Customer Satisfaction and Revisit Intention Modeling for Dining Restaurants in Surabaya

Dhimas Aditya Putera Purwanto, Siti Rahayu[(✉)], and Veny Megawati

University of Surabaya, Surabaya, Indonesia
s_rahayu@staff.ubaya.ac.id

Abstract. This study aims to determine the effect of Modeling Customer Satisfaction on Revisit Intention at a dining restaurant in Surabaya. The research model using structural equations was tested with partial least squares (PLS) on 267 respondents who were dining restaurant customers in Surabaya. This study shows that the antecedent of customer satisfaction has a significant positive effect on customer satisfaction. Variety Seeking Tendency, Trust, and Restaurant Reputation positive affect Revisit Intention. Service Quality and Food Quality have no significant effect on Customer Satisfaction. Atmospherics, Other Customers, and Perceived Value significantly affect Customer Satisfaction.

Keywords: customer satisfaction · revisit intention · dining restaurant

1 Introduction

Today's business world has become more sophisticated, competitive, and customer-centric. High competition makes companies must be able to compete in terms of products and services. If a company relies on a product to compete, competitors will easily imitate the product. Academics and researchers generally argue that service quality is a differentiating factor for a business and is essential in forming customer satisfaction and loyalty [1]. All companies will compete to get customers and customer satisfaction. Customer satisfaction is a differentiating factor in business competition and leads to the company's competitive advantage [2].

Customer satisfaction has transformed into a tool to measure the company's quality. Service quality and customer satisfaction are the main determinants of customer retention rates in the long term [3]. The challenge is how to create value that can keep customers from using the company's services. Creating value is not easy because customers' perceptions of value can vary, and the value can change from time to time.

The cost of acquiring a new customer is five times higher than retaining a customer [4]. The value of getting ten new customers is less than retaining existing customers. How to retain old customers and increase their repeat purchases has also received attention from practitioners and researchers [5].

Customer satisfaction plays a vital role in the hospitality industry, especially in the restaurant industry [3]. It is an important strategic tool and should be a primary concern

for restaurant owners or managers [6]. Restaurant strategy becomes a tool for forming customer satisfaction.

In addition to customer satisfaction, revisit intention also gets special attention from academics and practitioners. Revisit intention becomes a customer's desire to make a repeat purchase. In addition, customers also desire to recommend these products/services to others, making the customer act as a promotional tool for the company [7].

Customers are valuable assets for a business [8]. They are a source of income and sustainable growth. Retaining existing customers is more economical and profitable than finding new customers [9]. Revisit intention shows the existence of brand loyalty and customer satisfaction. In the restaurant industry, customers have many choices. Restaurant owners and managers have to understand how to attract customers to come back.

Research in the hospitality industry shows that satisfied customers are more likely to return. Customers with the type of variety-seeking tendency significantly affect the revisit intention of a place. Some customers prefer to find new restaurants more than those that have tried. Apart from customer satisfaction and variety-seeking tendency, reputation and trust are essential factors in the restaurant industry. Restaurant reputation and trust will create customer loyalty and the desire to make repeat visits [2].

Research about customer satisfaction and revisit intention has different results from one country to another. A study in America showed that price greatly influences customer satisfaction [10], while a study in a Hong Kong restaurant showed that food quality is the most significant determinant of customer satisfaction [11]. Jin Hoare and Butcher's research in China showed that cultural values influence customer satisfaction. Restaurant customers in Turkey emphasize the physical environment [12]. In South Africa, customers are more concerned with perceived value than other factors [13]. This study refers to Mannan et al. [2], with the object being a dining restaurant in Surabaya.

2 Research Methods

This research is causal, namely, research that aims to examine the causal relationship between [14]. With this research, a theory can be built to explain, predict and control a symptom [15, 16]. The type of data used in this research was quantitative data. The information source used in this inquiry was primary data, that is, the data obtained directly from the respondents through the distribution of questionnaires.

Initial testing of 30 samples was carried out to see whether the distributed questionnaires could be used to measure the variables to be studied. Afterward, 225 respondents were given a questionnaire to analyze or examine the hypothesis.

The data processing method used in this research was structural equation modeling (SEM), using AMOS 22.0 software. Before conducting the SEM test, the validity and reliability testing process was carried out on 30 questionnaires collected using the SmartPLS software.

3 Result and Discussion

Respondents consisted of 55.8% male and 44.2% female and dominated by 18–34 years (85.7%). Based on the latest education, most respondents were undergraduate students

with 82.1%. In terms of employment, most respondents were students (29.6%), private employees (28.1%), and self-employed (34.1%).

In SEM analysis using SmartPLS, two measurement models are the indicator/measurement model (outer model) and the structural model (inner model). The measurement model was assessed using reliability and validity.

An indicator is declared valid if it has a loading factor above 0.5 for the intended construct. The results of the first loading factor on SmartPLS show that all indicators of the service quality, other customers, perceived value, customer satisfaction, restaurant reputation, variety-seeking tendency, trust, and revisit intention variables have a loading factor value of >0.5, so it is declared valid.

The food quality variable has two invalid indicators, and atmospherics has one invalid variable because it has a loading factor value of <0.5. The three invalid indicators were then eliminated. The second outer loading test results show that all indicators of all variables are declared valid.

After seeing the outer loading value, the next step was to know the validity of the cross-loading value. The size of the cross-loading compares the indicator's correlation with its construct (variable) and other constructs. The limit of cross loading value in SmartPLS has a value of >0.5.

The results of the cross-loading test show that all indicators of the service quality (SQ), food quality (FQ), atmospherics(A), other customers (OC), perceived value (PV), customer satisfaction (CS), restaurant reputation (RR), variety seeking tendency (VST), trust (T), and revisit intention (RI) variables have a cross-loading value is more significant than 0.5, so that it can be said that the research instrument is valid.

The average variance extracted from test results shows that the service quality, atmospherics, other customers, perceived value, customer satisfaction, restaurant reputation, variety-seeking tendency, trust, and revisit intention variables have an AVE value >0.5. While, the food quality variable has an AVE value <0.5, which is declared invalid.

The test of outer loading, cross-loading, and average variance extract aims to check the validity of the research instrument. If one of the examination results shows that all items are valid, it can be concluded that the research instrument has met the assumption of validity.

The reliability test was carried out by looking at the composite reliability value of the indicator block that measures the construct. The results of composite reliability are said to be reliable if it has a value above 0.7. The following are the results of composite reliability testing using SmartPLS.

The test results on all variables: service quality, food quality, atmospherics, other customers, perceived value, customer satisfaction, restaurant reputation, variety seeking tendency, trust, and revisit intention, show that the composite reliability value for all constructs has a value above 0.7 which shows that all constructs in the estimated model have met the reliability criteria.

A reliability test was also carried out using Cronbach's alpha test. The test results on all variables: service quality, food quality, atmospherics, other customers, perceived value, customer satisfaction, restaurant reputation, variety seeking tendency, trust, and revisit intention, show that Cronbach's alpha value for all constructs had a value above 0.6 so that it can be concluded that all constructs or variables in the study are reliable.

The subsequent measurement of the PLS-SEM model is the evaluation of the structural model (inner model). The inner model test was conducted to examine the relationship between the constructs of exogenous variables (independent variables) and endogenous variables (dependent variables) that had been hypothesized.

R-Squared of 0.601 for the Customer Satisfaction construct, which means that Service Quality, Food Quality, Atmospheric, Other Customs, and Perceived Value/Price can explain Customer Satisfaction of 60.1%. The R-squared value is also found in the Revisit Intention, which is influenced by Variety Seeking Tendency, Customer Satisfaction, Restaurant Reputation, and Trust, 26.6%. In the Trust construct, which is influenced by Customer Satisfaction and Restaurant Reputation, 41.7%.

Hypothesis testing using SmartPLS by looking at the value in the estimate for path coefficients table. Testing in this study was carried out by bootstrapping procedure. The results of hypothesis testing can be said to be significant (significantly influential) seen from the comparison between the t-count and t-table values. If the t-count value is higher than the t-table value, it means that the hypothesis is supported or accepted, or the hypothesis testing has no significant effect [17] (Table 1).

An interesting finding in this study shows that customer satisfaction is not influenced by service and food quality. In a dining restaurant, customers see aspects of the atmosphere and perceived value as factors that influence customer satisfaction. This is natural when customers pay relatively high prices. They want a high-quality restaurant atmosphere and get value for the money paid.

Another important finding in this study is that variation-seeking tendency has a significant negative effect on customers to revisit. A dining restaurant is indeed a restaurant with a relatively high price that offers an interesting atmosphere to visit besides the food. Customers have a lifestyle tendency to enjoy trying new restaurants.

Table 1. Estimates for Path Coefficients. Value Results

	OS	ST DEV	T Stat	p-value	R
SQ > CS	0.094	0.065	1.450	0.148*	NS
FQ > CS	0.053	0.054	0.991	0.322*	NS
A > CS	0.407	0.065	6.265	0.000*	S
OC > CS	0.119	0.050	2.373	0.018**	S
PV > CS	0.271	0.065	4.151	0.000*	S
CS > RI	0.185	0.084	2.198	0.028**	S
RR > RI	0.140	0.083	1.684	0.093***	S
VST > RI	0.196	0.057	3.417	0.001*	S
RR > T	0.210	0.066	3.208	0.001*	S
T > RI	0.170	0.103	1.656	0.098***	S

Notes: *(Significant at = 1%), **(Significant at = 5%), ***(Significant at = 10%)
OS = Original Sample, STDEV = Standard Deviation, R = results S = Supported, NS = Not Supported

Table 2. Result Percentage Value of VAF

Variable	Indirect Effect	Direct Effects	VAF value	Result Criteria
CS	0.084	2.353	4%	No Mediation
RR	0.036	3.773	1%	No Mediation

Source: data processing results
Note: CS = customer satisfaction;
RR restaurant reputation

The reputation of the restaurant is also important in influencing trust. The era of social media makes it very easy for customers to find information before visiting, especially dining restaurants. A restaurant with a good reputation is usually easy for customers to find, and there is a lot of word of mouth from customers who have visited before, thus forming trust in the restaurant.

This study recommends that the owner or manager of a dining restaurant in Surabaya pay attention to the atmosphere aspect. Currently, many customers visit a dining restaurant wanting to show the atmosphere in the restaurant on their social media. In addition, with a relatively high price, customers want the restaurant to provide more value to its customers.

Perceived value and trust are significant if a restaurant wants customers to make repeat purchases. When customers spend on a relatively expensive product, they need to ensure that the restaurant they visit offers much value and has a good reputation.

The inner model test values in SmartPLS were obtained through modeling with the bootstrapping method. Thus, the test results will provide direct effects or direct effects, indirect effects or mediation effects, and total effects.

In the indirect effect test (mediation), the output of the significance test parameter is seen in the total effect table. The mediation effect is not only tested for the direct effect of the independent variable on the dependent variable but also the indirect relationship between the independent variable and the dependent variable (indirect effect). The total effect is used to see the total effect of the prediction (direct and indirect effect) (Table 2).

These results indicate that trust does not mediate the influence of customer satisfaction and restaurant reputation on revisit intention. This means that customer satisfaction and restaurant reputation will be more effective if they directly affect revisit intention and do not require trust as a mediating variable.

The test results and the significance of the relationship between variables in the results of the indirect effect provide information about the influence of customer satisfaction and restaurant reputation variables on revisit intention indirectly or through the mediation of the trust variable.

To make customers make repeat visits, the restaurant needs to make customers satisfied with previous visits and build a good reputation. Trust does not mediate customer satisfaction and restaurant reputation on revisit intention.

4 Conclusion

There are ten hypotheses in this study. The results show that eight hypotheses are supported, and two are not supported. The results of this study are in line with Mannan's [2] research. In this study, two hypotheses are not supported: the effect of service quality and food quality on customer satisfaction, while Mannan's research [2] showed that service quality and food quality significantly affect customer satisfaction. Trust does not mediate the effect of customer satisfaction and restaurant reputation on revisit intention. Meanwhile, in Mannan's [2] research, trust partially mediated both the customer satisfaction-revisit intention and restaurant reputation-revisit intention relationships.

References

1. Slack, N. J., Singh, G., Clarke, E. M., & Emerson, E. A. (2020). The effect of service quality on customer satisfaction and loyalty and the mediating role of customer satisfaction supermarkets in Fiji. *32*(3), 543–558. Emerald Publishing Limited 1754–2731. https://doi.org/10.1108/TQM-07-2019-0187
2. Mannan, M., Chowdhury, N., Sarker, P., & Amir, R. (2019). Modeling customer satisfaction and revisit intention in Bangladeshi dining restaurants. *Journal of Modelling in Management, 14*(4), 922–947. © Emerald Publishing Limited 1746–5664. https://doi.org/10.1108/JM2-12-2017-0135
3. Han, H., & Ryu, K. (2007). Moderating role of personal characteristics informing restaurant customers' behavioral intentions: An upscale restaurant setting. *Journal of Hospitality and Leisure Marketing, 15*(4), 25–54. https://doi.org/10.1300/J150v15n04_03
4. Verhoef, P. C., & Donkers, B. (2001). Predicting potential customer value: An application in the insurance industry. *Decisions Support Systems, 32*(2), 189–199. https://doi.org/10.1016/S0167-9236(01)00110-5
5. Yan, X., Wang, J., & Chau, M. (2013). Customer revisit intention to restaurants: Evidence from online reviews. *Information Systems Frontiers, 17*(3), 645–657. https://doi.org/10.1007/s10796-013-9446-5
6. Andaleeb, S. S., & Conway, C. (2006). Customer satisfaction in the restaurant industry: An examination of the transaction-specific model. *Journal of Services Marketing, 20*, 3–11. https://doi.org/10.1108/08876040610646536
7. Yong, C. K., Siang, D. O. C., Lok, T. Y., & Kuan, W. Y. (2013). *Factors influencing dining experience on customer satisfaction and revisit intention among undergraduates towards fast food restaurants.* [Doctoral dissertation, UTAR].
8. Gupta, S., & Lehmann, D. R. (2003). Customers as assets. *Journal of Interactive Marketing, 17*(1), 9–24. 1984, pp. 51–63. https://doi.org/10.1002/dir.10045
9. Bazargan, A., Karray, S., & Zolfaghari, S. (2018). Buy n times, get one free loyalty cards: Are they profitable for competing firms? A game-theoretical analysis. *European Journal of Operational Research, 265*(2), 621–630. https://doi.org/10.1016/j.ejor.2017.07.048
10. Han, H., & Ryu, K. (2009). The roles of the physical environment, price perception, and customer satisfaction in determining customer loyalty in the restaurant industry. *Journal of Hospitality and Tourism Research, 33*(4), 487–510. https://doi.org/10.1177/1096348009344212
11. Ryu, K., Lee, H. R., & Gon Kim, W. (2012). The influence of the quality of the physical environment, food, and service on restaurant image, customer perceived value, customer satisfaction, and behavioral intentions. *International Journal of Contemporary Hospitality Management, 24*(2), 200–223. https://doi.org/10.1108/09596111211206141

12. Tuzunkan, D., & Albayrak, A. (2016). The importance of restaurant physical environment for Turkish customers. *Journal of Tourism Research and Hospitality, 5*(1), 1–7. https://doi.org/10.4172/2324-8807.1000154

13. Terblanche, N. S., & Boshoff, C. (2010). Quality, value, satisfaction and loyalty amongst race groups: A study of customers in the South African fast-food industry. *South African Journal of Business Management, 41*(1), 1–9. https://doi.org/10.4102/sajbm.v41i1.509

14. Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2012). *Business research methods* (p. 57). Dryden Press Fort Worth.

15. Sekaran, U. (2000). *Research methods for business: A skill building approach.* John Wiley & Sons Inc.

16. Sugiyono. (2016). *55. Quantitative, qualitative, and R&D research methods.* PT Alphabet.

17. Abdillah, W., & Hartono, J. *Konsep dan Aplikasi PLS (Partial Least Square) untuk Penelitian Empiris.* Badan Penerbit Fakultas Ekonomi.