to be rendered by the supplier or provider. Overwhelming customer demand for quality products and services has in recent years become increasingly evident for professionals in the hospitality sector. Competitors prospering in the new global economy recognized that measuring customer satisfaction is the key. Engel and Blackwell (1982) defined customer satisfaction as an evaluation that the chosen alternative is consistent with prior beliefs with respect to that alternative. It is a subjective concept which varies from one individual to another as every consumer possesses unique characteristics. The probability of engaging in a similar act increases if there are positive consequences or a feeling of pleasure associated with that particular action.

In the competitive hospitality sector customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. Restaurants wish to maximize the positive experience of a customer in order to increase his intentions of revisiting. The obvious need for satisfying the firm’s customer is to expand the business and gain a higher market share which would lead to improved profitability. It is hence a comprehensive domain which is the result of several inter-related variables impacting each other on an ongoing basis rather than a single variable.

6.3 Variables identified for the study

6.3.1 Food Quality and Customer Satisfaction

The most popular “quality” definition accepted by people working in the Food and Beverage Industry was developed by International Standardization Organization (ISO). It defined quality as “the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs”. According to Sulek and Hensley (2004) there is no consensus on the individual attributes that constitute food quality, thus all the food attributes are lumped together in only one variable that is food quality. Physically, the product may be perceived as good quality if it is presented with attractive packaging or informative labeling. Internally, food may be associated with quality if the ingredients are in a complete mixture of necessary raw materials.

6.3.2 Service Quality and Customer Satisfaction

Many restaurant operators attempt to offer a high quality of service that is beyond the expectation of their customers. This is because restaurateurs who provide great service and value are better evaluated by the customers. Consumers assess the service quality based on distinct dimensions such as promptness and politeness of the front staff, their responsiveness to special demands, appearance of personnel and willingness to help customers. Thus a sound understanding of the desired service quality is crucial for restaurants to maintain reliable customer relationship which is critical to business success.

6.3.3 Atmospherics and Customer Satisfaction

Customers are increasingly more aware of the ambience in which they are dining than they were before. This motivates restaurateurs to put efforts in designing and providing a more comfortable surrounding for customers. Kotler (1973) indicated that atmosphere of a restaurant can be as much important as the food itself. This is because the surrounding will create an expectation of dining experience even before the customer is served.

The restaurant ambience is influenced by several factors starting from the cleanliness and interior design of the eatery to the temperature and lighting. Music, aroma, cutlery used, table arrangement, noise level, fixtures and the colors used are some other factors that influence a restaurant’s atmosphere.

6.3.4 Pricing and Customer Satisfaction

The prices of a product or service can affect the degree of satisfaction among customers, because it has an associated sense of fairness. A customer’s perceptions of unfair prices lead to negative outcomes, such as: higher degree of dissatisfaction, lower levels of repurchase behavior, negative word of mouth, and increased customers’ complaints.
Since the frequency of dining out has increased, customers tend to get drawn to restaurants that are pocket friendly. The amount spent for each meal has witnessed a decline. Pricing of dishes has become a major challenge for restaurant owners because there are not only several eateries serving at similar price points but also consumers’ demand for affordable meals is at a huge surge.

6.4 Review of Relevant Theoretical Model
Kim, Ng, Kim (2009) conducted a study, the objectives of which were to investigate the relative importance of institutional DINESERV factors (i.e., food quality, atmosphere, service quality, convenience, and price and value) that affect customer satisfaction in the dining facilities of a public university in Midwest and to examine the influence of customer satisfaction on return intention and word-of-mouth. Factor analysis, ANOVA, correlation analysis, and multiple regression analyses were used to analyze the data. The findings showed that all Institutional DINESERV Dimensions had a significant positive effect on overall customer satisfaction and revisit intention. Figure 6.4.1 visualizes the same theoretical framework that investigates the relative importance of institutional DINESERV factors. This research model provides an insight to the foodservice managers and thus enhances the operational efficiency of restaurants. In addition, this model helps restaurant operators to determine the importance of DINESERV dimensions and allows them to focus on those factors that will contribute to customer satisfaction. It helps in making the restaurant business more profitable.

Figure 6.4.1 - Influence of Institutional DINESERV on Customer Satisfaction, Return Intention, and Word-of-Mouth

![Diagram](image)

Source: Kim, Ng, Kim (2009)

6.5 Proposed Conceptual Framework
The DINESERV dimensions that influence customer satisfaction towards revisit intention and word of mouth are reformulated in order to suit this study. The proposed conceptual framework shows the independent variables which include food quality, service quality, pricing and restaurant atmospherics. The sub variables under each independent variable are also elicited in the framework. The independent variables are directed towards customer satisfaction which influences customer’s intention to revisit the restaurant and word of mouth. Customer Satisfaction, revisit intention and word of mouth are the dependent variables in this research and of primary interest. It is postulated to help owners of eateries enhance the profitability of their restaurants.
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VII. RESEARCH METHODOLOGY

7.1 Research Design

The study conducted is descriptive and quantitative in nature. According to Carr (2010), descriptive research is used to describe the characteristics of a population or phenomenon. It involves the identification of a particular phenomenon’s attributes based on observational basis or through the exploration of correlation between two or more phenomenon. Quantitative research is used to collect data and examine the hypotheses and the relationship between independent and dependent variables.

7.2 Data collection methods

In this study, self-administered questionnaires have been used to collect primary data. The questionnaires will be distributed to customers in the selected restaurants as they are waiting to pay their bills and leave. It will measure participants’ perceptions of the restaurant environment, their level of contentment and their behavioral intentions. The questions are easy to understand and close ended. The content of the questionnaire is divided into four different parts. The first part elicits relevant personal information, such as participants’ name, age, gender and income. The second part has questions focusing on how often the consumer feasts out and under what circumstances. It will draw out general information with respect to dining out. The third part measures participants’ perceptions of the various elements in the restaurant – atmospherics, price, food and service. A five-point Likert scale range from 1 (lowest) to 5 (highest) will be used to measure consumer’s perception of the different dimensions. It will also be focusing on the experience the patron witnesses on that particular day. The fourth section has questions which measure participants’ behavioral intentions. Each behavioral intention will be a reflection of a customer’s willingness to revisit and recommend that eatery.

In this study several papers have been analysed and the online reservoir of articles have been thoroughly browsed to obtain secondary data to provide a clearer understanding of the topic.

7.3 Sampling Design

The five most popular restaurants as per Dineout Ratings in South Kolkata were selected for the study. The restaurants being Oh Calcutta, Peter Cat, Sigree Global Grill, I love Haldiram and Flavours of China. Dineout is a recent application which discovers new restaurants in a city. It eases the process of making reservations and also enables the consumers to drop in their valuable feedback on the basis of which they rate the eateries. All the selected restaurants fall in the category of casual dining. As the study mainly concentrates...
on customer’s preference and satisfaction, the customers who were served at these restaurants constituted the population for the study.

A total sample size of 250 respondents was chosen in order to complete the survey. The respondents were customers of the above mentioned five restaurants. Out of 250 questionnaires 228 were returned, in which 210 questionnaires were usable, which yields 84% response rate. The responses were collected during the period January to March’18.

**VIII. DATA ANALYSIS AND INTERPRETATION**

**8.1. Factor Analysis**

For our research, factor analysis is done separately for the main influencing factors in a restaurant business – atmospherics, service quality, price levels and food quality. This shall not only help in making the collected data more composite but also help in understanding customer perception towards every factor by correlating the various related variables.

A KMO Test is a measure of how suited the data is for Factor Analysis. The test measures sampling adequacy for each variable in the model and for the complete model. If the value for the KMO test is greater than 0.50 then factor analysis can be done for the same data set. It should also be significant at 5% level i.e. p value should be lesser than 0.05.

Based on table 8.1.1 it can be observed that the KMO measure is 0.874 which means that the variables under atmospherics are suitable for factor analysis. It is also significant at 5% level because p value is 0.000 which is lesser than 0.05. Table 8.1.2 concludes that 1 component was extracted after conducting a factor analysis for the various variables under atmospheric conditions. It can be presented as –

Component 1 – Atmospherics = Exteriors + Hygiene + Music + Tables + Aroma + Cutlery

Based on the above tables it can be concluded that the variables judging the outlook of customers towards price levels is suitable for factor analysis because the KMO measure is 0.60 which is more than 0.50. It also is significant at 5% level. It reveals that one component has been extracted hence the different variables can be summarized as-

Component 2 – Pricing = Value for Money + Price levels
According to Table 8.1.5 it can be concluded that the variables judging the outlook of customers towards service quality is suitable for factor analysis because the KMO measure is 0.718 which is more than 0.50. It also is significant at 5% level. Table 8.1.6 shows that one component has been extracted after conducting the factor analysis which reveals that customer outlook towards the various variables affecting the service dimension in the restaurants is strongly correlated. Since one component has been extracted hence the different variables can be summarized as –

Component 3 – Service Quality = Promptness + Politeness + Responsiveness

Based on the above tables it can be concluded that the variables judging the outlook of customers towards the food served in restaurants is suitable for factor analysis because the KMO measure is 0.883 which is more than 0.50. It is significant at 5% level as p-value is 0.00 which is lesser than 0.05. It also shows that one component has been extracted hence the different variables measuring customers’ opinion towards food served can be summarized as-

Component 4 – Food Variety and Quality = Diverse Menu + Presentation + Flavorful + Adequate Portion Size + Freshness

Hence after conducting a factor analysis the 16 variables have been grouped under 4 broad components which are – Atmospherics, Pricing, Service Quality and Food Variety and Quality.

8.2 Hypothesis Testing

**Hypothesis 1**

H$_{0}$: There is no relationship between atmospherics, service quality, pricing and quality of food served in a restaurant and customer satisfaction.

H$_{1}$: There is a significant relationship between atmospherics, service quality, pricing and quality of food served in a restaurant and customer satisfaction.

In order to prove the above stated hypothesis Chi Square Test shall be used. The chosen significance level is 0.05. Hence the null hypothesis is rejected if p-value is less than 0.05 and vice versa.
In the above tables the Pearson Chi-Square values are observed. The asymmetric significance value is less than 5% in the above tables and hence null hypothesis is rejected. This leads to acceptance of the alternate hypothesis which concludes that Atmospherics, Pricing, Service Quality and Food Variety and Quality of a restaurant does have a significant impact on customer satisfaction in the restaurant business.

**Hypothesis 2**

H\(_0\): Customer satisfaction and the intentions to revisit a restaurant are not related.

H\(_1\): Customer satisfaction and the intentions to revisit a restaurant are related.

In order to prove the above hypothesis the Chi Square Test of Independence shall be used. The two categorical variables are – customer satisfaction (1- Highly Dissatisfied, 2- Dissatisfied, 3- Neutral, 4- Satisfied, 5- Highly Satisfied) and revisit intentions (1- Yes, 2- No) – both being drawn from the same sample. The test shall determine whether there is a significant association between the two variables. For this analysis the chosen significance level is 0.05. Hence the null hypothesis is rejected if \( p \)-value is less than 0.05 and vice versa.

<table>
<thead>
<tr>
<th>Table 8.2.5 - Chi Square Test - Atmospherics* Customer Satisfaction</th>
<th>Table 8.2.2 - Chi Square Test - Pricing* Customer Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>P-Value</td>
</tr>
<tr>
<td>Pearson Chi-Square</td>
<td>830.032</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>438.002</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>210</td>
</tr>
</tbody>
</table>

In Table 8.2.5 it can be concluded that there is a strong association between customer satisfaction and revisit intentions. This is because \( p \) – value for Pearson Chi Square test is 0.00 which is lesser than 0.05. This leads to rejection of the null hypothesis and acceptance of the alternate hypothesis which states that there is a significant relationship between customer satisfaction and revisit intentions.

**Hypothesis 3**

H\(_0\): Customers’ intention to recommend the restaurant does not depend on their satisfaction level.

H\(_1\): Customers’ intention to recommend the restaurant depends on their satisfaction level.

The Kruskal-Wallis H test shall be used to prove the above hypothesis. The two variables taken for this test are - Intention to recommend (1- Yes, 2- No, 3- Not Sure) and Customer Satisfaction (1- Highly Dissatisfied, 2- Dissatisfied, 3- Neutral, 4- Satisfied, 5-Highly Satisfied). The former being the dependent variable and the latter being independent. For this analysis the chosen significance level is 0.05. Hence the null hypothesis will be rejected if \( p \)-value is less than 0.05 and vice versa.

<table>
<thead>
<tr>
<th>Table 8.2.6 - Kruskal Wallis H Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommend</td>
</tr>
<tr>
<td>Kruskal Wallis H</td>
</tr>
<tr>
<td>( p ) - value</td>
</tr>
</tbody>
</table>

In Table 8.2.6, the \( p \) – value for the Kruskal Wallis H test is observed. Since the \( p \) – value is 0.00 which is less than 0.05 hence the null hypothesis is rejected. This leads to acceptance of the alternate hypothesis which concludes that a customer’s intention to recommend the restaurant highly depends on their satisfaction level.
IX. FINDINGS

The key findings of this study can be summarized in the following points:

- Food quality, service quality, pricing and the atmospherics of a restaurant have a significant impact on customer satisfaction. Managers need to make constant efforts to provide a delicious and healthy meal at affordable prices to their customers. Polite behavior of the front staff and a comfortable inviting ambience also enhances customer satisfaction.

- On witnessing high quality experience at a restaurant, customers consider revisiting the same eatery as an option. Hence customer satisfaction and revisit intentions are positively related.

- A satisfied consumer is the best form of advertising that a restaurant can undertake. Hence high level of satisfaction of a customer strongly impacts intentions of recommending the restaurant.

X. FUTURE SCOPE

i. As only 210 questionnaires were analysed for this study, thus to increase the accuracy of the results future researchers may increase the sample size.

ii. The questionnaires were only distributed in five restaurants. Thus, it is advisable to include more restaurants for future research as it can also provide a wider perspective.

iii. Common variables such as promotion and brand can also be included in the framework in order to investigate whether customer get influenced by these factors.

iv. A similar study can be conducted in other forms of eateries like bistro’s, lounges, pizzerias, cafes etc.

XI. CONCLUSION

This study was conducted to gain a better understanding on customer satisfaction in restaurants by studying the factors of food quality, service quality, atmospherics and price. It fulfilled its objectives of identifying the relationship of the four variables towards customer satisfaction that leads to revisit intention and word of mouth. It might be useful for restaurant owners as it shall enable them to retain existing customers and acquire new ones.

REFERENCES


12.1 Web Links:

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- https://theaims.ac.in/resources/rise-of-the-restaurant-industry-in-india.html