PREDICTORS OF RELATIONSHIP QUALITY AND RELATIONSHIP OUTCOMES IN MIDSCALE RESTAURANTS IN IZMIR, TURKEY

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Abstract
This study analyses the relationship management in the hospitality industry. There are three main constructs: relationship management activities (predictors), relationship quality and relationship outcomes (commitment, loyalty and word of mouth). In this field, there is a lot of research, but these three constructs have not fully explored yet. A conceptual model was developed and tested to examine the effect of relationship quality on the relationship between the seven relationship management activities and the three relationship outcomes. A detailed analysis from the survey made in 15 restaurants with 528 participants and 426 clean data shows that the relationship quality is the primary construct between relationship management activities and relationship outcomes. The effective use of a relationship management strategy may increase customer commitment, spread positive word of mouth, and generate loyalty. The findings of this study provide restaurant managers with a guideline for developing and implementing an enhanced relationship management strategy.

Keywords: relationship marketing; relationship quality; loyalty; word of mouth; repeat purchase

Introduction
Relationship marketing (RM) becomes more and more important in the hospitality industry. Restaurants are interested in generating loyal guest through relationship marketing. Grönroos defined RM as “the process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfillment of promises”. RM offers customers personalized services, goods, and other benefits that foster satisfaction, trust, and commitment (Berry, 1999; Garbarino & Johnson,

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This strategy is based on the belief that strengthening ties with existing customers raises both their level of satisfaction and the business’s ability to deliver relatively good service. One-shot transactions are transformed into repeat purchases with potential for greater long-term profitability (Reichheld & Sasser, 1990; Sheth & Parvatiyar, 1995).

Researchers’ and practitioners’ attention on RM date back to mid 70’s and the term was used as “buyer-seller interaction” by Gummesson in 1977 and the term relationship marketing was first introduced in the literature by Berry in 1983 in a conference paper (Sheth & Parvatiyar, 2000). Since recognition of RM advantages by hospitality firms are willing to create one-to-one relationships with their customers. A personal touch that gives the opportunity to remember customer preferences might be considered as a good example for one to one marketing activity. Also, relationship quality role between the predictors and relationship outcomes is important and well established in the literature. Still, there are some main questions regarding the relationship between these constructs which are not fully explored. In the field of hospitality literature, only a limited number of empirical studies investigated the predictors and outcomes of relationship quality (Kim & Cha, 2002; Kim, Han, & Lee, 2001), relationship commitment (Bowen & Shoemaker, 1998), and emotional commitment (Sui & Baloglu, 2003). Coincidentally, most previous hospitality researchers examined the luxury hotel segment, whereas Sui & Baloglu (2003) adopted casinos as a subject. Sui & Baloglu (2003) claimed that predictors and outcomes of commitment should be investigated across different hospitality operations to better understand strategic insights.

In the restaurant industry, only a few studies on this topic have been conducted, specifically the luxury restaurant segment, to test the cause-effect relationship quality.

Luxury restaurants and restaurants who own a certificate were selected because most of them applied RM concepts in their restaurant operation.

The purpose of this study is to examine the effect of relationship quality on the relationship between the seven predictors (relationship
management activities) and the three outcomes (commitment, loyalty, and word of mouth). This research also addresses the ways in which relationship management variables such as physical environment, food quality, customer orientation, communication, relationship benefits, and perceived price fairness may affect a customer’s relationship quality. It is expected that a high level of satisfaction with the delivery of products and services, along with the customer’s deep trust in a luxury restaurant organization, will lead to high commitment, loyalty, and word-of-mouth referrals. A higher level of customer’s affective commitment is positively related to loyalty and positive word-of-mouth communication.

THEORETICAL BACKGROUND

Conceptual Model Development

To develop the conceptual model, an extensive literature review conducted about RM in the hospitality management. Afterwards, a conceptual model developed that combined relationship management activities and relationship quality and identified how they affect commitment, loyalty, and word of mouth. 10 research hypotheses proposed for the conceptual model.

Predictors of Relationship Quality

Relationship management activity, also known as the Customer Relationship Service (CRM) of a company, is the extent to which customers and employees build and maintain close working relationships (Crosby et al., 1990). Smith (1998) defines the relationship management activity as “a high-order construct representing the mix of behaviors, approaches, and styles used to effectively manage relationships”.

The service marketing mix is also known as an extended marketing mix and is an integral part of a service blueprint design. The service marketing mix consists of 7 P’s as compared to the 4 P’s of a product marketing mix. Simply said, the service marketing mix assumes the service as a product itself. However, it adds 3 more P’s which are required for optimum service delivery. The following form the marketing mix for services marketing, the first 4 P’s being the core and the next 3 P’s being the extended marketing mix.
A product is core offering for any company. This is “the thing” that will fulfill the needs of customers. If a product is faulty, everything else fails. The attributes of the product, vis-a-vis the attributes offered by competing products and substitutes, are important in estimating the competitive scenario for the marketing strategy formulation. Price has a lot of impact on the service buyer’s satisfaction level. Price is often considered a proxy for quality and vice-versa. Services being all more intangible, price becomes an important factor for an actual service consumption. Place often offers a different side of value to the customer. Who would want to travel 10 miles to have a regular dinner, even if that is priced very competitively and has a super quality? Services are often chosen for their place utility. Closer to the customer means a higher probability of purchase. Place utility is important to evaluate, for strategizing on the other 6 Ps. Promotion plays a role in the perception of a possible target audience. Promotion leads service (brand) recognition and further establishes a proxy to evaluate the quality of services based on potential customers. People are crucial in the service sector. Best food may not seem equally palatable if the waitress is in a sour mood. A smile always helps. Intensive training for human resources department on how to handle customers and how to deal with contingencies is crucial for company success. Processes are important to deliver a quality service. Services, being intangible, processes become crucial to ensure projected standards. Physical evidence affects customer’s satisfaction (Kandampully & Suhartanto, 2000; Han & Ryu, 2009; Ryu et al., 2012). Often, services being intangible, customers depend on other cues to judge the offering. This is where physical evidence plays an important role.

In an era of ever-increasing ideas and information in order to balance the flow of information and develop new innovative means of assessing marketing opportunities. Ideas and concepts have to be reinvented to match the developing needs of customers and organizations (Sreena K K, 2016). Kim and his colleagues proposed three predictors of relationship quality that represent the RM activities of hotels: guest confidence, guest contact, and communication Kim et al. (2001) and four determinants of relationship quality dimensions: customer orientation, relational
orientation, mutual disclosure, and service provider attributes are suggested by researchers (Kim & Cha, 2002).

Antecedents of Relationship quality in previous studies focus on intangible (service-oriented) constructs. It has been argued that tangible rather than intangible elements are identified as being of greater importance in gaining customer loyalty of restaurant patronage (Clark & Wood, 1999). Customer relationship management includes both tangible and intangible attributes. In the restaurant business, tangible attributes include building exteriors and parking areas, atmosphere, interior design, lighting, dining area layout, the convenience of operating hours, and the quality of the food. Intangible attributes are friendliness, knowledge, and competence of the staff, consistent communication with customers through newsletters or direct mail, a rewarding frequent dining program, and value for money. In midscale and certificated restaurant operations, it is imperative that relationship management activities should be a broad concept that includes both tangible and intangible (service) attributes. Based on the literature, this study adopted two tangible and four intangible relationship management activities that may serve as important predictors of relationship quality. The tangible category includes two tangible dimensions of physical environment and food quality, whereas the intangible type includes four variables: customer orientation, communication, relationship benefits, and price fairness. In this study which of these activities are most effective in influencing loyalty and word-of-mouth communication through the role of relationship quality examined.

**Physical Environment**

The physical environment is an important determinant of consumer psychology and behavior when a service is consumed primarily for hedonic purposes and when customers spend moderate long periods of time immersed in a particular atmosphere (Ryu & Jang, 2007; Wakefield & Blodgett, 1994). Exterior, lighting, signs, entrances and architectural constructions make up the physical environment and it used by the business to create or reinforce a certain image in the mind of the customer. The physical environment is rich in such cues and may be very
influential in communicating the firm’s image and purpose to its customer. A restaurant’s design is made to communicate with existing and potential customers more effectively. Furniture, colour harmony and the right lighting level will increase the customer satisfaction (Rapaport, 1982). In addition, the location is important in the preference of operation and had an indirect positive effect on store loyalty via customer satisfaction (Bloemer & Ruyter, 1998). Ineffective settlements affect the restaurant quality negatively. It is important that the customers are able to find a parking spot close by and also that it is easily reachable by the public transport, with a close bus stop. These factors affect the rate of competition and likability between competing restaurants. Potential customers often prefer places including all features. Because of this reason restaurants should pay more attention to the physical environment while offering their services to customers (Kivela et al.).

**Food Quality**

Food quality is the quality characteristics of food that is acceptable to consumers. The quality of food is the most important factor to make a good relationship between restaurants and guest. Restaurants should be careful with appearance, smell, taste and certification standards of foods and taste of guest when serving (Zanolli & Naspetti, 2002). Food quality is often the most important factor impacting customer loyalty with regard to restaurant choice (Clark & Wood, 1998; Mattila, 2001, MacLaurin & MacLaurin (2000). These studies demonstrate the importance of food quality in developing customer satisfaction and customer loyalty within the restaurant industry.

Restaurants and businesses that do not pay attention to food quality elements encounter problems such as food and drinks spoilage and losing customers. There are many studies about food quality. For instance: Bloemer and Ruyter’s (1999) research, Clark & Wood’ (1998), and Mattila’s (2001) investigation on customer satisfaction and loyalty. As a result of the quality of food is the most important attribute of overall restaurant service quality and is expected to have a significant relationship with guest satisfaction and trust. In addition to that quality of
food is the element most influential on customer loyalty in restaurant choice.

**Employees’ Customer Orientation**

Employees’ customer orientation has a very strong influence on relationship quality for restaurants. Because of the intangible nature of services and their high level of customer interaction and integration, customer orientation can be expected to play a crucial role in terms of economic success for service companies. Service orientation has been characterized as the disposition of employees to be helpful, thoughtful, considerate and co-operative towards customers. (Dienhart et al., 1992)

Improving the quality of services is closely linked to the increasing importance on the quality of relationships. Providing a good service requires a focus on customers from the organizational level like the culture, systems, procedures, the attitudes, skills and the behaviors of employees and managers. Customer orientation provides psychological, social and cognitive benefits (Kohli & Jaworski, 1990) which are positive related to the employee performance. Employee’s customer orientation is positively correlated with organizational commitment (Redman & Snape, 2005). Past research indicates that customer orientation is related to positive outcomes for restaurants and is often regarded as a main determinant of service firms’ success. (Donovan & Hocutt 2001; Henning-Thurau et al., 2004). Service orientation is defined by Goleman (1998) as; anticipation and fulfillment of customer’s needs. Understanding customer need helps in development of customized offering for the customer and can easily recommend products and services.

**Communication**

Communication is defined as sending and receiving from information between two or more people. Relationship starts with communication. If the service provider wants to create good relationship quality, should focus on communication. Effective communication is a critical component of customer service for small organizations. Customer service efforts are designed to ensure the prompt and efficient delivery of quality
products and services to customers, as well as the effective recovery from any service-related issues that may arise. In dealing with customers, communication is essential, whether it is face-to-face, over the phone, via email or, increasingly, through online channels. Based on the information, it is possible to propose that communication dimension influence relationship quality.

Many customers are seeking restaurant information on online guides and social media and web technologies have inevitably changed consumers online information search, collection and sharing behaviors (Xiang et al., 2015; Buhalis & Law, 2007).

Communication is a process of sending and receiving information among people. Humans communicate with others not only by face-to-face communication, but also by giving information via the Internet and printed products such as books and newspapers. Many people believe that the significance of communication is like the importance of breathing. Indeed, communication facilitates the spread of knowledge and forms relationships between people.

Communication is as important in social life as in business life to do successful businesses. It is considered as one of the important factors in fostering relationship development and maintenance (Finneand & Grönroos, 2009; Dagger et al., 2011).

**Relationship Benefits**

Relationship benefits refer to the benefits that customers are likely to receive as a result of having a long-term relationship with a service provider (Reynolds & Beatty, 1999). Acquired relationship has a significant positive association with customer satisfaction (Jang et al., 2013). The evolution of a relationship between a customer and service provider relies on the amount and nature of benefits that exchange partners derive from that relationship thus it is apparent that relationship is valuable to the customer for its risk-reducing benefit (Bove & Johnson, 2000; Berry, 2002).

Several studies indicate that consumer relational benefits can be categorized into three distinct benefit types: confidence, social, and
special treatment benefits (Czepiel, 1990; Morgan & Hunt, 1994). Confidence benefits are received more and rated as more important than the other relational benefits by consumers, followed by social and special treatment benefits, respectively. Responses segmented by type of service business show a consistent pattern with respect to customer rankings of benefit importance. Management implications for relational strategies and future research implications of the findings are discussed by intensifying the relationship between the customer and the service provider, restaurant marketers may also be positioning themselves to build guest satisfaction and loyalty around relationship benefits, rather than around undifferentiated core service attributes (Gwinner et al., 1998).

**Price Fairness**

Price fairness is a consumer’s assessment and associated emotions of whether the difference (or lack of difference) between a seller’s price and the price of a comparative other party is reasonable, acceptable, or justifiable. Price fairness judgments may be based on previous prices, competitor prices, and profits. Perceived Price fairness is a psychological factor that exerts an important influence on consumers’ reactions to prices (Etzioni, 1988; Kahneman et al., 1986a). (Ranaweera & Neely, 2003) found that increasing perceived reasonable price has a positive influence on customer retention. (Bhattacharya and Friedman, 2001) also suggested that fairness of price can be helpful to enhance profits and customer satisfaction.

Several researches have also shown similar and consistent findings, stating that unfair price perception influences customer satisfaction and return intention (Martin et al.; Martins and Monroe, 1994; Vaidyanathan & Aggarwal, 2003).

**Relationship Quality**

Although relationship quality looks ignored and looks not part of our daily vocabulary, relationship quality is the substance of our everyday lives.
Relationship quality describes how well sellers touch their customer’s expectations, predictions, desires and goals and how they fulfill them. Relationship Quality (RQ) is a concept that is based on the long-standing premise in marketing literature (Gummesson, 2002; Wong & Sohal, 2002).

On the top of it, it is related with customer satisfaction. Smith (1998) claims that relationship quality is important to understand relationship strength in between customers and service providers. Successful and proper relationship leads a suitable exchange process and treatment for both sides (Crosby et al., 1990). As to support for given suggestion, Naudé & Buttle (2000) emphasize that well built relationship quality might reduce uncertainty in customers’ mind.

If relationship quality is high, it may build a strong and long-term relationship between customer and firm (Oliver, 1999; Kandampully, 1998). Numerous researchers empirically found that relationship quality was comprised of trust, loyalty and satisfaction (Dwyer & Oh 1987; Moorman et al. 1992; Dwyer et al. 1987; Morgan & Hunt 1994).

Satisfaction by its nature is able to provoke future actions by partners. Therefore, they propound that satisfaction will lead to the long-term continuation of relationships (Roberts et al., 2003). Satisfying customer needs ensures the business survival for an organization accordingly (Rauyruen & Miller, 2007) relationship quality becomes increasingly emerging strategy for organizations that strive to retain loyal and satisfied customers in today’s highly competitive environment.

It is reported that acquiring new customers is more expensive than to keep existing ones. Therefore, companies have strived to develop long-term relationships with their customers in order to create customer loyalty and increase profitability (Ganesan, 1994; Storbacka et al., 1994). In fact, a strong relationship is considered to be an intangible asset that cannot be easily duplicated by competitors (Wong, et al., 2007). As a result, RQ has become a very important concept in marketing research. When such quality is high, the relationship is successful and vice versa. Payne & Holt Payne, A., & Holt, S. (2001). Have argued that satisfaction
is not only evaluated by expectation towards the core product and expectation towards the supplier, but also other values as well such as benefits received.

There has been vast discussion in the literature on the concept of trust in supplier and customer’s long-term relationships (Wong & Sohal, 2002). In general, most researchers agree that trust plays an important role in influencing the supplier and customer’s relationships. It has been widely debated that a customer is more likely to maintain the relationship with the supplier he/she trust rather than risking to have uncertainties in building new ones.

Many authors think loyalty as an important dimension of relationship quality because it is a critical variable in measuring long term relationship between buyer and seller Oliver, 1999) Palmatier et al., 2006). Oliver, (1999) also stated that the customer’s level of commitment to an organization as an indicator of the strength of relationship.

**KEY RELATIONSHIP OUTCOMES**

**Commitment**

In today's competitive world, the impact of customer relationships to businesses is very important. One of the most important key factor successes of the organization is commitment. The commitment is explained as a psychological process that leads to the level of service utilization of an operator and to the preference and intentional tendency or brand loyalty of the client (Sudhakar, 2006). Common to the different definitions of commitment is that commitment is characterized by a disincentive to replace relationship partners (Young & Denize, 1995). As an another definition, commitment defined by Moorman et al. (1992) as a continuing desire to preserve a valued relationship. In the buyer-and-seller relationship literature, commitment is defined as an implicit or explicit pledge of relational continuity between exchange partners (Dwyer et al. 1987). If there is a pledge between the customer and the business, customers tend to use business, give positive energy to their environment and want to share their satisfaction continuously, (Hur et al., 2010).
According to Garbarino & Johnson (1999), commitment is customer psychological connection, anxiety for future welfare, identification, and pride in being associated with the organization. Antecedent research emphasize that consumers are not likely to show a high level of commitment unless relationship quality has already been established (Wong & Sohal, 2002). Companies need to show customers that they are committed while offering customers the core service benefit. If these issues are addressed correctly, it could lead to the customer developing long-term relations with the business, which will then create loyalty (Liu, 2007). Other perspective, (Wong & Sohal, 2002) Commitment is one of the most important constructs for understanding the strength of a marketing relationship and is a useful construct for measuring the likelihood of loyalty as well as for predicting future purchase intention.

In the light of this information, loyalty is the commitment of customers to an enterprise and indicates requests to resume a relationship. If customers are emotionally connected with the business, the satisfaction rate from the business increases so business further enhances service quality and strengthens communication. The relationship marketing literature distinguishes another potential driver of customer loyalty: relationship commitment.

In terms of the relationship between commitment and loyalty, Dick & Basu (1994) suggested that potential consequences of commitment might include word of mouth communications an important feature of loyalty. Customers who have high commitment in a product or service will intend to repurchase the product. That is to say, commitment leads to behavioral aspect of loyalty. It is argued that customer commitment to the supplier is a very important driver of customer loyalty in service industries (Fullerton, 2003).

**Loyalty and Word of Mouth**

Satisfied customers tend to be loyal and their word-of-mouth communication with other customers is increasing in proportion (Anderson, 1998; Oliver, 1997; Dick & Basu, 1994). Loyalty is referred to the extent to which the customer intends to repurchase from the
service provider which has created a certain level of satisfaction (Söderlund, 1998).

There are 3 different approaches regarding customer loyalty: Behavioral approach, attitudinal approach and mixed approach. Behavioral approach, also known as the customer's preference for the same service again.

Loyal customers provide benefits to the organization, but in a case of service changes or other alternative in case of customer preferences customer loyalty can be eliminated. It is difficult to create loyalty, but it is easy to loose.

The attitudinal approach is defined as the emotional commitment of the customer to the service. But in literature loyalty concept handled as a mixture of both behavioral and attitudinal (Dick and Basu, 1994; Kandampully & Suhartanto, 2000; Julander et al., 1997). This approach is created on a variety of the dependence of factors at different levels is caused to occur.

Nowadays, many service of goods might influence and take the attention of customers before beginning purchase activity.

Word of mouth has a strong effect on consumer decision, this information give companies the opportunity to increase their market share by developing positive word of mouth among customers (Casalo et al., 2008).

To emphasize the importance of Word of Mouth in deep, (Zeithaml & Bitner, 1996) reported that consumers often trust each other more than they trust communication from firms.

If a customer is deeply committed or has strong intentions to repurchase, recommend, and spend more, is evaluated as loyal patron of the company (Getty & Thompson, 1995).

Word of Mouth is described by Westbrook (1987) as all informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services or their sellers.
Word-of-mouth is characterized as the extent to which a customer informs friends, relatives and colleagues about an event that has created a certain level of satisfaction. With respect to the relationship between customer satisfaction and word-of-mouth, some authors have noted that the form of the relationship might be different at different levels of satisfaction (Söderlund, 1998). Loyal customers tend to talk positively about the organization, which works like advertising.

Basically, word-of-mouth is a marketing strategy. Foods, sporting goods, musical concerts, and videotaped movies all have one thing in common, they are often consumed in groups. And, when products are consumed in groups, there is the possibility that word-of-mouth communications (WOM) may occur.

Indeed, Belk (1971) found that WOM is most likely to occur when individuals are in close proximity to a product. As a result, it can be said that consumers affected by word of mouth communication and word of mouth communication is also affected by the level of consumer loyalty.

**Research Hypotheses**

This study examines the structural relationships among six relationship management activities (physical environment, food quality, customer orientation, communication, relationship benefits, and price fairness), relationship quality, and commitment, loyalty, and word of mouth. Based on the literature review following hypotheses are tested:

\[ \text{H}_1: \text{Visually attractive building exteriors and parking area (physical environment) are positively related to relationship quality} \]

\[ \text{H}_2: \text{Taste of food (food quality) is positively related to relationship quality} \]

\[ \text{H}_3: \text{The understanding of specific need (customer orientation) is positively related to relationship quality} \]

\[ \text{H}_4: \text{Friendly dinning stuff (communication) is positively related to relationship quality} \]
H₃: Waiters capability (relationship benefits) is positively related to relationship quality

H₆: Relationship quality is positively related to commitment

H₇: Relationship quality is positively related to word of mouth

H₈: Relationship quality is positively related to loyalty

METHODOLOGY

Survey Design

The data were collected from customers in 15 restaurants in Izmir, Turkey. Research was limited to midscale and certificated restaurants. Selected restaurants are providing professional service, distinctive presentations, moderate décor and good quality food. The sample was limited to the customers of local and chain restaurants in Izmir, Turkey. Restaurants were obtained from members of İzmir Restaurant Association’s database. The students visited restaurants and asked customers either they want to participate in the survey or not. This procedure resulted in a pool of 15 independent restaurants (chain & local) with different themes from traditional Turkish to Alacarte food. Survey was executed during 5-weeks period. A survey was developed out of extensive literature review, to test generated hypothesis. The pretest of the survey mad in the university campus. The survey was originally designed in English. As the survey was provided only in Izmir survey was translated in Turkish. The translated version was pretested to ensure that this version conveyed the same meaning and would not distort the correct understanding of the intended survey instrument.

Students got trained for data collection and customers who agreed to participate in the survey were given a survey or the students asked the questions personally. To increase the response rate, all participants who completed the survey were entered into a prize drawing for a 100 TL gift-certificate for a book store. A total 528 survey were distributed. Out of 528, 426 valid response were obtained. This represented a response rate of around 80% response. The survey is divided into two parts. The first part included questions on the three constructs: 24 items on relationship
management activities, 7 items on relationship quality, and 7 items on relationship outcomes. The second part of the survey included six demographic characteristics of the respondents: gender, age, education, marital status, occupation, and per capita monthly income.

**Measurement**

To measure relationship quality and antecedents in this study thirty-eight questions were asked to participants. Each question was designed to evaluate and measure customer happiness about the restaurants carefully. Likert-type scale used in this study to measure assessment of general information about service quality and restaurant atmosphere. Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). Semantic differential scale used to measure assessment of price fairness and satisfaction 1 (not at all reasonable) to 5 (strongly reasonable).

Six measurement of relationship management chosen as predictors of relationship quality and commitment. There were 4 item scale for physical environment, 3 item scale for food quality, 4 item scale employees’ customer orientation. Communication and price fairness was measured by 4 item scale. We used 4 item scales for relationship quality and 3 item scales for trust and satisfaction. 2 items used to measure the commitment scale, word of mouth communication, and loyalty was measured by 2 items. With the modification for midscale restaurants a survey which was developed by (Yong-Ki Young-Jin, 2006) was adopted for this research.
RESULTS

Demographic Profile of Respondents

Table 1 Demographic Characteristics of Samples

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Category</th>
<th>n</th>
<th>%</th>
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<tbody>
<tr>
<td>Gender</td>
<td>Female</td>
<td>228</td>
<td>53.5</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>198</td>
<td>46.5</td>
</tr>
<tr>
<td>Age</td>
<td>18-24</td>
<td>221</td>
<td>51.9</td>
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<tr>
<td></td>
<td>25-34</td>
<td>119</td>
<td>27.9</td>
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<tr>
<td></td>
<td>35-44</td>
<td>49</td>
<td>11.5</td>
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<td></td>
<td>45-54</td>
<td>29</td>
<td>6.8</td>
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<tr>
<td></td>
<td>55-64</td>
<td>8</td>
<td>1.9</td>
</tr>
<tr>
<td>Education</td>
<td>Associate degree</td>
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<td>Bachelor's degree</td>
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<td></td>
<td>Master's degree</td>
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<td>8.9</td>
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<tr>
<td></td>
<td>Doctorate degree</td>
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<tr>
<td>Martial status</td>
<td>Single</td>
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<td>77.7</td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>95</td>
<td>22.3</td>
</tr>
<tr>
<td>Per capita yearly income</td>
<td>Less than 25,000</td>
<td>252</td>
<td>59.2</td>
</tr>
<tr>
<td></td>
<td>25,000-34,999</td>
<td>64</td>
<td>15</td>
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<td></td>
<td>35,000-49,999</td>
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<td>50,000-74,999</td>
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<td>75,000-99,999</td>
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<td>100,000-149,999</td>
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<td></td>
<td>150,000 or more</td>
<td>6</td>
<td>1.4</td>
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Table 1 represent the demographic profile of the respondents. Female customers represented 53.5% with male respondents representing 46.5%. Approximately 51.9% of respondents were between the ages of 18 and 24 years old, 27.9% were between 25 and 34 years old, 11.5% were 35 to 44 years old, 6.8% were 45 to 54 years old, and 1.9% were 55 to 64 years old. In terms of marital status, 77.7% of the respondents were single,
whereas 22.3% were married. The majority of the respondents had at least a Bachelor’s degree (70%), 18.8% had Associate degree, 8.9% had Master’s degree, and 2.3% had Doctorate degree. More than 59% of respondents earned less than 25,000 range; 15% had a yearly income of 25,000-34,999, 11% earned 35,000-49,999, 50,000-74,999 and 75,000-99,999 have the same value in both (5.2%), 3.1% were 100,000-149,999 and 1.4% had a yearly income of more than 150,000.

Reliability Test and Exploratory Factor Analysis

Reliability test used to determine whether the data in the study is reliable or not. If the reliability more than .80 this means you can use these data in order to make some inferences. A reliability analysis was carried out to calculate the Cronbach’s alfa values for all constructs. All values are presented and met the Nunnally Cronbach alpha criterion of 0.70 (Nunnally, 1978) Cronbach alpha should be above .80 to make judgments and in this study cronbach alpha is .936 this show that our data are given perfect reliability. KMO and Bartlett’s Test also must be above .80 and in our study this criteria defined as .916. Thus, data in the this research are very convenient to conduct the factor analysis.

Factor Analysis

The most common and reliable criterion is the use of eigenvalue in extracting factors; all factors with eigenvalues greater than 1 were retained. In addition, all items with a factor loading above .5 were retained. Also, any items that cross-loaded on two factors with factor loadings greater than .5 were removed. To test the appropriateness of factor analysis, two measures were used. Question 21 and 29 were reverse questions. The table shows us exactly which questions is related to which dimension.

Survey Items questions in this study classified in 8 factors.

Word of mouth; “I want to tell other people positive things about this restaurant.” (.713), “I want to recommend this restaurant to my friends and relatives.” (.713).

Food quality; “The restaurant has clean and elegant dining equipment.” (.681), “Quality of food and beverage is consistently high during each visit.” (.587), “The restaurant offers excellent taste of food.” (.556), “The restaurant offers excellent appearance of food.” (.545).

Staff; “The dining staff is friendly.” (.789), “The dining staff is always willing to help you.” (.805), “The dining staff is knowledgeable and confident.” (.762), “The dining staff is understands your specific needs.” (.617).

Customer satisfaction; “How would you rate your level of satisfaction with the quality of service.” (.556), “How would rate your overall satisfaction with this restaurant.” (.568), “How would you rate this restaurant compared with other restaurants on overall satisfaction.” (.568), “My level of emotional attachment to this restaurant is high.” (.706), “My relationship with this restaurant has a great deal of personal meaning to me.” (.710).

Relationship benefits; “The restaurant offers consistent communication through restaurant newsletters or direct mail.” (.819), “The staff provides information about new events or special promotion programs.” (.726), “The restaurant is active in providing mass media advertising and telemarketing Service.” (.834), “I receive regularly scheduled personal letters (e.g., birthday and anniversary cards) from the restaurant.” (.635), “I get discounts or special deals that most customers don’t get.” (.752), “I was treated as a special and valued customer.” (.614), “I regularly receive information about a new product, special occasions, and promotions.” (.667).

Employee customer orientation; “I am reorganized by certain dining staff.” (.789), “I value the close, personnel relationship I have with the dining staff.” (.710).

Physical environment; “The restaurant has visually attractive building exteriors and parking area.” (.664), “The restaurant has a visually
attractive dining area that is comfortable and easy to move around within.” (.714), “The restaurant has appropriate music and illumination in keeping with its atmosphere) (.632), “The restaurant has clean and elegant dining equipment.” (.681)

**Testing Hypotheses**

In table 2, results present the linear regression. Linear regression is a statistical method that allows us to summarize and study relationships between two continuous (quantitative) variables. This table shows us the relation between dependent and independent variables. R-squared is a statistical measure of how close the data are to the fitted regression line. It is also known as the coefficient of determination, or the coefficient of multiple determinations for multiple regression. R-squared is always between 0 and 100%: 0% indicates that the model explains none of the variability of the response data around its mean. 100% indicates that the model explains all the variability of the response data around its mean.

In general, the higher the R-squared, the better the model fits your data. A view on table 2 shows, that there is a relation between the variables but not a really high.

**Table 2: Relation between Dependent and Independent Variables**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>H1: Visually attractive building exteriors and parking area are positively related to relationship quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.470a</td>
<td>0.221</td>
<td>0.219</td>
<td>0.812</td>
<td>The restaurant has a visually attractive dining area that is comfortable and easy to move around within. 2 The restaurant has visually attractive building exteriors and parking area</td>
</tr>
<tr>
<td>2</td>
<td>.429a</td>
<td>0.184</td>
<td>0.181</td>
<td>0.725</td>
<td>The restaurant offers excellent taste of food and appearance of food. H2: Taste of food (food quality) is positively related to relationship quality</td>
</tr>
</tbody>
</table>
Predictors of Relationship Quality

Hypothesis 1 and Hypothesis 2 predict that physical environment and food quality have a positive impact on relationship quality. The prediction that physical environment (.221, p < .05) and food quality (.184, p < .05) has a significant positive but weaker impact on relationship quality supports Hypothesis 1 and 2.

Hypotheses 3 and 4 suggest that customer orientation and communication affect relationship quality. The result for customer orientation is consistent with this prediction, as shown by the significant path estimate
(.106, *p* < .01), thus supporting Hypothesis 3. As predicted, communication has a positive, significant but weaker effect on relationship quality (.117, *p* < .01), thus supporting Hypothesis 4.

**Relationship Quality and Its Outcomes**

Hypotheses 5 and 6 predict that relationship benefits and quality affect relationship quality. As hypothesized, path estimates of relationship benefits (.089, *p* < .01) and price fairness (1.171, *p* < .01) on relationship quality are significant, but considering weaker result for hypothesis 5, this study cannot emphasize that waiters’ capability would affect to the relationship quality. For hypothesis 6 it can be said that, leastwise, relationship quality affect to the commitment of customers.

Hypothesis 7 predicts a positive relationship between relationship quality and word of mouth. As hypothesized, the path estimate is positive and significant (.326, *p* < .05), thus confirming Hypothesis 7. Hypothesis 8 predicts that that relationship quality will display a positive relationship with loyalty. Path estimate is consistent with this prediction as evidenced by a positive path estimate (.336, *p* < .01).

**DISCUSSION AND MANAGERIAL IMPLICATIONS**

This study has described the effects of relationship management activities on relationship quality and its outcomes. Previous research mostly focused on intangible elements as a major predictor of relationship quality in the hospitality industry. However, this study attempted to show that tangible and intangible constructs are both important in explaining restaurant diners’ loyalty and repurchase behavior. Overall, the four intangible (customer orientation, communication, relationship benefits, and price fairness) antecedents proved to be stronger predictors of relationship quality than those of the two tangible antecedents (physical environment and food quality). All examined dimensions led to statistically significant results, the six elements of relationship management activities (e.g. physical environment, food quality, customer orientation, communication, relationship benefits, and price fairness) were important predictors of relationship quality.
Commitment and physical environment have the strongest influence on relationship quality. For restaurant managers, this indicates that physical environment is important for having a good relationship with their customers. Nice looking restaurants, with a good location and close by parking spot are more likely to increase customer satisfaction. If a lack of a physical environment known, managers should try to renew the design of the restaurant, as it is hard to change the location.

Price fairness is another important element affecting a customer’s trust and satisfaction. This study examined the effect of price fairness on customer trust and satisfaction. Customers who believe that a business’ prices are fair are more likely to show higher perceived value, which leads to a greater intention to patronize a particular hotel over another (Oh, 2000). Consumers are less likely to visit a restaurant if they believe the prices are unnecessarily high. Restaurant managers should consider price increases only if customers can be convinced there is a reason for them. Restaurant operators should prove to their customers that the benefits of high-quality food, excellent service, and an elegant atmosphere are worth more than the amount they are being charged. Those customers who have strong bonds with a restaurant through positive relationship benefits are more likely to pay premium prices, recommend the restaurant to others, and exhibit loyal behavior.

Relationship benefits are another important element of customer trust and satisfaction. When customers perceive high relationship benefits, they expressed more satisfaction with service providers. This finding is coherent with Gwinner et al. (1998), Hennig-Thurau et al. (2002), Lee et al. (2002), and Reynolds and Beatty (1999).

The quality of food and beverage strongly influences a customer’s relationship quality. Successful restaurants must maintain a consistently high-quality menu. The finding is consistent with Mattila’s (2001) study, that claims that the main reason for patronizing a casual dining restaurant is the food quality. It is important for restaurant operators to offer tasty food, expertly prepared, and presented in an appetizing manner.
This study suggests that guest commitment is crucial to constitute and strengthening of customer loyalty and positive word of mouth. Relationship quality directly and indirectly has an impact to customer loyalty and word of mouth. Restaurant marketers should emphasize relationship management activities that enhance guest commitment in order to increase customer loyalty and positive word of mouth. Satisfied customers show high guest commitment, which in turn transform into loyalty and positive word-of-mouth publicity for the restaurant. Restaurant operators and marketers should understand successful implementation of relationship management activities not only has a direct connection to customer loyalty and word-of-mouth communication but also to a restaurant’s operational and financial performance.

LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

The first limitation derives from the sampling method. This study was held only in one city; it may well limit generalizations that can be made to the upscale-dining segment of the restaurant industry in other cities. Study is conducted with providing one gift certificate, due this the results of this study may be not free of bias caused by offering any monetary incentives to increase the response rate.

This study investigated the causal relationships among relationship management activities, relationship quality, and relationship outcomes. However, these relationships, especially the most significant predictors affecting relationship quality, may vary according to restaurant type, whether Oriental or Western. Those determinants may also vary according to the customer’s nationality. Further studies should examine whether elements of relationship management activities that affect relationship quality differ according to the restaurant itself and the nationality of the respondents. In addition, more sophisticated measures of relationship management activities in midscale restaurants should be developed.

Future researchers may examine whether relationship quality has a positive association with the overall image of a hospitality firm. In
addition future research should include other types of relationship benefits as predictors of relationship quality: confidence, social, and special treatment benefits (Gwinner et al., 1998). Future researchers may also examine whether the structural relationships will vary according to the demographic and other specific characteristics of restaurant customers, for example, belonging to a frequent-diner program or the length of relationship with the restaurant. Finally, a longitudinal research approach would make additional contributions to the literature.

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