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Alexandra Biriukova

Evaluation of the key determinants of customer loyalty in the restaurant industry

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<p>The purpose of the research was to evaluate the key determinants of customer loyalty in the restaurant industry.</p> <p>The theoretical part of this study consisted of marketing and branding literature. The main emphasis was on brand loyalty and its measurements.</p> <p>Both quantitative and qualitative research methodology were implemented in this study. The quantitative research data was gathered with the aid of a survey, with 120 responses collected. The qualitative research data consisted of three one-on-one interviews.</p> <p>As a result, it was discovered that food quality, service quality, friendliness of staff, price and general customer trust constitute the base for customer loyalty development. As the supplemental findings, it was determined that recommendations from family and friends and social media advertising are the most popular information channels in the restaurant context. Also, type of food was found to be the most influential factor when it comes to choosing a restaurant to dine at.</p> <p>By implementing the found information into a strategy, a restaurant business owner is recommended to focus on a particular cuisine or style of cooking in order to create an association between a particular type of food and the restaurant in the minds of the customers. Also, a solid online presence of a restaurant should become an essential part of a restaurant's marketing strategy. Another aspect worth investing in is the proper training of the personnel and development of a complaint handling system.</p>	
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1 Introduction

In the business world full of intense competition, the firm's main objective becomes not only increasing its sales and profits but also retaining existing customers. Particularly in the restaurant industry the cost of attracting a new customer is 5 to 25 times higher than the cost of keeping the existing customers (Gallo, 2014), and a small 5% increase in customer loyalty can bring a 25-95% increase in profits of the restaurant. (Reichheld and Schefter, 2000) Therefore, in order to prosper and outplay competition, the restaurants must develop a strategy focused on customer retention and increase of customer loyalty to their brand.

The subject of customer loyalty in the restaurants has been studied by multiple researchers in the past, but there have not been yet identified a theoretical framework, which would specify the factors that could guarantee the increase in restaurant customer loyalty. Customer loyalty is a concept based on emotions and feelings towards the brand, what makes it difficult to understand and measure mathematically.

The objective of this study is to find out what the key determinants of customer loyalty in the restaurant industry are. This research seeks to find valuable insights for the restaurant business owners by directly addressing the customers in a form of a survey and an interview. The findings cover such aspects of customer restaurant experience as the information search channels, sources of influence on decision making process, factors that the customer finds important for him to come back to the restaurant, interesting correlations between the results, self-evaluation as a loyal customer and the understanding of the concept of customer loyalty in general.

The conclusions made from the research may enable the restaurant businesses to create a methodology which will help them to increase their brand loyalty among customers and to reduce their exposure to competition.

2 Literature Review

To determine the main prerequisites of customer loyalty in the restaurant industry, it is first important to understand basic marketing and branding theories as well as the concepts of customer decision journey and brand loyalty.

2.1 Marketing

Kotler et al. (1999:7) discovered a commonality that all successful companies share - they are fully dedicated to sensing, serving, and satisfying the needs of a customer in the well-defined target markets. They are heavily committed to marketing and strongly customer focused. The researchers defined marketing as "a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others". (1999:15) In companies, marketing management makes decisions about several business aspects such as target segments, branding, packaging, pricing, promoting, and distributing. (1999:119) According to Porter, the main marketing objective is to achieve a sustainable competitive advantage, which can be done either through differentiation or through cost leadership. (1985:11)

Kotler and Armstrong (2010) created a diagram, illustrated by Figure 1, that presents the major activities involved in marketing operations.



Figure 1: Managing Marketing Strategies and the Marketing Mix (Kotler and Armstrong, 2010)

The goal of a customer-driven marketing strategy is to create value for customers and build strong profitable relationships with a customer. The company decides which customer group it will focus on (segmentation and targeting) and how (differentiation and positioning). Then, marketers define suitability of a product or service for a chosen target segment by applying marketing mix which consists of the four Ps of marketing: product, price, promotion, and place. To adopt the best marketing strategy and mix, the company conducts marketing analysis, planning, implementation, and control. Through these activities, the company monitors and adapts to the other parties and forces in the marketing environment, such as marketing intermediaries, competitors, publics, and suppliers. (Kotler and Armstrong, 2010:72)

2.2 The Consumer Decision Journey

Court et al. (2009) argue that "if marketing has one goal, it is to reach consumers at the moments that most influence their decisions." For this reason, marketers have always searched for the touch points, such as advertisements, conversations with family and friends, and product/service experiences, when consumers are most open to influence. These touchpoints are understood and monitored through the marketing funnel. Funnel analogy proposes that consumers narrow the initial consideration set as they compare their options, make decisions, and buy products. (Court et al., 2009) Businesses use marketing funnels to simplify the customer journey and make it easier for them to follow. The biggest benefit of a marketing funnel is its measurability – it shows directly at what stage the company is losing customers and helps to adjust the strategy. (Sprout Social, 2020)

Marketing funnel includes the following stages: "Awareness", "Interest", "Consideration", "Intent", "Evaluation", and "Purchase". Figure 2 presents the mentioned stages in a form of a funnel with additional description of each of the stages.

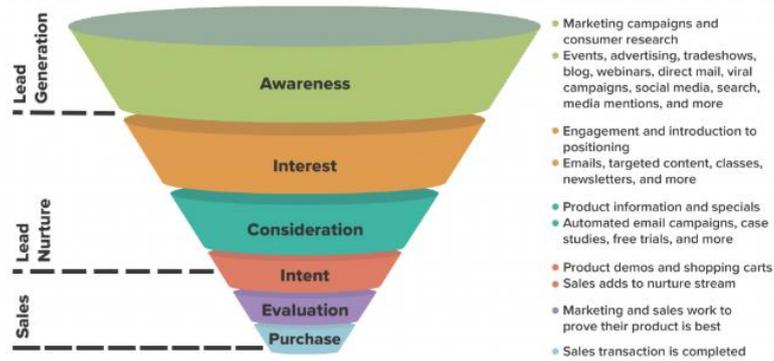


Figure 2: The Marketing Funnel. Adapted from TrackMaven. (2020)

The marketing funnel is followed by the customer experience funnel, the stages of which include "Repeat", "Loyalty", "Referral" and "Advocacy". This post-sale phase becomes a trial period determining customer loyalty to brands and their likelihood to purchase the products again. (Court et al., 2009)



Figure 3: The Customer Experience Funnel. Adapted from TrackMaven. (2020)

The Repeat stage deals with repetitive purchases, it requires marketers to improve retention and motivate customers to buy more. In the loyalty stage, which has the most relevance to this study, customers develop a preference for a brand, begin to identify with it and personalize products. This is the stage where marketers should emphasize the connection through community development, engagement, and outreach. The Referral stage suggests that the consumers become more likely to provide business referrals and recommend brand products to others. The ultimate stage of customer experience – the Advocacy stage – includes customers who write positive product reviews, post about products on social media, thus driving more new leads into the marketing funnel. (White, 2020)

Some experts believe that the marketing funnel is no longer relevant customer journey tool as the purchasing process is no longer linear. An alternative to the marketing funnel, according to Court et al. (2009), is a model which suggests that the decision-making process is a circular journey with four main phases: initial consideration; active evaluation; moment of purchase; and postpurchase experience. Figure 4 presents the model with a brief description of each stage.

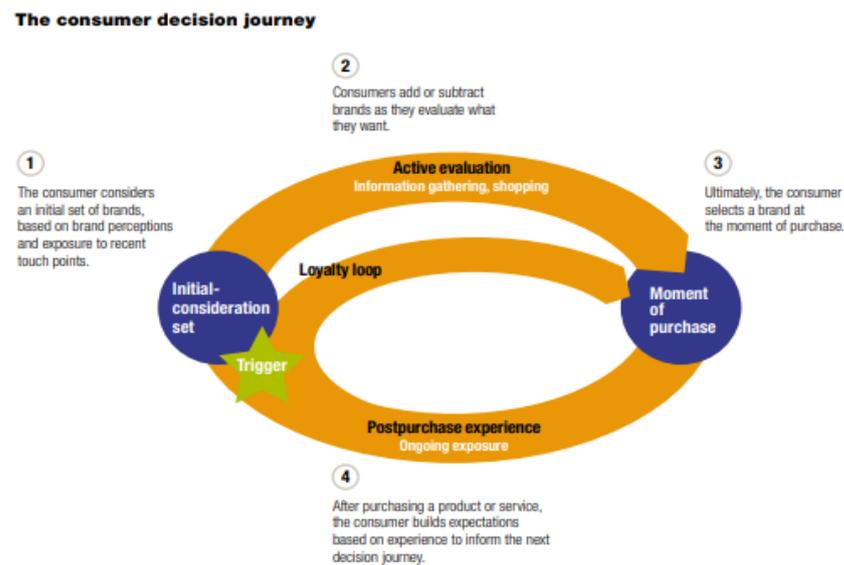


Figure 4: The Consumer Decision Journey. Adapted from McKinsey. (2009)

2.3 Branding

To increase their chances to be selected by a customer among the initial consideration set at the first stage of the consumer decision journey, for many organizations building strong brand identity becomes a marketing priority. The concept of branding is not new, it is older than marketing, but is nowadays considered to be a part of marketing processes.

The term originates from the Old Norse, the ancient North Germanic language, word *brandr* or "to burn" and refers to the practice of branding livestock in order to differentiate them. By the seventeenth century, it referred to a mark of ownership made by branding. The actual practice of branding livestock is approximately 4,000 years old. Since then, branding has evolved from farmers claiming their property to

companies claiming their products to differentiate them from the competition. (Holland, 2017)

Kotler and three coauthors defined branding as “a name, term, sign, symbol or design, or a combination of them which is intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors”.

(1999:571) According to Keller and Hoeffler (2003:552), the main branding attributes are brand name, logo and identity colors. A brand carries a specific set of features, benefits, and services to buyers. The main objective of branding is to develop a deep set of meanings and associations for the brand. (Kotler et al., 1999:572)

2.4 Brand Equity

Brands differ from one another in the amount of value and power they have in the market. A strong, powerful brand has high brand equity. David Aaker (1991:27) defined brand equity as “a set of assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or that firm’s customers”. He identifies components of consumer-based brand equity as name awareness, brand associations, perceived quality, other proprietary brand assets, and brand loyalty. The concept of brand equity is summarized in Figure 5. The five components are shown as being the basis of brand equity, together creating value for both the customer and the firm.

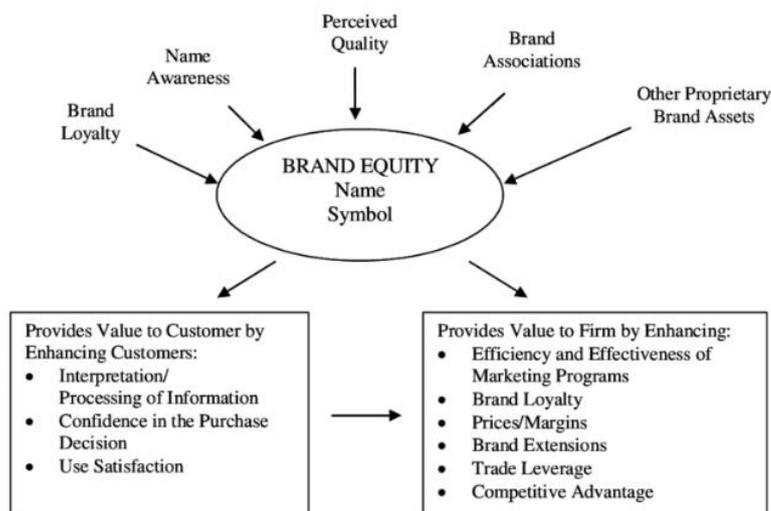


Figure 5: Aaker’s Brand Equity Model (1991)

As it can be seen from the Figure 5, brand loyalty is not only the component of the brand equity, it is also being enhanced by the brand equity. The potential influence on brand loyalty by the other four components is significant to such extent that it is listed as one of the ways that brand equity provides value to the firm. (Aaker, 1991:28) According to Keller and Hoeffler, the value of brand – and thus its equity – must be obtained in the market from the words and actions of consumers. Customers decide with their purchases, based on the factors they find important, which brands have more equity than the other brands. (2003:421)

2.5 Consumer Behavior

To be able to adjust their marketing strategies and increase brand equity, companies must analyze and understand the reasons for consumers to buy particular products and their buying habits. Consumer behavior is a study of why people buy the product they do, and how they make their decision. (Horner and Swarbooke, 1996) Another definition of consumer behavior, given by David A. Statt, goes as follows: “The mental, emotional and physical activities that people engage in when selecting, purchasing, using, and disposing of products and services so as to satisfy needs and desires.” (1997:6) He also identified the main issues that consumer behavior study deals with:

- How do we get information about products?
- How do we assess alternative products?
- Why do different people choose or use different products?
- How do we decide on value for money?
- How much risk do we take with what products?
- Who influences our buying decisions and our use of the product?
- How are brand loyalties formed, and changed? (Statt, 1997:6)

In their study, Hoeffler and Keller described a number of different theoretical mechanisms which try to explain why some brand for which consumers have greater brand knowledge receive a different response and organized them into a theoretical framework of how brand knowledge is being created and used by consumers. (2003:423) The following statements summarize the main ideas.

Attention and learning: Information related to strong brands is more easily noticed by the consumers. The frequent advertising of a strong brand is likely to create favorable associations even without voluntary processing of the brand information. In addition,

consumers are more likely to give more selective attention to strong brands. (Keller and Hoeffler, 2003:424)

Interpretation and evaluation: There are two types of mechanisms – direct and indirect – which create differences in how consumers interpret and evaluate brand and related to them information. Direct mechanism takes place when brand-related information is input directly into the decision process, example is loss aversion. The losses of switching away from a known brand appear to be more threatening than the potential gains from using another, lesser-known brand, therefore resulting in an advantage for leading brands. Indirect effects are more common and occur when there is uncertainty in the decision-making process. In general, uncertainty should favor the stronger brand. Consumers may use brand names as a signal of the credibility. (Keller and Hoeffler, 2003:425)

Choice: “A brand’s strength will be completely employed during the choice process if a new consumer skips a thorough examination and simply relies on brand name familiarity as a choice heuristic.” (Keller and Hoeffler, 2003:426)

“Having finally purchased the product consumers may be more loyal to the brand and have higher evaluations for future brand extensions.” (Keller and Hoeffler, 2003:426)

In relation to the field of this research, Longart, Wickens and Bakir (2016) analyzed the decision-making process of selecting a restaurant, by using a stylized EKB model. (Figure 6) The EKB model was developed by Engel, Kollat and Blackwell in 1973 with the purpose to represent “a road map of consumers that marketers and managers can use to help guide product mix, communication, and sales strategies.” (Blackwell, Miniard and Engel, 2006:70)



Figure 6: Stylized EKB model. Tuan-Pham and Higgins (2005), adapted from Longart, Wickens and Bakir (2016)

The researchers defined the occasion to be central to problem/need recognition stage in restaurant selection context. Diverse occasions, reasons for consumer to eat out may lead to very different needs and requirements when choosing a restaurant. The research conducted by Longart et al. (2016) showed that information is usually searched for externally, either by looking at printed media, online reviews, or through word of mouth, the latter being especially important in the restaurant context. The consideration set size is usually not more than four restaurants, with some exceptions for special occasions. The consideration set is generally influenced by the type of cuisine preferred, by word of mouth (both positive and negative are important), by location and expectations of a previous satisfactory experience with a particular type of restaurant. The important contribution of their research was the finding of centrality of occasion for understanding of restaurant selection by consumers. Consequently, different occasions may lead to different approaches for information search. (Longart, Wickens and Bakir, 2016)

2.6 Brand Loyalty

Branding as a major topic of study in the marketing discipline, began in the 1970's. (Moore and Reid, 2008) However, one of the concepts of branding - brand loyalty – originated in 1950s. It has become rather controversial and debatable at that time. The main reason for that was the lack of measurement tools for such concept and scarce empirical evidence that investment in branding was any effective. Cunningham (1956) through his research revealed that household loyalty was strong, and consumers were loyal to the brand in more than 90% of the purchase actions. (Hampf and Lindberg-Repo, 2011)

According to Aaker's definition, brand loyalty is a measure of attachment that a customer has to a brand. It shows how likely a consumer will be to switch to another brand, especially when some changes in either price or product features occur. Aaker calls it to be one indicator of brand equity which is conclusively linked to future profits since brand loyalty directly translates into future sales. (Aaker, 1991:44-45)

Jill Griffin (2002) defined four types of customer loyalty: No loyalty, Inertia Loyalty, Latent Loyalty, and Premium Loyalty. "No loyalty" customers show no attachment to certain products or their producer because of various reasons, they only add a certain amount of money to the business, so the firms should avoid targeting these customers because they will never be loyal. "Inertia Loyalty" group includes those who purchase out of habit but have low level of attachment. By actively engaging with this type of customer and differentiating their product or service from competition, the firm may be able to change these customers into a higher form of loyal customers. "Latent Loyalty" customers are the ones who have a very positive attitude towards a specific supplier but low repeat purchases. For these customers, situational factors, such as affordability, convenient location or hours, continuous availability of the product or service, play larger role in repeat purchases than their attitudinal influences. If a business manages to correspond to these situational requirements, it will definitely benefit from these customers. The customers with high level of attachment and repetitive purchases are known as 'Premium Loyalty' customers. This is the ideal customer for all types of business. These customers are proud of discovering and using the product or service and recommend it to their family and friends.

According to Maheshwari, Lodorfos and Jacobsen study (2014), the majority of researchers agree that brand loyalty can create firm benefits such as reduced marketing costs, positive word of mouth, business profitability, increased market share and a competitive advantage in the market (Chaudhuri and Holbrook, 2001, Gounaris and Stathakopoulos, 2004, Iglesias et al., 2011, Kabiraj and Shanmugan, 2011, Sutikno, 2011). "The brand success depends upon its ability to sustain the consumers loyal after attaining the consumers through awareness and then keeping the perception of brands good in the minds of consumers as it can influence consumer behavior, which ultimately affects the brand." (Sultan et al., 2019:35)

"Brand loyalty is a function of both behavior and attitudes. Repurchase is not sufficient evidence of brand loyalty – the purchasing practice should be intentional". (Tepeci, 1999)

2.7 Measurements of Brand Loyalty

The researchers identify three distinctive approaches to measure brand loyalty: behavioral measurements, attitudinal measurements and composite measurements. The behavioral measurements acknowledge consistent, repetitious purchases as an indicator of loyalty. However, the repeat purchases are not necessarily the result of a psychological commitment toward the brand. A customer may be using some particular product or service only due to a lower price or more convenient location. Attitudinal measurements use attitudinal data to reflect the emotional and psychological attachment built in loyalty. The issue here is that a customer may have a favorable attitude towards, for instance, a restaurant, recommend it to others, but feel the restaurant is too expensive or too far away for him to use it on a regular basis. The third approach, composite measurements of loyalty, combines the first two dimensions and measure loyalty by likelihood of brand switching, customers' product preferences, frequency of purchase, recency of purchase and total amount of purchase. The use of two-dimensional composite measurement approach substantially increases the predictive power of loyalty. (Bowen and Chen, 2001)

For the restaurant industry, besides knowing who your customers are and what they like to order, it is important to know what they are worth to the restaurant. Using the Customer Lifetime Value (CLTV) metrics is the solution. CLTV measures the projected revenue that each acquired customer will generate to the business over their entire life. This metrics is used to identify significant customer segments that are of most value to the business. CLTV is calculated by multiplying average purchase value by average purchase frequency rate. At this stage, average customer value is found. This value has to be multiplied by average customer lifespan to determine customer lifetime value. (Fontanella, 2020) For instance, if an average check in the restaurant is 35€ and a customer visits this restaurant on average 10 times a year, the average customer value is equal to $35€ \times 10 = 350€$. If an average customer lifespan of a customer is 7 years, the CLTV is equal to $350€ \times 7 = 2,450€$. There are two main ways of increasing one's CLTV: by improving customer satisfaction and, therefore, increasing their spending, and by retaining customers, thus increasing their customer lifespan. (Fontanella, 2020)

2.8 Customer Loyalty in the Restaurant Industry

Restaurants provide both a physical product, food, and the culinary service of cooking, serving, and cleaning up. Historically, the quality and the prices have been the decisive factors in determining which restaurants prospered. (Kotler, 1974:58) Due to intense competition, it is vital for the restaurants to retain their customers, and loyal customers can be viewed as the key to success and the survival of any business. In service industry, the cost of retaining the existing customers is at least 5 to 25 times less than the cost of attracting the new ones. (Gallo, 2014) The 5% increase in customer loyalty leads to 25-95% increase in profitability. (Reichheld and Scheffer, 2000). "...The increase and retention of loyal customers has become a key factor for long-term success of the companies." (Kuusik, 2007)

Researchers have not yet identified a theoretical framework, specifying factors that could lead to the development of restaurant customer loyalty. However, there appears to be a common opinion that customer satisfaction and service quality are prerequisites of customer loyalty. (Otengei et al., 2014). Other studies have also shown that the firm's

image may influence customer enthusiasm: value, delight, and loyalty. (Kandampully and Suhartanto, 2000)

The study of Clark and Wood (1999), although now quite old, perfectly corresponds to the topic of this research. In their study on customer loyalty in the restaurant industry, the researchers argue that tangible rather than intangible factors have more impact on customer loyalty. The objective of the research conducted by the authors was to explore factors relevant to generating customer loyalty in restaurant use. For their survey they have selected a study group with some relatively homogeneous characteristics and evidence of dining out with some frequency. The survey group was based on the two universities in which the researchers were employed. As the result, they have collected 31 usable responses (out of 63 returns). The amount of data collected seems to be rather small to make relevant conclusions. The surprising finding of their research was that the respondents who claimed to be loyal to the restaurants of their choice, noted that their loyalty was recognized by staff. 42 per cent of "loyal" respondents mentioned friendliness of staff, 21 per cent mentioned that they were always recognized by staff on arrival, and 16 per cent mentioned some flexibility of food choice offered to them.

The respondents of the survey were asked to select five factors (price of food, price of drink, speed of service, quality of food, atmosphere, friendliness of staff, parking facilities, washroom facilities, range of food choice, opening hours) and rank them 1-5 based on their importance, the results were as following (based on 20 usable responses):

- Range of food - 20
- Quality of food - 19
- Price of food - 14
- Atmosphere - 14
- Speed of service -14

Friendliness of staff, although highly rated did not make it to top five factors affecting customer loyalty, therefore it can be assumed that friendliness of staff is more of a function of customer loyalty than a cause of it, supporting the authors' hypothesis that tangible rather than intangible factors are more significant in developing customer loyalty.

The accuracy of these results is limited by small amount of respondents (20-31 usable responses) and by restrictive rating scale which makes the respondent convert their qualitative judgements into quantitative (1-5 scale, "very satisfactory", "unsatisfactory", etc.), and it is clear that "very satisfactory" of Person A will be different from "very satisfactory" of Person B.

As the result of Clark and Wood research, range of food and quality of food were the most important factors to the respondents. According to the other studies, reflected in Clark and Wood work, other researchers' findings has shown that food quality is placed on first or second position based on its importance in terms of customer loyalty (Lewis, 1981, Auty, 1992), however the research of June and Smith (1987) resulted in food quality taking only the fourth position.

2.9 Prerequisites of Customer Loyalty

The following characteristics will be considered and used in the research in order to determine which of them are the key factors affecting customer loyalty of the restaurant: food quality, price, service quality, restaurant location, restaurant ambience, friendliness of staff, customer trust and personal brand (of the head chef or the owner). For the purpose of this study, the relationship of all eight prerequisites and customer loyalty will be examined. The hypothesis for this research goes as follows: "*Prerequisite* positively affects customer loyalty of a restaurant", applied to all eight potential determinants.

Research Variables:

Descriptions:

Food Quality

The composite of characteristics that have significance and make the product acceptable for the consumer. (Potter and Hotchkiss, 1995)

Price

The amount of money set as an equivalent for the product's value.

Service Quality	"Service quality is determined by the differences between customers' expectations of service provider's performance and their evaluation of the services they received." (Alamgir and Shamsuddoha, 2003)
Restaurant Location	"The selection of a good location will not guarantee success, however the choice of a poor location will almost certainly guarantee failure." (Stefanelli, 1990)
Restaurant Ambience	According to Zeithaml and Bitner (2003), the ambient conditions in a restaurant include the background characteristics of the restaurant environment such as interior decoration, exterior appearance, room temperature, lighting, music, noise and smell. (Senduk, Saerang and Lambey, 2016)
Friendliness of staff	A set of particular interactional habits (e.g. facial expressions, tone of voice, involvement, readiness to help, courtesy)
Customer Trust	The level of reliability ensured by one party to another in relation to the firm's competence and honesty. (Nguyen, Leclerc and LeBlanc, 2013)
Personal brand	The practice of people marketing themselves and their careers as brands. (Sweetwood, 2017)

3 Methodology

This chapter covers the theory related to research methodology and aims to explain the research methods that were used for data collection and analysis.

3.1 Types of Research Methodology

A research can be defined as a scientific and systematic exploration of information on a specific topic. The purpose of it is to find answers to questions or support the hypothesis through the exercise of scientific procedures. (Kothari, 2004)

Creswell, J.W. and Creswell, J.D. (2017) describe a research approach as a plan and a procedure for the research from broad assumptions to detailed methods of data collection, analysis, and interpretation. They identify three approaches to the research: qualitative, quantitative, and mixed methods. The choice of the most suitable method depends on the nature of the research, its objectives and data collected. The qualitative research is an approach that focuses on explorations and findings that cannot be measured in quantity or intensity. When conducting a qualitative research, open-ended questions and responses are used. The researcher focuses on the interpretation of the individual meaning of the data and the importance of specifying the complexity of a studied case. The quantitative research is an approach that tests objective theories by examining the relationship between variables. These variables can be measured, thus collected quantitative data can be analyzed using statistical tools. The quantitative research uses closed-ended questions and responses. The mixed methods research is an approach to the analysis involving both quantitative and qualitative data. The core assumption of this approach is that the combination of both approaches provides additional insight beyond the information provided by either one of them. (Creswell, J.W., Creswell, J.D., 2017)

In this thesis both quantitative and qualitative methods of research are used as it best corresponds to the objective of the research and provides a better understanding of the respondents of the studied subject.

3.2 Quantitative Research

The research question for this study states as follows: What are the key determinants of customer loyalty in the restaurant industry?

To conduct the quantitative research, the survey based on Microsoft Forms platform is constructed and distributed. The questionnaire can be found in Appendix 1. Convenience sampling was used to get the responses via sharing a link of the survey on the author's own social media accounts.

To correspond to the expected results of the research, the survey must be rather thorough. The questionnaire includes a list of close-ended questions which are broken down into sections. Besides finding out which prerequisites have the most effect on customer loyalty, it is important to test whether the respondent is a loyal customer in some restaurant. The assumption is that these respondents will give more valid responses in the main section (evaluation of each loyalty prerequisite's importance) than the respondents who do not dine out a lot. This assumption, as well as others, will be tested during the analysis. The questionnaire is structured in a way that the results of the research would provide the most value to the restaurant business owners.

The first section's role is to qualify the respondent as someone who dines out frequently and has a favorite restaurant, therefore making him a potential loyal customer at some restaurant. All the responses will be considered, however for the research purposes and for the sake of restaurant businesses this study might help to, the responses of the participants with a favorite restaurant are believed to be of most value. The first section also includes questions that ask the respondent to rank several dining-related features based on their influence on one's decision making when it comes to choosing a restaurant (e.g. type of food, recommendations, location, budget) and rate the importance of different information sources (e.g. recommendations from family, online/offline reviews, discounts, outdoor advertising) that affect the choice of a restaurant.

If the respondent answered that he has a favorite restaurant, he then moved to the next section, that qualifies him as a loyal customer. There the participant is questioned whether he recommends his favorite restaurant to others, whether he follows them on social media and whether he considers himself to be loyal to that place. This section as well includes questions on the frequency of visit to the favorite restaurant, a category

their favorite restaurant belongs to and on average check in the restaurant. The objective of these questions is to calculate the average customer value of the respondent, which will affect the value of his following responses for the restaurant business owner.

The next section for the qualified as potentially loyal respondents asks them to rank eight aspects of the dining experience (food quality, service quality, price, restaurant location, friendliness of staff, customer trust, restaurant ambience, personal brand of an owner or a head chef) based on their importance for them to keep coming back to their favorite restaurant.

If the respondent claimed not to have a favorite restaurant in the first section, he skips the loyalty qualification section and moves to the section where his perception of different aspects of the dining experience is tested. This section is very similar to the one previously described, the only difference is the wording of the question: the respondent is asked to think about a restaurant that he liked but it was missing something from becoming his favorite. Then the participant is asked to rank eight aspects of dining experience based on their importance for him to come back to this restaurant.

The last section of the questionnaire is related to the demographic information, such as gender and age.

All the questions have pre-determined response options to choose from (ranking options, Yes/No, predetermined age groups, etc.), in order to simplify the analytical part of the research. However, some questions do include the "Other" option, where it is relevant. The guarantee for confidentiality of the participant is provided and the objectives of the questionnaire are mentioned.

As a result of the survey, a total of 100-150 responses is expected, including 50-100 responses from the frequent diners. The complementary objective of this research is to see whether there will be a common opinion among the frequent diners on the most important features determining customer loyalty, and whether the opinions of potentially loyal customers will differ from the opinion of customers without favorite restaurants.

3.3 Data Analysis Process

The first step of the analytical part of the research will be the division of the collected responses into two groups: the respondents with a favorite restaurant and the

respondents without one. The objective is to see to what extent their opinions differ if they differ at all. The analysis of the total response data will be conducted as well.

In the main section, where the respondent asked to rank eight aspects of dining experience, each position in the top eight factors will be assigned a figure (e.g. 1st place= 20 points, 2nd place = 15 points, etc.) which later will be added together for each of the ranked aspect of dining experience, thus providing the final results.

The rest of the collected data will be processed and analyzed through Microsoft Excel in the form of graphs and tables.

3.4 Validity and Reliability

Quality of research depends on its validity and reliability. Validity deals with the accuracy of a measure, and reliability has to do with the consistency of a measure. Validity can be ensured by having a large number of randomly selected participants that are representative of the population. Reliability of the research is high if there is consistency of a measure across observers, meaning that the responses are more or less homogeneous among the respondents. (Middleton, 2020)

To ensure validity and reliability of this research, the questions of the survey and response options are carefully formed, the most crucial to the research section of the survey has two versions with slightly different wording, to each of which the respondent is being first qualified to get access to. The objective for the sample size is 100-150 responses.

3.5 Limitations of a Study

The findings of this study should be considered in the light of some limitations.

Sample size of 100-150 responses set as an objective for this research, was defined by realistic expectations of possible response outcome in a limited time period. The larger sample size would serve better to validity of representativeness of the whole population. The second limitation concerns sample profile – who is the majority of the respondents. An ideal participant for this research is a person who dines out rather often and has characteristics of a loyal customer. In case if any other group prevails, that may affect the results to some extent or even drastically, depending on which exact group dominates. Another limitation is a trade-off between thoroughness of the questionnaire

and its length. Too long survey can result in a low response rate, whereas detailed questionnaire is essential for accurate and precise data used for analysis. Particularly quantitative surveys are also limited in one more way – the respondent is provided with already formulated choice of answers, however, the respondent might have a more complex opinion on the studied matter, that he does not get to express.

3.6 Quantitative Research Results

This section presents the collected survey data and its analysis. As a result of the conducted survey, 120 responses were gathered. General results, as well as comparisons of the key results can be found in this section.

Customer Demographics

The gender breakdown was 60 percent female and 40 percent male among the respondents.

Figure 7 shows that over 40 percent of the respondents belonged to the 25-34 years old group. The second largest group, 33 percent, was 18-24 years old respondents.

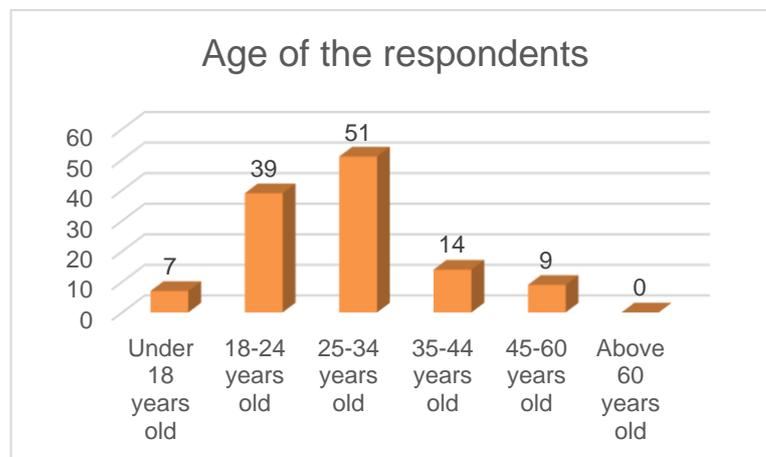


Figure 7: Age of the respondents (No of the respondents 120)

Frequency of visit

In general, the results collected proven to be more valid and reliable for the purpose of the research than it was expected, mainly because the majority of the respondents happened to be rather frequent diners with favorite restaurants and strong opinions on their restaurant-related preferences. The majority of the respondents (36 percent) were

people who visit restaurants several times a month. 24 percent and 19 percent of respondents belonged to “once every month or two” and “once a week” restaurant visitors, respectively. 13 percent of respondents claimed to visit restaurants several times a week, whereas the respondents who stated to dine out rarer than all the given options made up the smallest group – 8 percent. Figure 8 presents this data.

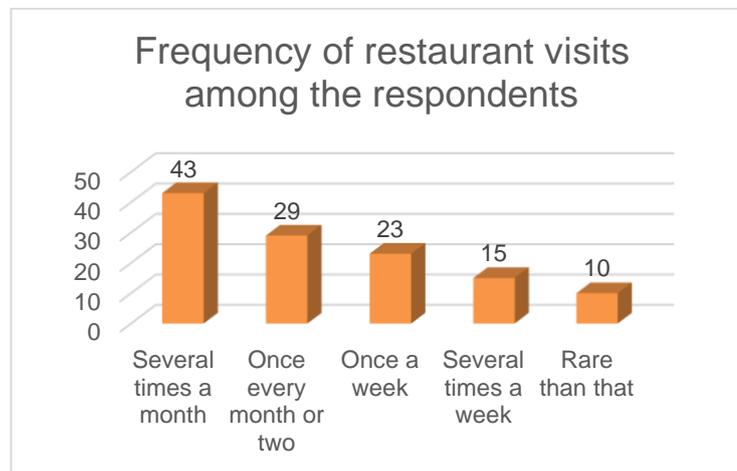


Figure 8: Frequency of restaurant visits among the respondents (№ of the respondents 120)

Factors that affect selection of a restaurant and their impact

As a decision-making lever, type of food was found to be the most influential factor (59 percent), followed by recommendations from family and friends (15 percent) and a budget (13 percent). According to the participants, the top five factors that affect the decision-making process of choosing a restaurant go as follows:

1. Type of food – 59 percent
2. Recommendations from family and friends – 15 percent
3. Budget – 13 percent
4. Location – 9 percent
5. Online reviews – 3 percent

Advertising and its impact on the decision making of a customer

Among various sources of advertising, recommendations from family and friends proved to be the most influential. 81 percent of respondents claimed to have decided to go to a restaurant they have never been to before based entirely on the recommendations from their closest acquaintances. The same applied to positive online reviews – 58 percent

have made their decision based entirely on the online reviews at least once. 30 percent of the respondents have also been influenced by a promotion or discount, 27 percent - by outdoor advertising, and 17 percent - by printed media. 13 percent of respondents have given their own option in the "other" field, the most frequent response was related to Social Media advertising, in a form of Instagram blog reviews or Instagram/Facebook ads. While recommendations can only be influenced by providing a customer with a good experience, other sources of advertising can be focused and developed. An online presence of a restaurant is essential part of its marketing strategy. Online review websites, as well as other social media platforms should be used to create the connection with a future and existing customer, improve their experiences, and respond to and encourage their reviews, regardless whether it is a positive or negative one. The other examples of advertising, mentioned in the survey question, are more individual and specific and should be considered in the context of each restaurant marketing strategy separately.

- Recommendations from family and friends – 81 percent
- Positive online reviews (e.g. TripAdvisor) – 58 percent
- A promotion or discount – 30 percent
- Outdoor advertising (billboards, ad panels, outdoor menu boards) – 27 percent
- Printed media (newspaper articles, flyers, brochures) – 17 percent
- Other – 13 percent added "Other" option

"Other" options included: "Social Media advertising", "Menu", "Google Maps", "Online marketing, online articles, food influencers", "Guidebooks/Travel wiki".

Presence of a favorite restaurant

Unexpectedly beneficial for research purposes data was collected from the respondents when asked about having a favorite restaurant (which was defined as a restaurant one often goes to, or just truly supports, or simply follows them on social media or through a newsletter, or dreams of going there more often). 58 percent claimed to have a couple of favorites, 27 percent states to definitely have one, and 16 percent responded negatively. This is a positively surprising result, as the response to this question affected whether the respondent is transferred to the loyalty-qualifying part of the survey or not.

The expected amount of the respondents without a favorite restaurant was about 50 percent.

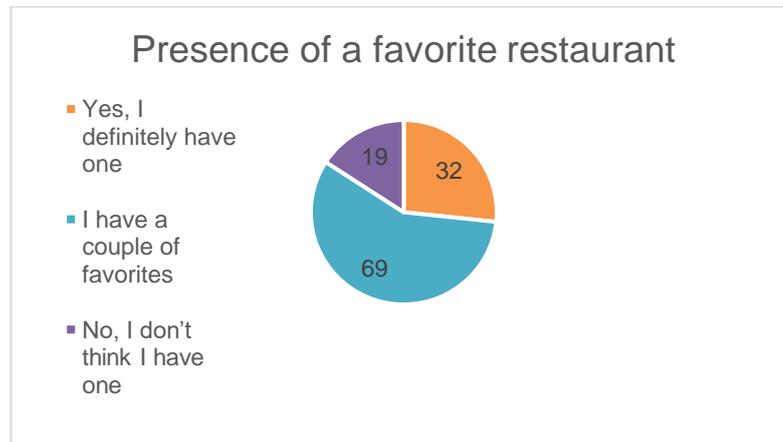


Figure 9: Presence of a favorite restaurant (No of the respondents 120)

Has a favorite restaurant

The next questions were answered by people who claimed to have a favorite restaurant or a couple of favorites. In total there were 101 respondents for this survey section.

Frequency of visit to their favorite restaurant

Majority (28 percent) claimed to be visiting their favorite restaurant once in a couple of months. 23 percent visit it once a month, 21 percent visit once in a few months, 17 percent visit 2-3 times a month, 11 percent visit 4-10 month, and only one person (1 percent) stated to visit their favorite restaurant over 10 times a month.

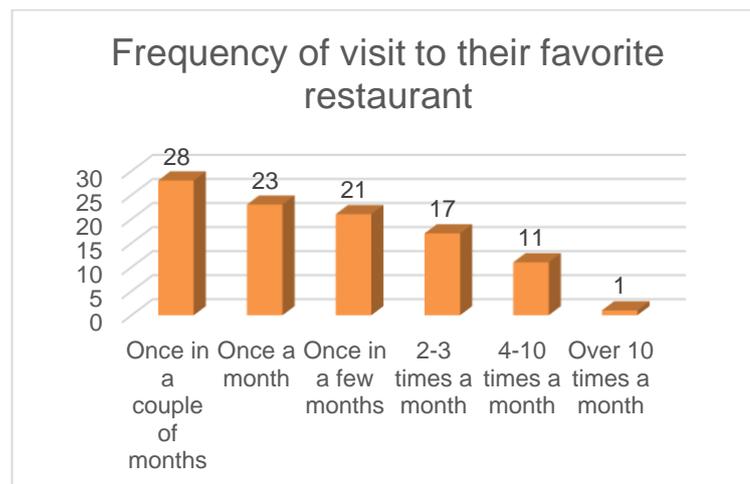


Figure 10: Frequency of visit to their favorite restaurant (No of the respondents 101 (19))

Category of their favorite restaurant

Majority of the restaurants the respondents defined as their favorite belonged to casual dining type (68 percent). Favorite restaurant of 14 percent participants belongs to fine dining type. 7 percent to buffet, 4 percent to fast food, 2 percent to café. Respondents chose "Other" option, which included "Chinese cuisine", "Street food market", "Steakhouse", "Casual, buffet and a café".

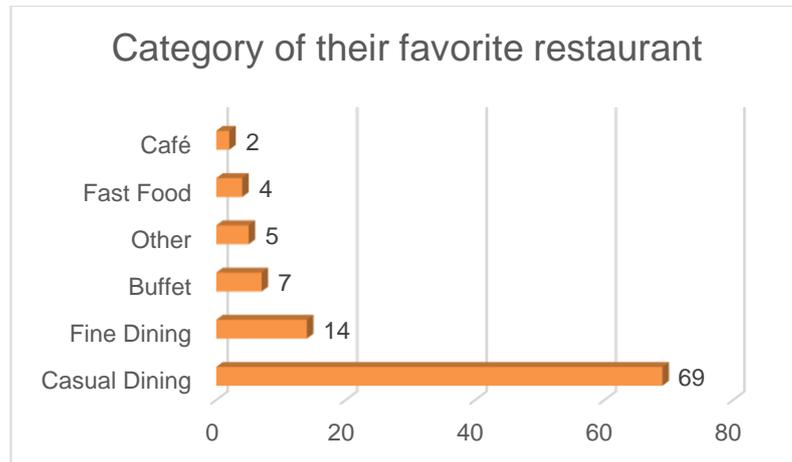


Figure 11: Category of their favorite restaurant (Nº of the respondents 101 (19))

Average check in their favorite restaurant

When it comes to spending in their favorite restaurant, majority (40 percent) spends 20-40€ per person and excluding tips. 35 percent spends below 20€. 14 percent spend 40-60€, 6 percent spends 60-90€ and 6 percent spends above 90€.

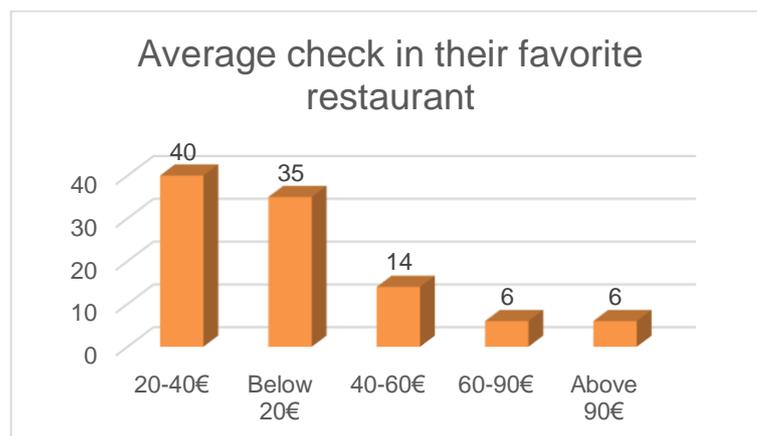


Figure 12: Average check in their favorite restaurant (Nº of the respondents 101 (19))

The data about the frequency of visit, restaurant category and average check of the respondent allows to analyze the general response of the particular participant and

identify its value in the eyes of a particular restaurant business (e.g. Customer Lifetime Value of a particular respondent for a fine dining restaurant).

Posting on Social Media

When asked about posting a picture of their meal to social media, majority (50 percent) stated not to do that, with 32 percent doing it occasionally and 19 percent doing so quite often.

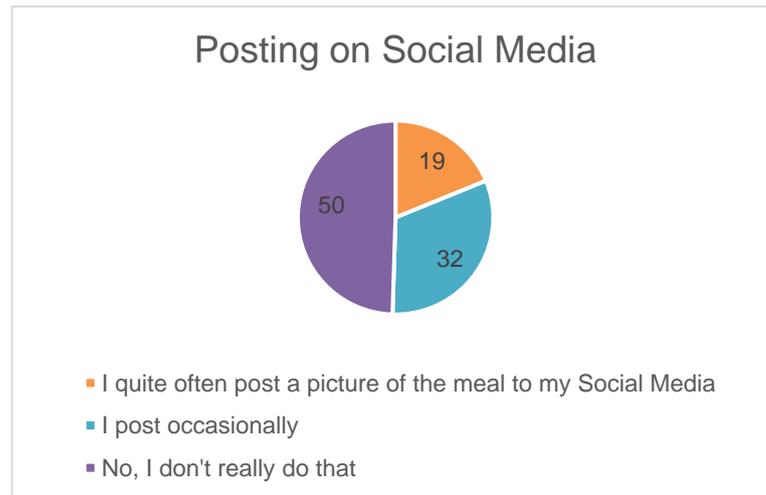


Figure 13: Posting on Social Media (Nº of the respondents 101 (19))

Recommending their favorite restaurant to others

90 percent of respondents claimed to recommend their favorite restaurant to others, with 8 percent not being sure if they did and 2 percent not recommending it to anyone.



Figure 14: Recommending their favorite restaurant to others (Nº of the respondents 101 (19))

Following their favorite restaurant on Social Media

Surprising results were collected in the “Do you follow your favorite restaurant (or its owner or the head chef) on Social Media, such as Instagram, Facebook, or via email newsletter? (not for giveaways, but just out of pure love and curiosity for the brand)” question. 43 percent claimed to do so with 57 percent stating not to. This large percentage proves again that social media can play a valuable role as a channel of attraction of the new customers as well as a platform for building and improving productive and pleasant relations and communication with the existing customers.

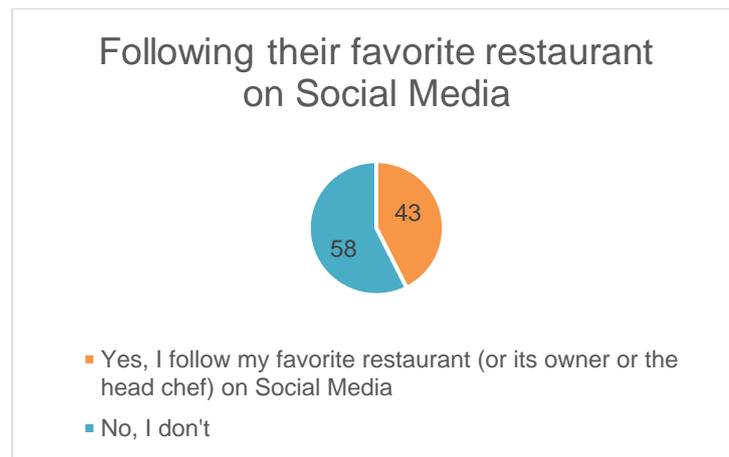


Figure 15: Following their favorite restaurant on Social Media (№ of the respondents 101 (19))

Describing themselves as loyal

Whether one would describe himself as “loyal” to their favorite restaurant, the responses were more or less balanced – 32 percent answering “yes, definitely”, 38 percent - “kind of”, 31 percent - “not really”.

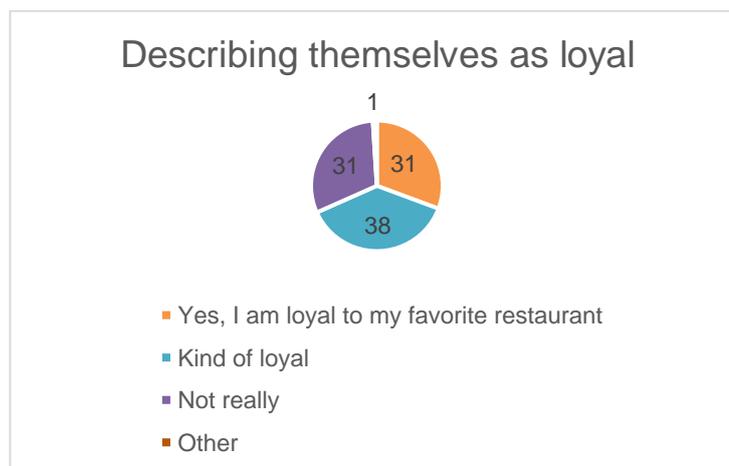


Figure 16: Describing themselves as loyal (№ of the respondents 101 (19))

Ranking question about prerequisites of customer loyalty

To answer the most valuable question in this study, the respondents were divided into two groups – with a favorite restaurant and without one. They were asked the same question with a slightly different wording. The assumption is that the results of these two groups might differ from each other. The collective ranking will as well be covered. The objective of the research was to test the following hypothesis: “*Prerequisite* positively affects customer loyalty of a restaurant”, applied to all eight potential determinants (food quality, service quality, price, restaurant location, friendliness of staff, customer trust, restaurant ambience, personal brand of an owner or a head chef). Besides that, the impact of each of the factors should be measured.

As it was discussed in Data Analysis Process section, each position in the ranking question was assigned a value in order to calculate the results:

- 1 position 20 points
- 2 position 15 points
- 3 position 10 points
- 4 position 8 points
- 5 position 6 points
- 6 position 4 points
- 7 position 2 points
- 8 position 1 point

Respondents without a favorite restaurant

(19 participants, maximum possible points 380)

1. Food Quality (340 points)
2. Friendliness of staff (194 points)
3. Price (194 points)
4. Customer Trust (156 points)
5. Restaurant Ambience (140 points)
6. Service Quality (112 points)
7. Restaurant Location (99 points)
8. Personal Brand (19 points)

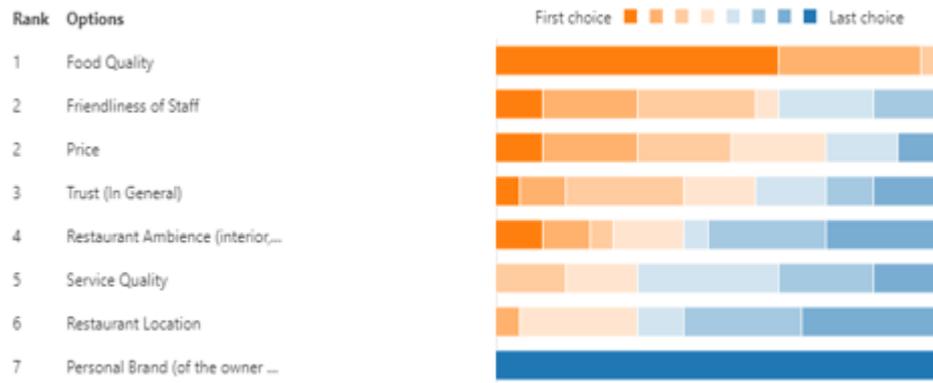


Figure 17: Top 8 factors ranked by the respondents without a favorite restaurant (Nº of the respondents 19 (101))

Respondents with a favorite restaurant

(101 participants, maximum possible points 2020)

1. Food Quality (1928 points)
2. Friendliness of staff (973 points)
3. Price (904 points)
4. Service Quality (810 points)
5. Customer Trust (786 points)
6. Restaurant Ambience (625 points)
7. Restaurant Location (498 points)
8. Personal Brand (182 points)

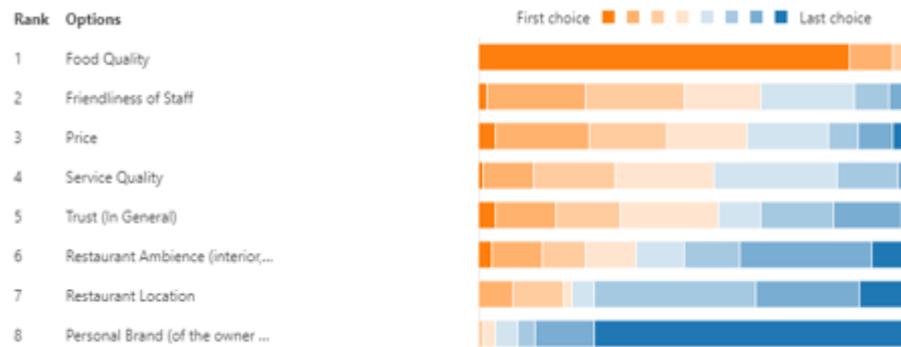


Figure 18: Top 8 factors ranked by the respondents with a favorite restaurant (Nº of the respondents 101 (19))

Total respondents

(120 participants, max possible points 2400)

1. Food Quality (2268 points)

2. Friendliness of staff (1167 points)
3. Price (1098 points)
4. Customer Trust (942 points)
5. Service Quality (922 points)
6. Restaurant Ambience (765 points)
7. Restaurant Location (597 points)
8. Personal Brand (201 points)

According to the results shown above, the top three factors for all the respondents, with a favorite restaurant and without one, are food quality, friendliness of staff and price. Food quality, as expected, is keeping the most influencing position in affecting the decision of a customer to come back to a restaurant, exceeding the second position (friendliness of staff) by two times in collected points.

However, starting from the fourth position, the opinions of the customers with a favorite restaurant and without one begin to differentiate. For the respondents who claimed to have a favorite restaurant, service quality is the next most important thing, whereas for the other customer group service quality is positioned only at the sixth place (out of eight). For the people without a favorite restaurant, customer trust in general and restaurant ambience resulted to be more important than service quality, and this can be interpreted so that for this customer group the restaurant must first prove their reliability in terms of quality, competence and general honesty in order for them to come back to this particular restaurant. The respondents with a favorite restaurant, answering the ranking question, were keeping a particular restaurant in mind, which already has earned their trust, therefore, it can be assumed that they appreciate and rate higher other factors, such as service quality. The last two positions were given to restaurant location and personal brand (of the head chef or the owner) correspondingly by both customer groups. However, an interesting finding was noticed when comparing the results of respondents with a favorite restaurant and without one and their thoughts on the importance of the personal brand. In case of the people without a favorite restaurant, 100 percent of them placed the personal brand on the last (8th) position. Nevertheless, some of the respondents which claimed to have a favorite restaurant, placed the personal brand as high as on the third position. 27 percent of this customer group placed the personal brand between 3rd and 7th positions, what proves the relative importance

of the personal brand of the head chef or the owner and its noticeable impact on customer loyalty.

Comparing key results

For cross tabulation, the data from “would you describe yourself as loyal to your favorite restaurant?” question was used and compared with all the other questions to see if any correlation can be found. In all the tests the percentage of “Not really” response is calculated. As the concept of loyalty is composed of emotional judgements rather than statistical facts, self-evaluation of own loyalty data was chosen as the constant variable for the cross tabs. Only relevant correlations are included in this report.

How often the respondent visits restaurants on average

Comparison of the respondents who do not see themselves as a loyal customer to their favorite restaurant and frequency of their visit to the restaurants in general showed the following:

- Several times a week – 8 percent
- Once a week – 10 percent
- Several times a month – 37 percent
- Once every month or two – 44 percent
- Rarer than that – 67 percent

As expected, the percentage of negative response is inversely proportional to the frequency of visit. The more the respondent claimed to visit restaurants, the more likely he would consider himself to be a loyal customer in his favorite restaurant.

How often the respondent visits his favorite restaurant

Percentage of the respondents who do not see themselves as a loyal customer to their favorite restaurant and frequency of their visit to their favorite restaurant:

- Over 10 times a month – 0 (only 1 response)
- 4-10 times a month – 18 percent
- 2-3 times a month – 18 percent
- Once a month – 35 percent
- Once in a couple of months – 32 percent

- Once in a few months – 43 percent

In this comparison the inverse correlation also takes place, however with some insignificant deviation: for instance, the percentage of the respondents who do not consider themselves to be loyal and who visit their favorite restaurant once a month, exceeded by 3 percent (35 percent) the percentage of the respondents who claimed not to be loyal to their favorite restaurant and visit it once in a couple of months (32 percent). It would be expected that the more often the customer visits the place, the more loyal he is to it, unlike in mentioned above results. Nevertheless, the general trend is in place. Customers who visit their favorite restaurant more frequently (4-10 times a month) were more likely to consider themselves loyal (82 percent) than the customers who visit their favorite restaurant much rarer (once in a few months) – 57 percent.

Category of a favorite restaurant

Some respondents have given their own answers for the category of their favorite restaurant. In this analysis they are not taken into account as there is not enough data to make conclusions. The following percentage was found when comparing the number of the respondents who do not see themselves as a loyal customer to their favorite restaurant and the restaurant category of their favorite restaurant:

- Buffet - 71 percent
- Café – 50 percent
- Casual Dining - 28 percent
- Fast Food – 25 percent
- Fine Dining - 21 percent

The amount of responses for each of the categories is unequal, therefore it is hard to make valid conclusions. Casual dining, Fast Food and Fine Dining had rather similar results, 21-28 percent range of customers who do not consider themselves loyal to their favorite restaurant. Interestingly, 71 percent of buffet goers claimed not to be loyal to their favorite buffet restaurant.

Posting to social media

Percentage of the respondents who do not see themselves as a loyal customer to their favorite restaurant and frequency of them posting a picture of their meal to Social Media:

- No, I don't really do that – 42 percent
- Yes, I do occasionally – 31 percent
- Yes, quite often – 0 percent

A correlation was found between the frequency of posting pictures of meals on Social Media and self-description as a loyal customer. The more likely the respondent was to post a picture of his meal, the more likely he would consider himself to be loyal to his favorite restaurant. It is interesting that 0 percent of respondents who post pictures of their meal quite often chose the option "Not really" when asked about being loyal to their favorite restaurant.

3.7 Qualitative Research

To have a broader image of the studied subject and deeper understanding of human comprehension of customer loyalty, qualitative research was also conducted.

Qualitative research method helps to reveal perception of a particular topic by the target audience. Conducting one-on-one interviews is one of the most common qualitative research methods. The main advantage of this method is the opportunity to gather precise and elaborate data about what people think and their motivations. (Radu, V. 2019) The objective of this research is to gain the deeper insight into how people perceive customer loyalty and its attributes.

3.8 Validity and Reliability

To ensure validity and reliability of this research, the interview questions are carefully formed, and the interviewees are selected in a way that creates a room for variety of opinions. During analysis, personal biases which may influence the findings will be taken into account.

3.9 Limitations of a Study

The results of this research should be considered with regard to a few limitations. Firstly, only three interviews are conducted for this research, therefore the findings cannot be generalized, and they give very limited insight into human perception of the studied subject. It is difficult to verify qualitative information such as one's perception of something. The collected data cannot be analyzed statistically or mathematically, it is based mainly on the opinion and personal judgment.

3.10 Qualitative Data Analysis

The interview transcripts can be found in Appendix 2.

Based on the data collected from the conducted interviews, several interesting findings were formed. Unlike in the survey results, food quality was not mentioned in the top five of the important factors for the respondent to come back to the restaurant, and all the respondents gave a clear explanation why they did not include it in. Main reason was that when talking about food quality, an average customer thinks that it is about the level above average, where they might not even notice the slight difference in quality and chef's competence. The quality and freshness of the products, as well as an average cooking skill of a kitchen personnel, comes by default for a customer, therefore they appreciate more the factors that they can easily evaluate, such as service quality or interior.

Although the sample size is very small, it is worth noticing that for a younger respondent the price plays a big part in their restaurant selection, whereas for an older respondent price is not important at all, he is more focused on the experience he wants to receive. Location is an important factor for all the respondents, however if they would receive a recommendation from their friends about some restaurant, they could easily neglect the fact of a not so convenient location. Recommendations from family and friends and social media advertising are the most frequent sources of information about new restaurants. The layout and interior design are mentioned by all the participants as something very important for them in terms of general restaurant experience. Another interesting finding is that for some customers cuisine may be a decisive factor and they will judge their experience based on how authentically the restaurant managed to interpret it.

It was mentioned by one of the interviewees that personal brand of the owner can be a very important factor if the restaurant is owned by an entrepreneur or a well-known person that the interviewee likes. For the other interviewee, the personal brand of the head chef was included in his top five: "The restaurant may not be as good in terms of all the other aspects, such as interior or location, but if I receive a good recommendation about the chef and his cooking skills, I will visit the place just because I am curious to see what he is capable of."

As in the research conducted by Longart et al. (2016), the consideration set proved to be also not more than 4 restaurants when choosing where to dine out, the respondents claimed to have 2-3 or 3-4 options they usually choose from.

It can be concluded that service quality and friendliness of staff can be as important as food quality, if not more, because it is very likely that the customer will not come back again if his expectations of service level were not met. One of the interviewees said, "service quality is more important for me than the food quality, because of course there can be mistakes in cooking of one particular dish on a specific day, and I am not talking about the quality, freshness of the food products, I assume that this aspect is always followed. What I mean is for example you can get an overcooked pasta one day, you tell about that straight to the waiter or kitchen staff, and the way they handle this situation will mean much more than the actual overcooked dish. They might get angry or rude and claim that the customer is not right, and the dish is the way it should be, or accept their mistake and give you a dessert as an apology or something. The good service, especially in this kind of tricky situations may lead to a better experience than a simply good food."

The concept of customer loyalty is rather abstract, for that reason the interviewees were asked to explain how they understand it and how they measure their own loyalty to a favorite restaurant, if they have one. One of the participants gave the following definition: "For me loyalty is an obvious competitive edge of a particular restaurant above all the others which has a solid meaning for a particular individual. It has something that is very important specifically to you and you know that no other place has it. It should be something that differentiates your favorite restaurant from all the others to a large extent. This competitive advantage should either be something that makes the restaurant completely different from the competition (its type, concept, cuisine), or the

restaurant should have superior quality or beneficial for a customer price strategy or excellent, unique interior. "

4 Conclusion

The concept of customer loyalty reflects how likely a customer is to switch to another brand, and this study attempted to evaluate the factors that may help to retain a customer and to convert him into a loyal one, in the restaurant field perspective.

The research consisted of two different research methods, a survey and an interview, which covered many aspects of the broad topic of customer loyalty in restaurant industry. The objective sample size of the survey was 100-150 responses, in the end 120 responses were collected. 84 percent of the respondents stated to have at least one favorite restaurant, and 16 percent did not have a favorite. This amount of the respondents without a favorite restaurant was not expected, as it was estimated to be around 50 percent. The relatively large number of participants reduced the possibility of non-validity of the research. The interviews were limited to only three participants, therefore the collected data cannot be generalized, however, the purpose of this part of the research was to supplement the survey data and to gain a deeper understanding of the human perception of the studied subject, and this was achieved successfully.

As a result, it is hardly possible to come to only one conclusion, however several interesting insights were found and will be covered in this chapter.

As it was covered in the Consumer Decision Journey part of the literature review, "...the loyalty stage of customer experience funnel... is the stage where marketers should emphasize the connection through community development, engagement, and outreach." The research has supported this statement multiple times by showing the significant importance of social media as a communication tool in many different aspects related to customer loyalty. When asked about the most useful sources of information about new restaurants, most of the free-form answers related to Social Media platforms, e.g. Instagram/Facebook ads. Surprisingly, many respondents – 43 percent claimed to follow the restaurant or the owner/head chef on social media out of pure curiosity, and it is an invaluable indicator of loyalty and interest towards the brand. Also, the more likely the respondent was to post a picture of his meal to his social media, the more likely he would consider himself to be loyal to his favorite restaurant. It is interesting that 100% of respondents who often post pictures of their meal evaluated themselves

as loyal to their favorite restaurant. The interviews also supported the important role of social media as an advertising channel. As it was discussed in the Measurements of Brand Loyalty chapter, the repetitive purchases can be insufficient to make someone a loyal customer, therefore various ways of customer's involvement with the brand, such as recommendations, followings and publications on social media, serve as a sign of attitudinal and psychological attachment to the brand.

Longart et al. research showed that in the restaurant context word of mouth is highly important in terms of information search. The research proved that as well - 81 percent of respondents claimed to have decided to go to a restaurant they have never been to before based entirely on the recommendations from their family and friends. Recommendations from close ones also resulted second in the top five factors that affect the decision-making process of choosing a restaurant. Based on the interviews, recommendations are as valuable source of information as social media advertising.

The main objective of the research was to evaluate the prerequisites of customer loyalty in the restaurant industry.

As well as in some of the covered studies in the literature review, in this research food quality was also ranked as the most important determinant of customer loyalty in the restaurant. However, the rest of the results start to differ, for instance, in Clark and Wood study (1999), friendliness of staff did not make it into top five factors, whereas in this research it ended up on the second position. The final results are the following:

1. Food Quality (2268 points)
2. Friendliness of staff (1167 points)
3. Price (1098 points)
4. Customer Trust (942 points)
5. Service Quality (922 points)
6. Restaurant Ambience (765 points)
7. Restaurant Location (597 points)
8. Personal Brand (201 points)

The complementary objective of the research was to see whether the opinions of potentially loyal customers differ from the opinion of customers without favorite

restaurants. There was a slight difference found in the responses of these two groups. For the respondents without a favorite restaurant, general customer trust and restaurant ambience were more important than the service quality, whereas for the customers with a favorite restaurant service quality was more valuable than the other two mentioned factors. The assumption is that for a customer without a favorite restaurant, reliability in terms of competence, sufficient quality, and general honesty, meaning customer trust, is paramount for them to come back to the particular restaurant. Trust of the respondents with a favorite restaurant has already been earned, therefore they can switch their focus and appreciation to other factors, such as level of service quality.

The interviews supported the survey results regarding the information channels and decision-making levers, however they also brought attention to some aspects which were not highlighted in the survey. When asked to construct personal top five factors of positive restaurant experience, food quality was not mentioned by all three respondents, only twice in a form for price-quality ratio. They explained this so that the average customer by default expects to receive sufficient quality/freshness of the dish, but the level of quality above average is hard to evaluate and compare with previous experiences. Therefore, the average customer focuses on complementary aspects such as service quality, friendliness of staff, ambience, interior, which make up the whole experience. For this reason, service quality was mentioned by all interviewees as something very important for their pleasant experience, in terms of friendliness, systematization and comfort of service, and ability to handle difficult situations well. Restaurant location and restaurant ambience were also noted as important factors by all the interviewees.

The attitude towards personal brand of the owner or the head chef deserves some attention. 100 percent of the respondents without a favorite restaurant placed the personal brand to the last position. However, some people with a favorite restaurant placed the personal brand as high as on the third position (out of eight). For 27 percent of this customer group personal brand ended up between 3rd and 7th positions, what shows its noticeable impact on customer loyalty. This idea was also supported by the conducted interviews. The respondent claimed to be willing to neglect other important

for him factors, such as location and nice ambience in favor of a skillful chef with positive recommendations.

By the end of the analysis of collected data, a few valuable for the restaurants points were formed. According to 59 percent of survey respondents, the first thing that comes to their mind when they have to choose a place to dine out is type of food. The interview has also shown that for some customers cuisine may be a decisive factor and they will judge their experience based on how authentically the restaurant manages to interpret it. According to Kotler (1999:572), the main objective of branding is to create a deep set of associations for the brand. Therefore, it is worth to focus on particular cuisine, to have an emphasis on a particular style and to advertise the restaurant accordingly, so that the association between a particular type of food and the restaurant is created in the minds of the customers. Another major thing is the mentioned previously social media advertising and communications via the online platforms. Online presence of a restaurant must be an essential part of its marketing strategy. Online review websites, as well as other social media platforms should be used to create the connection with a future and existing customer, improve their experiences, and respond to and encourage their reviews. And last but not least, it is worth investing into a proper training of personnel, their communicativeness and knowledgeability about all aspects of the restaurant, and developing a system of ways to handle complaints. The restaurant owner must understand and appreciate the important role of service quality in the positive customer experience, which is as valuable, if not more, as food quality.

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Survey questions

What makes a perfect dining experience?

Thank you for agreeing to take part in this survey!

I would like to find out about your preferences when it comes to choosing a restaurant. I want to help restaurant businesses to create the best customer experience, and your opinion is crucial for them to provide you with the dining experience you could only dream of.

The survey will take you about 4-6 minutes to complete. Be assured that all answers you provide will remain completely confidential and depersonalized.

* Required

1. How often do you visit restaurants on average? A restaurant can be any eatery that serves food and drinks. (during regular life, before the coronavirus outbreak) *

- Several times a week
- Once a week
- Several times a month
- Once every month or two
- Rarer than that

2. Imagine you have to choose a place to eat with your close friend(s) or a loved one tonight. What comes to your mind first, what comes second etc.? Rank the following based on the impact they have on your decision. (drag and drop the tiles) *

Type of food

Recommendations from family or friends

Location

Online reviews

Your budget

3. Can you recall making a decision to go to a restaurant you have never been to before based entirely on any of the following? *

- Recommendations from family or friends
- Positive online reviews (e.g. TripAdvisor)
- Printed media (newspaper articles, flyers, brochures)
- A promotion or discount
- Outdoor advertising (billboards, ad panels, outdoor menu boards)
- Other

4. Can you say that you have a favorite restaurant? To help you out, you can think of a restaurant you often go to, or just truly support, or simply follow them on social media or through a newsletter, or dream of going there more often *

- Yes, I definitely have one
- I have a couple of favorites
- No, I don't think I do

Next

Think about your favorite restaurant.

5. How often on average do you visit your favorite restaurant? (during regular life, before the coronavirus outbreak) *

- Over 10 times a month
- 4-10 times a month
- 2-3 times a month
- Once a month
- Once in a couple of months
- Once in a few months

6. To which category does your favorite restaurant belong to? *

- Fine Dining
- Casual Dining
- Fast Food
- Buffet
- Cafe
- Other

7. What is your average check in your favorite restaurant? (per person and excluding tips) *

- Below 20€
- 20-40€
- 40-60€
- 60-90€
- Above 90€

8. Do you remember recommending your favorite restaurant to others? *

- Yes, I definitely recommended it to some
- I'm not sure if I did
- No, I didn't tell anyone about it
- Other

9. When you go to your favorite restaurant, do you ever post a picture of your meal to your Social Media? *

- Yes, quite often
- Yes, I do occasionally
- No, I don't really do that

10. Do you follow your favorite restaurant (or its owner or the head chef) on Social Media, such as Instagram, Facebook, or via email newsletter? (not for giveaways, but just out of pure love and curiosity for the brand) *

- Yes
- No

11. Would you describe yourself as "loyal" to your favorite restaurant? *

- Yes, definitely
- Kind of
- Not really
- Other

If the respondent claimed to have a favorite restaurant

Think about your favorite restaurant.

12. Rank the following 8 aspects of the dining experience based on their importance for you to keep coming back to your favorite restaurant (drag and drop the tiles) *

Food Quality
Trust (In General)
Friendliness of Staff
Price
Service Quality
Restaurant Location
Restaurant Ambience (interior, music, comfort etc.)
Personal Brand (of the owner or the head chef)

If the respondent claimed to not have a favorite restaurant

Think about a restaurant that you liked but it was missing that little something to become your favorite one.

5. Rank the following 8 aspects of the dining experience based on their importance for you to come back to this restaurant (drag and drop the tiles) *

Food Quality
Trust (In General)
Friendliness of Staff
Price
Service Quality
Restaurant Location
Restaurant Ambience (interior, music, comfort etc.)
Personal Brand (of the owner or the head chef)

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- Under 18 years old
- 18-24 years old
- 25-34 years old
- 35-44 years old
- 45-60 years old
- Above 60 years old

14. Gender *

- Male
- Female

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15. If you have any questions or comments, leave them here!

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The transcripts of the interviews

Interview N°1

The respondent - Male, 24 years old

How often do you visit restaurants on average?

1-2 times a month.

What do you usually base your choice of a restaurant on when you have to find a place to eat, for instance with your friends?

Price, location, and occasion if there is some special event taking place. But more often it is the budget and the location that matters, the rest of the factors are secondary.

How do you usually find out about a new restaurant to go to?

Recommendations from family and friends.

How many restaurants do you usually have on your mind when you are choosing where to eat at?

2-3 options.

What could stop you from coming back to a restaurant again?

Disrespectful, rude service. It must be the only reason that could make me to never come back to a restaurant again.

Can you say that you have a favorite restaurant?

Well, I have a favorite sushi place that I choose among all the other sushi restaurants, and I have a favorite fast food chain that I like more than others. These must be the only favorites that I have.

How often do you visit your favorite restaurant?

I think about once a month.

To which category does your favorite restaurant belong to?

It is a sushi buffet.

Do you remember recommending it to others?

Yes, I definitely recommended it to some.

Do you follow your favorite restaurant (or its owner or the head chef) on Social Media, such as Instagram, Facebook, or via email newsletter?

No, but the reason for that is that I try to minimize my followings and the fact that I'm not following my favorite restaurant on social media is not because I don't like it but because I in general do not follow many accounts on social media.

Would you describe yourself as "loyal" to your favorite restaurant?

According to my understanding, no, but if we are using the more broad definition of loyalty, I am a loyal customer because I have a restaurant which I am less likely to substitute with some other restaurant.

How do you understand the concept of 'loyalty' in a customer-restaurant relationship?

For me loyalty is an obvious competitive edge of a particular restaurant above all the others which has a solid meaning for a particular individual. It has something that is very important specifically to you and you know that no other place has it. It should be something that differentiates your favorite restaurant from all the others to a large extent. This competitive advantage should either be something that makes the restaurant completely different from the competition (its type, concept, cuisine), or the restaurant should have superior quality or beneficial for a customer price strategy or excellent, unique interior. And for me, based on this understanding of customer loyalty, I don't think I have a favorite restaurant yet.

What are your top five factors that will make you come back to a restaurant?

Price, restaurant location, food quality... actually no, the third is service quality/friendliness of staff, then restaurant ambience... I don't include food quality because I mainly come to a restaurant for experience, for instance I might not be able to differentiate good sushi from the bad ones, but I will definitely notice friendly service, great ambience. So, my final top five: price, restaurant location, restaurant ambience, service quality, friendliness of staff, and sixth comes food quality. Personal brand of the head chef or the owner could also be important in some unique case, for instance if some business owner or musician that I like opens a restaurant, then of course the personal brand will come on the first place.

Interview N°2

The respondent - Female, 22 years old

How often do you visit restaurants on average?

2-5 times a month.

What do you usually base your choice of a restaurant on when you have to find a place to eat, for instance with your friends?

First comes budget, location and online recommendations.

How do you usually find out about a new restaurant to go to?

Instagram. Social media in general, I quite often find out about new places from Facebook and Instagram ads.

How many restaurants do you usually have on your mind when you are choosing where to eat at?

3-4 options.

What could stop you from coming back to a restaurant again?

Bad service. Rude sellers or waiters. For instance, if you had a bad coffee, it is likely that there was some fault in the coffee machine or some other technical or human mistake. You understand that these things are not always the same, it can happen. But if there is rude service, then it tells a lot about the restaurant as a whole.

Can you say that you have a favorite restaurant?

I don't think I have one. I can't say that I am a frequent visitor to restaurants, I mostly visit cafes and I don't think they differ much from each other.

How do you understand the concept of 'loyalty' in a customer-restaurant relationship?

For me, loyalty in terms of customer-restaurant relationship sounds a bit weird because I think that especially in this kind of industry with a huge variety one should try many different options. And even if you have a place that you particularly like at the moment, it doesn't mean that it is necessary the best in the city and it makes sense to give a try to other places as well.

What is your top five factors that will make you come back to a restaurant?

Service quality, value for money, restaurant interior design, location, and waiting times. Sometimes you spend half an hour in the queue to get into the restaurant and in the end, you find out that there is not enough seats inside. My sixth criteria would be the restaurant layout. Sometimes you can have a perfect in all the aspects experience but the way the restaurant is structured inside is somehow weird. For instance, the location of the entrance door to this restaurant, or how the tables are placed. Service quality is more important for me than the food quality, because of course there can be mistakes in cooking of one particular dish on a specific day, and I am not talking about the quality,

freshness of the food products, I assume that this aspect is always followed. What I mean is for example you can get an overcooked pasta one day, you tell about that straight to the waiter or kitchen staff, and the way they handle this situation will mean much more than the actual overcooked dish. They might get angry or rude and claim that the customer is not right and the dish is the way it should be, or accept their mistake and give you a dessert as an apology or something. The good service, especially in this kind of tricky situations may lead to a better experience than a simply good food.

Interview N°3

The respondent - Male, 54

How often do you visit restaurants on average?

If we are talking about all kinds of fast food chains, cafes, then 4 times a week; casual dining restaurants which I visit for a full dining experience I visit on average 2 times a month.

What do you usually base your choice of a restaurant on when you have to find a place to eat, for instance with your friends?

Mainly on the type of food, cuisine that I prefer. If I know that my friend prefers other cuisine than I do, I'll go along with his preference. Also, location matters and general layout, interior of the restaurant. However, a strong recommendation from friends may eliminate the importance of location and design of the restaurant. It may not be placed in a convenient location or be rather small and not special in terms of the looks, but if it has authentic cuisine and I get a recommendation from someone, I will definitely go there.

How do you usually find out about a new restaurant to go to?

Recommendations from friends or if I am passing by and the logo/ad/menu attracts my attention.

How many restaurants do you usually have on your mind when you are choosing where to eat at?

2-3 options, mainly affected by location

What could stop you from coming back to a restaurant again?

Almost anything, cuisine interpretation that does not meet my expectations, price-quality ratio, the level of friendliness and respectfulness of staff. I don't think "I will never visit

this place again" straight after visiting a particular restaurant and having some negative experience, but I will remember all the negative sides of that experience the next time I am thinking of going to dine out somewhere, and it is very likely that I will skip that restaurant.

Can you say that you have a favorite restaurant?

No, I may have a few favorites for a short period of time, but they change quite frequently.

How do you understand the concept of 'loyalty' in a customer-restaurant relationship?

I do not consider myself loyal to a particular restaurant, but I can say that I am loyal to some cuisines. For a restaurant, successful formula for customer loyalty growth should include comfort in general, respect and positive attitude from the personnel, the interior, food quality that is above average, and cleanliness of a place.

What is your top five factors that will make you come back to a restaurant?

For me, the most important is the uniqueness and authenticity of cuisine, then comes personal reputation of the head chef. The restaurant may not be as good in terms of all the other aspects, such as interior or location, but if I receive a good recommendation about the chef and his cooking skills, I will visit the place just because I am curious to see what he is capable of. The next is general comfort, there I include the interior, thoughtfulness in design and service, friendliness of staff. Value for money is the next important thing for me. The fifth is the location.