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Study on Factors Affecting Consumer Loyalty in the Restaurant Industry

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Abstract: ***This study aims to investigate the essential variables of service quality, customer value, and brand image that contribute to customer loyalty in the Bengaluru restaurant business. In addition, the purpose of this study was to validate the relationship between independent factors, such as service quality, customer value, and brand image, and the dependent variable, customer loyalty. This study utilized a simple random sample technique to pick 120 respondents who dine at various Bengaluru restaurants. The respondents' personal information has been analyzed utilizing descriptive statistics. The ideas have also been evaluated using Pearson's correlation test. All hypotheses have been found to be supported by the data, indicating that the examined variables are strongly associated with one another. Consequently, the results indicate that restaurant management should not only establish and maintain a competitive advantage in the restaurant industry market, but also devote more resources to enhancing service quality, enhancing customer value, and establishing a brand image that will ultimately contribute to securing customer loyalty.***

Keywords: Customer loyalty, Restaurant, Quality, Quantity, Price, Promotion, Location

I. INTRODUCTION

With markets becoming more competitive and the working environment experiencing rapid change, businesses have discovered that they are no longer confronted by an increasing economic system with continuously expanding marketplaces [9]. As a consequence, each consumer has acquired more value. Client happiness is viewed as a factor that encourages customers to use the service again, although there is no assurance that a pleased customer would make a second purchase [6]. In the 1980s and 1990s, marketers and academics concentrated primarily on consumer satisfaction and techniques to boost it. Over time, however, marketers recognized that many delighted consumers did not necessarily repurchase the product or service in issue. In the automobile business, for instance, when 85 to 95% of customers indicated pleasure, only 30 to 40% repurchased the same brand or model of car [7]. Thus, client loyalty is seen as an essential aspect for growing profitability and sustaining the organization's position. According to their study, a reduction of merely 5% in the defection rate increases the organization's profitability by between 25% and 85%, depending on the industry [6]. The majority of studies indicate that firms should retain their loyal consumers as a competitive asset. Due to the rising employment of women outside the house and broad changes in lifestyle, the consumption of restaurant meals and fast food is on the rise in the Iranian restaurant business, which can create a very lucrative market. On the other hand, competition is rising in the restaurant sector, as seen by their commitment to building additional locations [11]. Attracting new consumers is no longer sufficient to ensure profitability and success in the restaurant industry; rather, maintaining existing customers is of more significance. In actuality, a competitive economy gives clients with additional options from which to pick. Thus, individuals may choose their preferred option among a number of possibilities. Therefore, client loyalty is seen as a crucial aspect for the success, sustainability, and profitability of the restaurant sector. This study aims to identify the characteristics that contribute to client loyalty in the restaurant business and to provide recommendations for boosting customer loyalty and fostering long-lasting, committed relationships [5].

II. LITERATURE REVIEW

Quality of service is recognised as an overarching notion that applies across all sectors and serves as an essential prerequisite for all clients, notwithstanding the products and services that are being purchased. They recommended that the quality of the service was the primary factor that influenced the profitability of an organisation and its connection to ongoing expansion [6].

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There have been many studies that have shown that there is a strong relationship between the service quality of products and the customer's satisfaction, readiness, and intention to buy again, as well as their verbalization and ongoing loyalty to a particular organisation [2]. These studies have been conducted by a variety of different researchers. In addition, providing excellent service not only entices clients away from your rivals but also encourages them to make repeat purchases of certain goods and services and to suggest your company to others by way of positive comments and referrals. Loyalty is an indirect and subconscious pledge to repurchase particular items and services on a regular basis. It is one of the most important factors that determines the future of an organisation and the frequent purchases that a client makes. The findings of these studies [2] testify to the existence of significant and beneficial interactions. [7][12]. Their research, on the other hand, focused on the services provided by mobile phone carriers, namely the quality of such services and the consumers' subsequent intentions regarding whether or not they would like to buy the same specific service package from the same provider. According to the findings of their research [15], post-purchase customer satisfaction may be attributed to the high quality of the goods or services that were purchased by the consumer. In addition, the findings of other research indicate that the quality of the service is the primary factor that influences a customer's decision to repurchase from a certain service provider and to recommend to others the purchase of specific items from an organisation. It has been noted in the conclusions of the research that switching service providers and quitting an organisation were the effects of the inability of a certain firm to give adequate services to the clients. These indicate that the inability to provide clients with services of a decent quality might be a primary cause for a customer in Bengaluru City to switch restaurants by a customer.

III. FACTORS AFFECTING CONSUMER LOYALTY

The amount of consumer loyalty varies greatly depending not just on the product line and the product type, but also on the services that are provided. In a similar vein, there are several fundamental characteristics that impact the loyalty of customers to food establishments [8]. The consumer is more interested in receiving high-quality meals in exchange for their money. A sane customer in today's market would prioritise higher product quality above cheaper prices while purchasing food. In this context, "quality" refers not only to the quality of the cuisine that is served, but also to the quality of a variety of other services that are provided, such as the personnel, the parking, the entertainment, etc. Businesses that provide customers with high levels of satisfaction in both the products they sell and the additional services they provide have a greater probability of retaining those customers over time [1]. Another aspect that plays into a consumer's decision-making process is the quantity of a product that is made available at a certain price. When it comes to purchasing food, a customer who is acting rationally would always prioritise maximising the amount of food they receive for their money. As a result, the cost of the food and the amount that is made available have to be complimentary to one another. This would ultimately assist a company in gaining regular customers [14].

The level of contentment attained by a consumer as a result of the provision of a service or purchase of a good is referred to as consumer value. When compared to a consumer that is not content with their purchase, a satiated consumer would have the greatest consumer value [4]. Because customer satisfaction is the ultimate goal of a consumer after purchasing a service or product, a company that focuses on offering high consumer value to its customers will have more customers who remain loyal to the company over time. Value to the consumer is influenced by a variety of factors, such as quality, quantity, presentation, services, location, and others. The location of a company offers customers a certain degree of ease when it comes to acquiring the goods and services offered by the company [2]. It acts as a spot where the majority of customers would find it convenient to go there without much difficulty. A desirable location not only brings in more customers overall but also results in an increased number of repeat customers. The price of the product is the primary factor that influences a customer's choice of that product [7]. [Note: A shopper who is acting rationally would always search for the choice that provides the greatest amount of value for the least amount of money spent. To a greater or lesser extent, pricing will always be an irrefutable aspect that affects customer loyalty. Nevertheless, there are circumstances in which a high price does not influence a buyer until the individual receives quality and quantity that are adequate. It is possible for a company to increase the number of repeat customers they have if they offer their services at competitive prices [3]. [12][15]. A customer is mostly interested in discovering new flavours and variations. A gourmet will constantly be on the lookout for a wide range of different cuisines and flavours. A great deal of customers is drawn to a specific restaurant because of the diversity of options it provides. The term "variety" refers to a more generalised categorization of the meals and cuisines that are available. A company that caters to a wide range of customers by providing a large number of different options has a greater chance of attracting repeat business from customers who like to try something different each time they dine out [7].

The art of food plating involves the use of a variety of materials and colours to make the presentation of a food item more visually appealing and appealing to the senses [13]. It places a strong emphasis on the idea that one should eat with their eyes.

More customers will be drawn to a company that offers plating services that are aesthetically pleasing, which will immediately lead to an increase in the value that customers get. A restaurant does not simply function as a source of food; rather, it also provides a wide variety of additional services, such as entertainment, home delivery, deals, luxury, and so on [14]. A buyer is not only interested in the product's quality and flavour, but also in the assortment of other services that are sold alongside it. Services mostly appeal to customers that value comprehensive entertainment and desire a greater emphasis on hospitality. Therefore, the decision of consumers is also impacted by the services supplied by the food restaurant in addition to the meal itself. When it comes to marketing a restaurant, promotion is an extremely important factor [6]. The manner in which it markets itself to customers is a factor that consumers consider. In addition, the marketing philosophy that we adhere to suggests that an aggressive advertising strategy may assist us in gaining more customers. When a restaurant makes an effort to promote itself, it increases the likelihood that it will attract new customers and it satisfies the needs of its present clientele. When an organisation markets itself, it raises its chances of attracting new customers and fosters greater brand loyalty among existing ones.

IV. METHODOLOGY

The main objective of this analysis is to evaluate the effect of customer satisfaction and loyalty on the restaurant Industry. The primary data collected using the survey form circulated to 120 respondents from Bengaluru. The study has employed convenient sampling technique. The collected data have been analysed using percentage analysis and regression analysis.

V. ANALYSIS AND INTERPRETATION

Table 1: Respondents Demographic Profile

Variables	Values	%
Gender	Male	56.9
	Female	43.1
Age	Below 20	13.7
	20-25	56.9
	25-30	17.6
	30-40	9.8
	Above 40	2
Annual Income (Rs.)	Less than 1,00,000	46
	1,00,000-2,50,000	12
	2,50,000-500,000	10
	5,00,000-10,00,000	26
	Above 10,00,000	6

Table 2: Reason for the selection (%)

BASIS	YES	NO	MAYBE
Food Quality	84.3	13.7	2
Location	47.1	52.9	0
Service Quality	80.4	19.6	0
Pricing	48	34	18
Try New Restaurants	45.1	13.7	41.2

Majority of the respondents were males who were aged between 20 to 25 years. Most of the respondents have the income less than Rs. 100000. Out of this respondents majority of the people go to the restaurants on the weekly basis. From the above table it can easily interpret the top 3 factors which affect the customer loyalty are quality of food, service quality and pricing of the restaurants foods in the restaurant industries.

H_0: There is no relationship between Location of the restaurant and Food quality of the restaurant
H_1: There is a relationship between Location of the restaurant and Food quality of the restaurant

Table 3: Regression

Multiple R	0.188
R Square	0.036
Adjusted R Square	0.025
Standard Error	0.394
Observations	97

Table 4: ANOVA

	df	*SS*	*MS*	*F*	*R*
Regression	1	0.545	0.545	3.511	0.064
Residual	95	14.73	0.155		
Total	96	15.28			

The regression table suggests that there is a very less chance of this regression model to succeed. The significance value and P-Value are above 0.5 which means that they are highly statistically insignificant. According to the hypothesis tested here, it states that the significance values helps us in accepting the null hypothesis and reject the alternative hypothesis. The Null hypothesis says that there is No relationship between the Location of the restaurant and Food quality of the restaurant. Other factors like location and consumer behavior also play some role in customer loyalty but the main factor which affects the customer loyalty in the restaurant business is

1) Food Quality
2) Prices
3) Service Quality

VI. FINDINGS AND CONCLUSION

The primary objective of restaurant ventures must be to satisfy clients. Consumer loyalty is defined as a measurement of consumer satisfaction with an organization's product, service, and capabilities. Service quality has the potential to generate repeat business. Food quality refers to the characteristics of food that are acceptable to consumers. This includes external characteristics such as look, texture, and flavor. It is believed that the quality of the food and beverages influences a customer's desire to return to a certain restaurant. Additionally, freshness is an important factor that influences customers' purchasing intentions. Modern consumers seek freshness and expect to be provided while adhering to adequate hygiene standards because it has become the norm. The location of a restaurant will have a similar impact on its success as its food. This study identifies the essential characteristics that contribute significantly to consumer loyalty. This study also reveals that restaurants that prioritize food quality, reasonable meal prices, and attentive service have the most possibility to increase customer happiness and loyalty. Value perception and explicit product or service highlights influence customer happiness and loyalty. Satisfaction is also impacted by customers' emotional responses, their perceptions of value, and their attributions. We observed that the most essential and effective criteria for gaining customer loyalty are service quality, meal quality, pricing, location and environment of the restaurant, and consumer behavior intentions. These elements are crucial for achieving consumer satisfaction and loyalty. When these elements are followed correctly, client satisfaction and loyalty increase.

Employers and company owners should constantly priorities these essential criteria in order to promote client satisfaction and loyalty. To operate a successful firm, the proprietor must determine how to strengthen these customer-satisfying aspects. Although customer happiness and loyalty vary from one consumer to the next, it is necessary to discover and adhere to the specific variables that contribute to their satisfaction and loyalty. Customer satisfaction and loyalty is impacted by explicit product or service highlights and impression of value. Satisfaction is additionally affected by customer's passionate reactions, their attributions nether view of value. The key factors we found very important and affective to gain customer’s loyalty are service quality, food quality, price, restaurant location and atmosphere and customer behavioral intentions. These factors play vital role to satisfy customers and achieve loyalty. These factors are followed properly; the more customers are satisfied and loyal.

Hence the aim of the employer or business owner should be always to give priority to these key factors to increase customer satisfaction and loyalty. To run a successful business, the owner must identify how to enhance these key factors to satisfy customer. Though the satisfaction and loyalty of customers differ from one to another, it is required to identify and follow individual factors to make them satisfied and loyal.

VII. LIMITATIONS AND SUGGESTION FOR FUTURE RESEARCH

The study's primary focus is on the food industry's restaurant sector, where we sought to identify the major characteristics that contribute to patron pleasure and loyalty. The study is restricted to the managers' point of view; hence we propose additional research from the customers' perspective. Additionally, this study was conducted utilizing a structured questionnaire and a quantitative methodology. The sample size is constrained, though. Due to time constraints, it was unable to reach further eateries that were situated in other locations. Another restriction is that since the study only looked at restaurants, its findings cannot be extended to other industries. Since the focus of our study is on high-quality restaurants with excellent service, future research should cover other types of restaurants with a similar emphasis in order to provide more conclusive findings. The goal of the current study is to identify the critical variable influencing customer happiness. There should be more research done in the same sectors, such as fast-food restaurants, take-out only establishments, and drive-through eateries.

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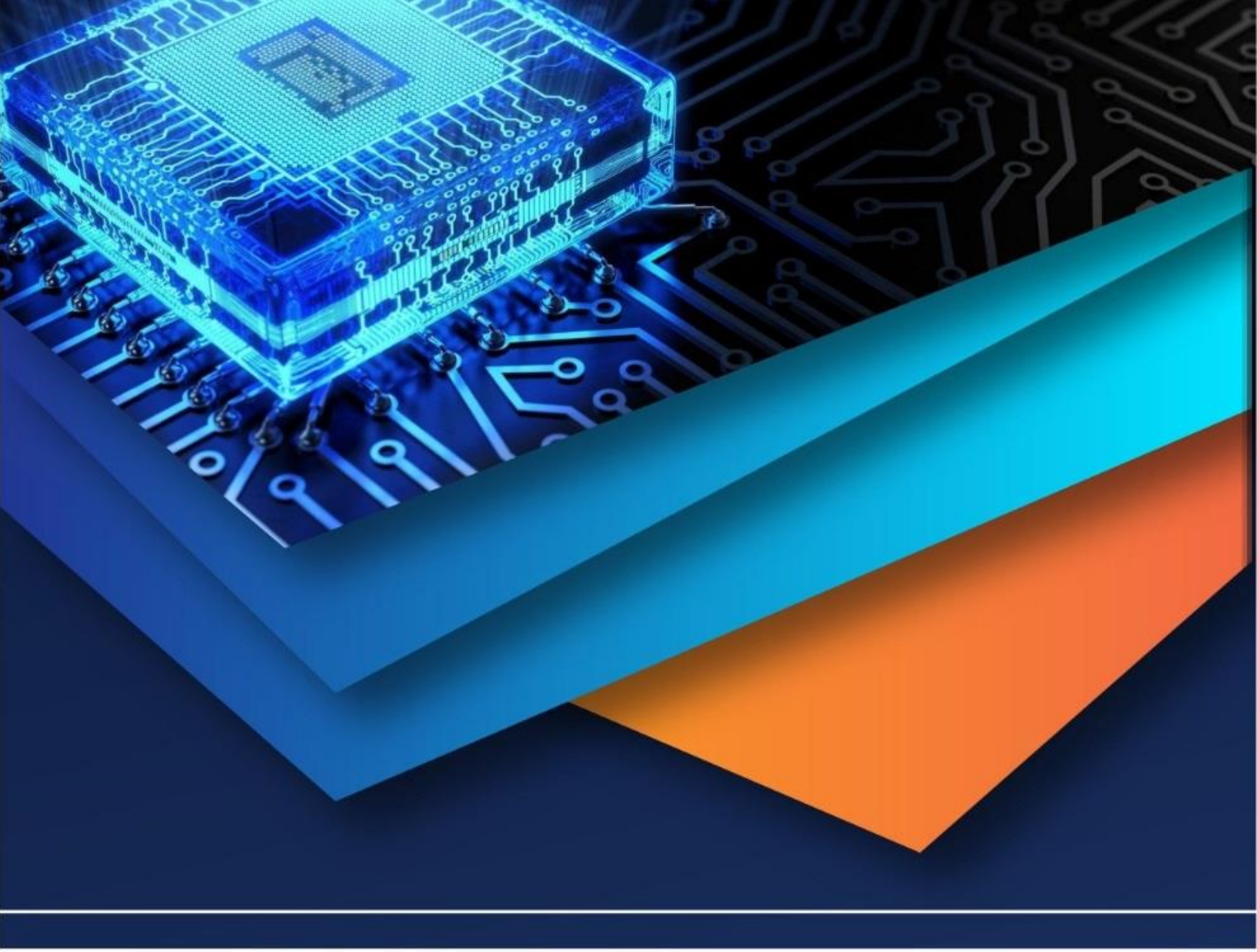

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