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Impact of Service and Ambiance on Customer Satisfaction and Loyalty in Restaurant Industry: An Empirical Study of Pakistan

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Abstract:

This study demonstrates the effects of quality service and ambience on customer satisfaction and loyalty of consumer. It is further elaborated by assessing the relationship between some dependent and independent variables. Service is consumer's overall impression of relative inferiority / superiority of the organization and services or a form of attitude representing a long-run overall evaluation. The trend of Dining out is gaining popularity in Pakistan. A restaurant with ambiance, on the other hand, immerses the diner in an experience. It's not only food tastes or look that matters but the whole atmosphere in a restaurant gives customer satisfaction. Ambiance is determined by numerous factors, but two most critical factors are lighting and sound.

The source of information for this research is primary data gathered from marketing managers of different hotels and restaurants and from customers. The convenience sampling technique methodis used to analyze the data and to conclude the results. Data was collected with the help of a questionnaire. Total of two hundreds questionnaires were given to participants and we received one hundred seventy. Ten questionnaires were rejected due to errors in completion. The Data was analyzed by using SPSS and recommendations are given to the businesses interested in the maximization of business return and customer leverage to the restaurants/prospective users who want to convert their walk in customers into loyal customers. Of the 165 respondents 56% were male and 44% female. 50% population agreed that they go out to restaurants weekly and a quite a number said daily. 42% population disagreed that they prefer only taste while visiting a restaurant and 65% said that quality service is one of the most important components of a restaurant experience. Respondents were questioned about the importance of ambience and their influences on decisions while going out. 97% of the people believed that it adds an advantage and their decision somehow isbased on it as well.

1. Introduction

Care is the heartily obligation of the hospitality industry. It means to understand and foresee customer demands and having a clear perspective to meet needs or expectations. Manifesting such approach will cover different areas of hospitality and will integrate all aspects of quality service into uniqueoperations of business. Customer's satisfaction and loyalty is the core of service industry. It is hard to achieve objectives of business without satisfying customer. There is a need to mash the perfect mix of service quality, blended with an unmatched ambience and an ultimate addition to certain unexpected factors that will provide better feeling to customers. It will also help businesses in detaining customers and retaining customers.

2. Literature Review

A definition of quality service means the consumer's overall notion of the relativity between inferiority & superiority of the organization's services (Bitner, Booms and Mohr 1994) or it isatype of an attitude which represents a long-run overall assessment of the experience (Cronin and Taylor 1994). It seems tobe consistent that quality service isactuallyincongruity between experience and performance (Roest and Pieters1997). There are three unique features of services such as *intangible*, *heterogenic*, *inseparable* (Parasuraman, Zeithaml Valarie, and Berry 1985).

Therefore none of two experiences will bring the same level of satisfaction to customer (Lovelock,Edwardson and Patterson,1998). Dining out' is flaunting nationally, almost 11,00,000 people dine outfrequently in Pakistan. Most local hotels and restaurants relied on serving conventional foods. Fast food has made a firm foot in this industry. The sector has many medium

family restaurants (almost 62%), fast food restaurant are accounted at 15%, 6% goes for the hotelsand 17% are ethnic styled restaurants (Khan and Sheikh, 2011).

People visit restaurants because:

- Rapid increase in urban population.
- Increased female work force.
- Increased exposure to different foods through different mediums.
- Promotional activities.
- Increased popularity of American foods and preference over Chinese foods.
- New trend in society.
- Change in life style.

Another study states that impatience and classy are observed traits of consumers, if business is not providing service and value satisfactionthey will leave you for another restaurant whichoffers great service and value (Khan and Sheikh, 2011). Pakistani restaurant industry is not different from any other restaurant industry in the world. There is a difference in taste and choices that can be observed but treatment demands are similar to the people all around the globe. The main focus is on three qualifications:

- Customer satisfaction
- Loyalty
- Brand image

Above three variables are important in Pakistani surroundings. People are service cognizant but they have a preference for quality and ambiance side by side. Brand image of restaurant in their minds can make them satisfied and loyal towards a particular restaurant.

High quality service provides a competitive edge to restaurant as it is an increasingly important weapon to survive in such an aggressive environment. The culinary industry is one of the most affected businesses from increased struggle or rising consumer expectations (Fornell, 1992). There are overpoweringwilesabout winning a new customers which is expensive than to keepexisting ones (Ennew and Binks1996). Therefore it goes with thestance that customer substitute costs, such aspromotion and advertising, are much more and it takes time for new customers to establish as a profitable one (Athanassopoulos, Gounaris and Stathakopoulos2001).

Staff should also possess the aptitude to work under pressure as managing a restaurant can be challenging job which will require a lot of strength. Success of a restaurant is solely dependent on its repute; therefore they should not compromise on quality and maintain standards for reputation (Clark, Hartline and Jones 2008). Customer satisfaction was first measured in early 1970s, as it was looked upon for helping them flourish (Coyles and Gokey 2002). During 1980s, data was gathered through surveys for performance monitoring, compensation and then examined further for customer satisfaction (Swan and Trawick1981). Many researchers are focusing on customer's loyalty. The major behavioral patterns taken up by the consumers include word-of-mouth, complaining on some issues, intention to repurchaseand price sensitivity (Leisen and Prosser 2004).

Price sensitivity plays an important role for customer loyalty (Helgesen, 2006). Along with other quickness of services plays an important role (Chao, 2008). To learn in-depth about service quality and customer satisfaction, it is important to understand the gap between (Mittal and Lasser, 1996):

- Customer's expectation
- Customers perception

Dimensions of service quality:

Tangibility: It includes the factors or service indicators such as cleanliness of the dining area, neat and clean dresses of employees, disposable gloves and parking facilities (Cronin and Taylor 1992).

Reliability: Fulfilling the promises on time and in a systematic way.

Responsiveness: the willingness of the firm towards customers' helpin time upon customers request (OluOjo,2008).

Assurance: Assurance is the compilation of emotionally supporting traits such as courtesy, competence; security and credibility. Empathy: Relates to care which means that it contains communication, access and understanding the customer.

3. Research Method

The objective of research is to evaluate the effects of quality service and ambience on consumer loyalty and brand consciousness that pulled the demand for a quantitative study. The survey questionnaire for quantitative study relates to customers experience with social media marketing. Two hundred questions were circulated through mail, in person in the city of Lahore. We received 165 completed questionnaires, out of these five questionnaires were rejected due to incomplete/vague/irrelevant responses. Convenience samplingmethod was used and all questionnaires were completed by a specific group of respondents in the hotel and restaurant industry. For the quantitative research part statistical package for social sciences (SPSS) software was utilized to analyze the data.

3.1. Analysis

 Test 1: Gender * if any of two (service quality & ambience) other than food taste are missing can spoil the experience Crosstabulation

Count							
		if any of two (service taste are n	Total				
		Disagree	Neutral	Agree			
Gender	Male	20	30	36	86		
	female	16	24	34	74		
Total		36	54	70	160		

Chi-Square Tests						
Value	Df	Asymp. Sig. (2-sided)				
.270 ^a	2	.874				
.270	2	.874				
.209	1	.647				
160						
	.270 ^a .270 .209	Value Df .270a 2 .270 2 .209 1				

Hypothesis H1 & H2 have been tested across the gender where no significant difference was calculated amongst both the genders and there is no statistical association between these, where X(1)=0.270, p=0.874. Both male and female believe that if any of the two service quality and ambience is missing that spoil the food experience. Hence the test 1 accepts both the hypothesis and rejects the H0.

 Test 2: Gender * service quality and ambience makes up the first impression of a restaurant (brand) in mind Cross tabulation

Count							
		service qua first impressi	Total				
		Neutral	Agree	strongly agree			
Gender	male	18	53	15	86		
	female	30	22	22	74		
Total		48	75	37	160		

Chi-Square Tests						
	Value	Df	Asymp. Sig. (2-sided			
Pearson Chi-Square	16.330 ^a	2	.000			
Likelihood Ratio	16.669	2	.000			
Linear-by-Linear Association	.403	1	.526			
N of Valid Cases	160					

H3 deals with brand image that can be manipulated in customers perception about quality service and ambience, test 2 proves that there is a significance difference across gender though both identities are in favor yet males have a higher agreeable tendency X(1)=0.403, P=0.526 which accepts that service quality and ambience makes up the first impression of a restaurant (brand) in consumers mind therefore it rejects H0.

	Age groups							
		Frequency	Percent	Valid Percent	Cumulative Percent			
Valid	18-24	107	64.8	66.9	66.9			
	25-34	47	28.5	29.4	96.3			
	35-44	5	3.0	3.1	99.4			
	45-54	1	.6	.6	100.0			
	Total	160	97.0	100.0				
Missing	System	5	3.0					
Total		165	100.0					

Table 1

The maximum number of the sample strata fall under the age group of 18-24, 28.5% belongs to 25-34 age groups and 3% belongs to 35-44 age groups.

Gender								
		Frequency	Percent	Valid Percent	Cumulative Percent			
Valid	Male	86	52.1	53.8	53.8			
	Female	74	44.8	46.3	100.0			
	Total	160	97.0	100.0				
Missing	System	5	3.0					
To	tal	165	100.0					

Table 2

In my survey I have interviewed 165 persons, from whom 52.1% were male and 44.8% were female.

Respondents occupation							
		Frequency	Percent	Valid Percent	Cumulative Percent		
Valid	Manager	37	22.4	23.1	23.1		
	Clerk	31	18.8	19.4	42.5		
	unemployed	92	55.8	57.5	100.0		
	Total	160	97.0	100.0			
Missing	System	5	3.0				
,	Total	165	100.0				

Table 3

From 161 population 22.4% were employed under managerial jobs, 18.8% were doing clerical jobs, and 55.8% were unemployed (students)

Respondents education							
		Frequency	Percent	Valid Percent	Cumulative Percent		
Valid	Matric	4	2.4	2.5	2.5		
	intermediate	31	18.8	19.4	21.9		
	graduation	69	41.8	43.1	65.0		
	Masters	56	33.9	35.0	100.0		
	Total	160	97.0	100.0			
Missing	System	5	3.0				
Total		165	100.0				

Table 4

Major size of population consisted of bachelors 41.8%, 33.9% was masters and 18.8% were intermediate level and only 2.4% were from Matric.

Do you like going to the restaurant							
Frequency Percent Valid Percent Cumulative Percent							
Valid	Yes	160	97.0	100.0	100.0		
Missing	System	5	3.0				
То	tal	165	100.0				

Table 5

97% respondents reply positively for going to restaurant.

Frequency of going to the restaurant								
		Frequency	Percent	Valid Percent	Cumulative Percent			
Valid	Daily	56	33.9	35.0	35.0			
	Weekly	81	49.1	50.6	85.6			
	fortnightly	14	8.5	8.8	94.4			
	Monthly	9	5.5	5.6	100.0			
	Total	160	97.0	100.0				
Missing	System	5	3.0					
T	otal	165	100.0					

Table 6

49.1% respondents said that they have a weekly tendency of going to the restaurants, 33.9% said that they visit restaurants daily from their offices or colleges for lunch.

I go to the restaurant frequently							
		Frequency	Percent	Valid Percent	Cumulative Percent		
Valid	strongly disagree	6	3.6	3.8	3.8		
	Disagree	1	.6	.6	4.4		
	Neutral	15	9.1	9.4	13.8		
	Agree	115	69.7	71.9	85.6		
	strongly agree	23	13.9	14.4	100.0		
	Total	160	97.0	100.0			
Missing	System	5	3.0				
	Total	165	100.0				

Table 7

69.7% of the population said and agreed that they visit restaurants frequently and 9.1% were neutral.

	I prefer taste only while visiting a restaurant								
		Frequency	Percent	Valid Percent	Cumulative Percent				
Valid	Disagree	69	41.8	43.1	43.1				
	Neutral	71	43.0	44.4	87.5				
	Agree	20	12.1	12.5	100.0				
	Total	160	97.0	100.0					
Missing	System	5	3.0						
To	otal	165	100.0						

Table 8

43.0% people were neutral as they preferred other components along with taste, 41.8% people disagreed as to them other factors along with ambience etc is important and only 12.1% people agreed that taste alone is important

	Along with taste quality of service is important for me										
		Frequency	Percent	Valid Percent	Cumulative Percent						
Valid	Agree	108	65.5	67.5	67.5						
	strongly agree	52	31.5	32.5	100.0						
	Total	160	97.0	100.0							
Missing	System	5	3.0								
	Total	165	100.0								

Table 9

Almost all the sample population agreed that along with taste, quality of service is also important for them.

2service quality plays a vital role in a restaurant experience										
	Frequency Percent Valid Percent Cumulative Percent									
Valid	Agree	69	41.8	43.1	43.1					
	strongly agree	91	55.2	56.9	100.0					
	Total	160	97.0	100.0						
Missing	System	5	3.0							
	Total	165	100.0							

Table 10

The sample population had a clear perception which defied that quality service cannot be overlooked as it plays a vital role in restaurant experience.

Rightfully designed environment can influence me to visit again									
		Frequency	Percent	Valid Percent	Cumulative Percent				
Valid	Agree	160	97.0	100.0	100.0				
Missing	System	5	3.0						
To	tal	165	100.0						

Table 11

97% of the population agreed that a rightfully designed ambience plays a vital role and can influence a customer to revisit.

If any of two (quality service and ambience) other than food taste are missing can spoil the experience									
		Frequency	Percent	Valid Percent	Cumulative Percent				
Valid	Disagree	36	21.8	22.5	22.5				
	Neutral	54	32.7	33.8	56.3				
	Agree	70	42.4	43.8	100.0				
	Total	160	97.0	100.0					
Missing	System	5	3.0						
To	otal	165	100.0						

Table 12

42.4% respondents agreed that they feel uncomfortable if two (service quality and ambience) other than food taste is not up to the mark. 32.7% were neutral and 36% were not disagreeing.

	I find only food taste important									
		Frequency	Percent	Valid Percent	Cumulative Percent					
Valid	Disagree	71	43.0	44.4	44.4					
	Neutral	58	35.2	36.3	80.6					
	Agree	30	18.2	18.8	99.4					
	44.00	1	.6	.6	100.0					
	Total	160	97.0	100.0						
Missing	System	5	3.0							
To	otal	165	100.0							

Table 13

43% respondents said that only good food is not enough. 35.2% were neutral and 18.8% were in the favor of good food.

	A perfect experience can make me come again									
	Frequency Percent Valid Percent Cumulative Percent									
Valid	Agree	54	32.7	33.8	33.8					
	strongly agree	106	64.2	66.3	100.0					
	Total	160	97.0	100.0						
Missing	System	5	3.0							
	Total		100.0							

Table 14

64.2% people strongly agreed that a perfect experience of food combined with ambience and service quality can create a perfect experience which can influence the customer to come again.

	I don't visit restaurants										
Frequency Percent Valid Percent Cumulative Percent											
Valid	Disagree	160	97.0	100.0	100.0						
Missing	System	5	3.0								
To	otal	165	100.0								

Table 15

97% of the respondents disagreed that they do not visit restaurants.

	I will recommend others if I find service quality and ambience at excellent level										
		Frequency	Percent	Valid Percent	Cumulative Percent						
Valid	Neutral	75	45.5	46.9	46.9						
	Agree	85	51.5	53.1	100.0						
	Total	160	97.0	100.0							
Missing	System	5	3.0								
То	tal	165	100.0								

Table 16

51.5% of the respondents said they agreed if the quality service and ambience combined with food taste is excellent they will recommend it to others and 45,5% were neutral on this factor.

Ser	Service quality and ambience makes up the first impression of a restaurant (brand) in mind									
		Frequency	Percent	Valid Percent	Cumulative Percent					
Valid	Neutral	47	28.5	29.4	29.4					
	Agree	75	45.5	46.9	76.3					
	strongly agree	37	22.4	23.1	99.4					
	33.00	1	.6	.6	100.0					
	Total	160	97.0	100.0						
Missing	System	5	3.0							
	Total	165	100.0							

Table 17

45.5% of the respondents said that service quality and ambience makes up the first impression of the restaurants brand in the customer minds another 22.4% strongly agreed to it while 28.5% were neutral.

	Brand formation is based upon service quality and ambience (with taste)										
		Frequency	Percent	Valid Percent	Cumulative Percent						
Valid	Disagree	37	22.4	23.1	23.1						
	Neutral	58	35.2	36.3	59.4						
	Agree	64	38.8	40.0	99.4						
	33.00	1	.6	.6	100.0						
	Total	160	97.0	100.0							
Missing	System	5	3.0								
To	otal	165	100.0								

Table 18

38.8% people agreed that brand formation is based upon service quality and ambience along with food taste and quality. 35.2% respondents were neutral while only 22% disagreed.

	I am willing to pay good if I get the best of service, ambience and food in one place									
		Frequency	Percent	Valid Percent	Cumulative Percent					
Valid	Neutral	37	22.4	23.1	23.1					
	Agree	83	50.3	51.9	75.0					
	strongly agree	39	23.6	24.4	99.4					
	44.00	1	.6	.6	100.0					
	Total	160	97.0	100.0						
Missing	System	5	3.0							
	Total	165	100.0							

Table 19

Altogether 74% of population agreed to pay a good amount if they get best of service, ambience and food in one place.

	Along with the taste and service quality ambience is also important influencer while selecting a restaurant										
	Frequency Percent Valid Percent Cumulative Percent										
Valid	Neutral	57	34.5	35.6	35.6						
	Agree	103	62.4	64.4	100.0						
	Total	160	97.0	100.0							
Missing	System	5	3.0								
Total		165	100.0								

Table 20

62.4% respondents agreed that along with service quality ambience is also important influencer while selecting a restaurant and 34% were neutral.

4. Conclusion and Recommendations

This paper investigated the impact of quality service and ambience on consumer satisfaction and loyalty in restaurant industry. It entails different components of quality service and ambience of a restaurant and there direct relation to the consumer's satisfaction and loyalty. As in the culinary industry quality service is valued at the utmost, now ambience has also added to recipe and it has become one of the most vital components in establishment of a brand. Taking care of the customer in the best manners is the most essential part of the hospitality industry and therefore knowing and understanding their needs at the grass root level.

Lot of research has been conducted in the field of quality service internationally. Our Sample size consisted on 165 persons out of which 5 questionnaires were rejected due to error. In the respondents 56% were male and 44% females. 50% population agreed that they go out to restaurants weekly and a quite a number said daily. 42% population disagreed that they prefer only taste while visiting a restaurant and 65% said that quality service is one of the most important components of a restaurant experience. Respondents were questioned about the importance of ambience and their influences on decisions while going out. 97% of the people believed that it adds an advantage and their decision somehow based on it as well. Following are the recommendations

- Customers have so many options so providing them with a complete package is the only source of a continuous engagement and loyalty. A great consideration requires formanaging and training the human resource of the restaurant because a single bad element can spoil the broth.
- It is important to keep the type of food in mind while designing the ambiance.
- Food is the need but making and creating the wow element for the customers hits the total score.

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