INVESTIGATING CUSTOMER SERVICE IN SELECTED RESTAURANTS IN THE TSHWANE AREA - AN EXPLORATORY STUDY

by

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DECLARATION

I declare that this research is my own work. It is submitted in accordance with the requirements for the degree of Master of Commerce in the subject Business Management at the University of South Africa. It has not been submitted before for any degree or examination in any other university.

Cindy Erdis

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I would like to thank the following people who have been instrumental to the completion of this study:

"But by the grace of God go I"

DEDICATED TO MY HUSBAND JUSTIN, CHILDREN KEEGAN AND ERIN, AND PARENTS HADLEY AND JOS

SUMMARY

This study examines customer service in selected restaurants in the Tshwane area. It is aimed at establishing criteria for excellent customer service in restaurants, which can serve as the basis for building good relationships with customers. An extensive literature study was undertaken and aspects that were discussed in the secondary research include the various components of customer service, as well as the marketing environment of restaurants in South Africa and the Tshwane Area.

An empirical study was conducted to namely to investigate customer service in selected restaurants in the Tshwane Area, with the aim to establish criteria for excellent customer service as a benchmark for establishing relationships with customers, by means of an exploratory study. A self-administered survey was conducted whereby questionnaires were handed to restaurant patrons with the restaurant bill folder.

Based on the research results, criteria were developed for excellent customer service which can be used as a benchmark for establishing relationships with customers, by providing customer satisfaction, which leads to customer retention, loyalty and ultimately profitability for an organisation.

Key terms:

Customer service; marketing; relationships; customer relationship management; restaurants; loyalty; value; customer satisfaction, customer retention; expectation of service quality

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Chapter1

INTRODUCTION TO THE STUDY

1.1 Introduction

This chapter addresses several elements. Firstly, a background sketch to the study is provided, focusing on customer service as a prerequisite for building customer relationships. Secondly, the reason for the study and the formulation of the problem are discussed, as well as the objectives of the study. Thirdly, the research methodology is presented, followed by an orientation to the main components of the study.

1.2 Background sketch

This study examines customer service in selected restaurants in the Tshwane area. It is aimed at establishing criteria for excellent customer service in restaurants, which can serve as the basis for building good relationships with customers. Good relationships will result in achieving customer satisfaction and retention, which in turn, will establish loyalty (Brink & Berndt 2008:13-20). Customer loyalty creates higher profit due to increased volume resulting from repeat purchases and positive word-of-mouth referrals. Maximising profitability, the ultimate aim of all businesses, can be achieved only with due consideration of the needs of customers (Cant, Strydom, Jooste & du Plessis 2006:11-12).

Restaurants are service-based organisations and form part of the services industry.

1.2.1 The services industry

Business worldwide has experienced a post-industrial services economy for over two decades, indicating that industrial or manufacturing organisations are giving way to service-based organisations (Grönroos 2000:1-2). Services provide the bulk of the wealth of, and are an important source of employment and exports for many countries (Bateson & Hoffman 2006:4). In many countries in the Western world, more than 50% of their Gross National Product is "produced" in the service sector, while a very large number of people are employed in the profit and nonprofit service sector (Kasper, van Helsdingen & de Vries 2000:13). In the services industry in South Africa, for example, tourism contributed approximately 11% of the gross national product, and employed approximately 512 000 people in 2003 (George 2004:58). Kasper et al (2000:13) further maintain that the corner stone of success in both profit-oriented organisation such as tour operators, shops and private hospitals, and nonprofit organisations such as the police, university hospitals, national and local public services, is delivering excellent service quality and creating value to the customer. Many service organisations have recognised the importance of the service imperative to drive their businesses forward to profit and growth.

Service functions form the core business area of organisations such as banks, hotels and restaurants (Gronroos 2000:1). In restaurants, where the core business is the service of food, a high level of personal contact between the server and customer exists. According to Pressey and Mathews (2000:4), the more personal the service, the greater the inclination towards increased communication, thus, giving a higher potential for building longer term customer relationships. Thus, in restaurants, superior customer service can be used to build relationships with patrons, as well as to retain these patrons. A relationship can develop only when all, or at least most, important customer contacts and interactions are relationship oriented (Grönroos 2000:33).

With the remarkable growth and economic contributions of the services industry, companies are finding that they need to focus on service to keep up with rising customer expectations and to compete effectively (Zeithaml, Bitner & Gremler 2009:6-8). Thus excellent customer service in a restaurant has the potential of differentiating the restaurant from competing ones and could lead

to creating a competitive advantage. Thus, if a restaurant becomes wellknown for its superior customer service, this can be used as a way of outmaneuvering competing restaurants.

Competition in the restaurant industry has increased rapidly. In the Tshwane area alone, 187 restaurants have been identified (www.pretoria.co.za/dine/restaurants.asp). Hoffman and Bateson (2006:76-77) purport that in such a competitive industry, one of the main keys to success is providing customer service and developing compelling service experiences far superior to those offered by competitors, thereby creating a competitive edge.

They refer to the hospitality industry in particular and state that research had shown that "one common thread connects all service organisations that are successful - service excellence, the ability to continuously provide courteous, professional and caring service to customers". Successful restaurants can thus differentiate themselves from mediocre ones by ensuring continuous customer service excellence.

There are many more businesses providing services than ever before, evident in the growth of the number of service-related organisations. Restaurants form a large percentage of the services industry, and together with cafés constitute the largest segment of the tourism industry (Standard Industrial Classification 2007:1). The above segment includes the preparation and selling of food and drink for immediate consumption on the premises, such as restaurants, tearooms, bars, lunch counters, fish-and-chip shops and other similar businesses that supply take-away foods. The focus of this study is selected restaurants in the Tshwane area, excluding take-away stores.

According to authors such as Hoffman and Bateson (2006:17-18) and Kasper et al (2000:514-515), the tremendous increase in the services industry has compelled service organisations to change their perspective of how they should organise their business, if they wish to survive and thrive. The authors suggest a shift in the philosophy of how service organisations should manage their businesses. That means a change from the industrial management model which focuses on revenues and operating costs, but ignoring the role of people in generating customer satisfaction, to the market-focused model. The market-focused model, more appropriate in the services industry, focuses on the people, namely employees and customers. Proponents of this model believe that the purpose of an organisation is to serve the customer.

The market-focused model is based on the service-profit model developed by Heskett, Jones, Loveman, Sasser and Schlesinger (2008:118). The service-profit model focuses on the service encounter, recognising the role of employee satisfaction in achieving customer satisfaction. This is particularly relevant to a restaurant where the face-to-face interaction, known as the service encounter or the customer-server interaction between staff and customers plays a major role in achieving customer satisfaction.

A simplified version of the service-profit model is depicted in figure 1.1.

Figure 1.1   The Service-Profit Chain: simplified version
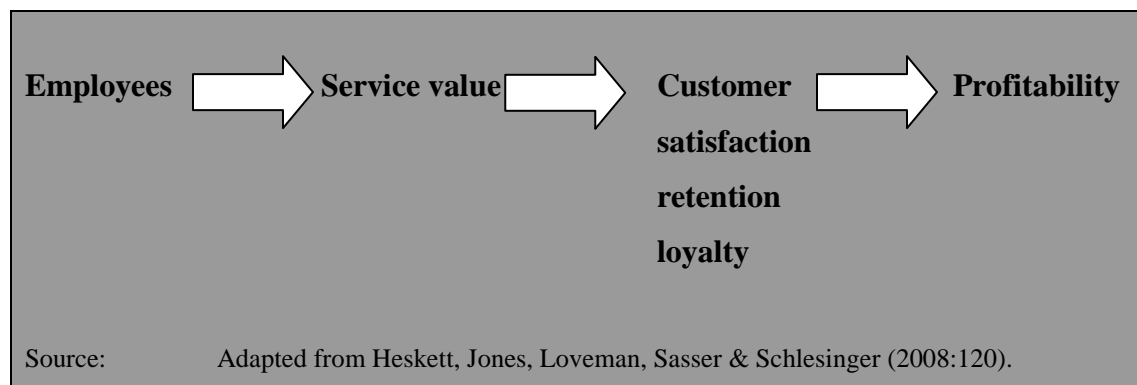
The research of Heskett et al (2008:120), on the analyses of successful service organisations, shows that in the service-profit chain (in figure 1.1 above), there are "relationships between profitability; customer loyalty; employee satisfaction; loyalty; and productivity".

A restaurant thus needs to ensure employee satisfaction and retention for customer satisfaction and loyalty to become a reality. (The employee component including employee satisfaction and retention, and the revenue growth and profitability components of the service-profit chain fall outside the scope of this study.) Excellent customer service leads to customer satisfaction and thus high-quality customer service is the key to improving relationships with customers.

An enhanced relationship in turn, can lead to greater customer retention, customer loyalty and ultimately profitability (Brink & Berndt 2008:55).

This study focuses on how to establish criteria for excellent customer service, thus the service encounters between customers and restaurant employees are of paramount importance. These encounters are at the heart of the market-focused model (Hoffman & Bateson 2006:21) and the service-profit chain model (Heskett et al 2008:118-120). Thus, it can be implied that the success of the customer-server concept can help initiate and cement relationships between customers and a restaurant.

This study aims to establish criteria for providing superior customer service in restaurants. These criteria could be used to train restaurant staff such as waiters and receptionists and others, in the rendering of excellent service. Brink & Berndt (2008:55) maintain that "high-quality customer service is the key to improving relationships with customers, and an enhanced relationship with one's customers can ultimately lead to greater customer retention, customer loyalty and, more importantly, profitability".

They also suggest that customer satisfaction is "hard to win and easy to lose; if customers are not satisfied, they will simply move on to other companies". In the next section, the focus will be on customer service in restaurants.

1.2.2   Customer service in restaurants

Customer service is becoming increasingly important in business as it is important to achieve customer satisfaction, in particular in a service-based business. A survey undertaken in selected restaurants in Johannesburg and Pretoria to investigate overall atmosphere, food quality, cleanliness and customer service, found that the ratings of overall restaurant quality by patrons were heavily influenced by the level of customer service received (Jordan 2001:9). More is known today than ever before about why customers patronise certain services and avoid others. Quality products, along with a realistic price, are a must; but that is not all.

Customers also want to be treated well and do repeat business with places that emphasise service. In the absence of specific criteria for excellent customer service in restaurants, this study aims to develop such a guideline.

The South African restaurant chain Ocean Basket has made a specific endeavour by training its staff in the basic principles of customer service. They follow a marketing policy of communicating an overall experience to their patrons, rather than making specific promises such as "lower prices, more comfortable chairs and broader smiles" (Cant & Machado 2005:212). Ocean Basket has also implemented a fresh new training programme for both waiters and kitchen staff to ensure that not only is the seafood of the highest quality, but that the standard of service is maintained and improved. Ocean Basket also maintains that no loyalty programme can match the satisfaction that a customer feels when he/she is recognised by the staff and management and his/her personal preferences are remembered.

Service providers, such as restaurants, who provide expert advice, effectively handle complaints, engender trust and generally show professionalism, tend to lead to satisfied customers (Pressey & Mathews 2000:10). A high standard of customer service will therefore result in customer satisfaction, thereby enabling the restaurant to initiate the establishment of long-term relationships with patrons. In the business world the "feel good" factor is generated by the customer being treated with courtesy and attention at all points of their contact with the company. It is the customer's feeling that he or she is important and that the person with whom they are dealing is pulling out all the stops on their behalf (Leppard & Molyneux 1994:7).

This warm "feel good" feeling stays with the customer and makes him or her act as a salesperson on the organisation's behalf, by recommending the organisation to friends and relatives. These word-of-mouth referrals are of particular significance for a restaurant. According to Leppard and Molyneux (1994:7), it is not easy to build up an organisation which is committed to making customers "feel good". One unfriendly or indifferent employee in a restaurant could thus destroy all the effort and hard work invested in the organisation.

To operate at this new high standard of customer service is more than a "flavour of the month" gimmick; it requires application and determination to put the customer first in the minds of everyone from the boardroom down. What is needed is a better understanding of what the term "service" implies today (Davidoff 1994:21).

Poor customer service usually leads to customer dissatisfaction and one of the main reasons cited by patrons for not returning to a restaurant. In a restaurant survey in Sandton, an upper-class shopping and eating location, it was found that despite quality food and atmosphere, customer service appeared to border on snobbishness or aloofness (Jordan 2001:9). This poor level of service left customers feeling patronised.

It was also found that the then Randburg Waterfront, for example, was rated "terrible" for customer service and food quality. Although many restaurants are making an effort to improve customer service standards (Anstey 2001:2), restaurant patrons are still not receiving adequate levels of customer service. Many patrons complain about poor service received and will never return to the restaurant where the poor eating experience occurred. Such complaints can seriously damage a restaurant's image and could be addresses by initiating customer service training programmes so that patrons will be satisfied with the levels of service received, and will return to the same restaurants again and again.

In a national customer satisfaction survey by React Surveys (quoted in Brink & Berndt 2008:55), it was found that many customers were not too fussy about customer service. It is therefore easier to be rude to a customer because there are many more behind him or her. Yet, because some of these restaurants offered good quality food and convenience, despite the poor customer service, customers return to them. At the time of the survey (in 2005), customers were prepared to spend more money. They also said that it would not make any difference to complain about poor service in restaurants. Dissatisfaction, from the customer's point of view, stems from shortcomings in customer service, poor quality food, late delivery, lack of choice or design. Just as one ingredient missing from a recipe can render the final cooked dish inedible, so can a substandard element in a restaurant alienate otherwise interested potential customers.

All one has to do is go into a department store, visit a local restaurant, or run into a problem with an airline, and he or she will experience some of problems. The "doomsayers" among business and academic communities say that service in the future is to decline even further. The problems are deeply rooted in both the nature of the service product itself and in today's business and education culture. But once these problems are better understood, one could examine what it would take for service excellence to be the norm rather than the exception. Many restaurants are aware of the various problems experienced by patrons and would rather that patrons complained to them. According to Anstey (2001:2), restaurant managers agree that it is better for them to hear about complaints so that they can then take steps to rectify the problems. A dissatisfied customer who does not complain invariably avoids the restaurant in future and spreads negative word-of-mouth.

Customer satisfaction through service excellence is the first step in retaining customers. The lifeblood of any organisation is repeat business and therefore expanding an organisation's customer base is vital. This implies that restaurants not only have to attract new clients and customers, but must also retain them. This customer retention can be made possible by means of quality customer service which is critically important in cementing relationships (Christopher, Payne & Ballantyne 2002:8).

1.2.3   Customer service in building relationships

Excellent customer service is a prerequisite for initiating and establishing a long-term relationship with a customer (Brink & Berndt 2008:56). Thus, to ensure that customers will continue to frequent a restaurant, it is necessary to deliver superior service to initiate the establishment and development of a good relationship with them.

Businesses that concentrate on retaining customers, resulting in customer loyalty, continue to generate superior results. Customer loyalty remains one of the greatest engines of business success today. Some statistics to support the importance of customer loyalty include the followng (Christopher et al 2002:55-59; Gummesson 2002:229-230; Penstone 1999:36-37):

- 65% of the average company's business comes from current satisfied customers.

- 60% of global companies are shifting their focus from attracting new customers to retaining their more profitable ones.

- If a retailer loses one customer each day who spends an average of R50 per week, they have lost more than R1 million in the next year.

- 91% of unhappy customers will never again buy from that retailer, and will influence at least another nine people negatively.

- It has been proven that obtaining new customers costs between 5 and 10 percent of revenue.

- In studies it has been proven that 78.2% of very satisfied customers would remain loyal customers to an organisation in the future, whereas only 20.9% of satisfied customers stated that they would remain loyal

Current customers must be retained by the organisation in order to conduct business with them in the future. Marketing must therefore, according to Vavra (1995:16), change its mentality from completing a sale to beginning a relationship, from closing a deal to building loyalty. The development of customer loyalty is why relationship marketing is vitally important in business today. Like friendships, business relationships develop over time and can result in a life-long loyal attachment. However, gaining and retaining loyalty is not simple. Successful relationship marketing hinges on the organisation's ability to recognise its most important, or most profitable, customers and treat them as you would your closest friends. This means getting to know each individual intimately, and interacting with them as individuals.

Customer service is an integral part of the concept of relationship marketing which began to take shape across all areas of marketing with the dramatic increase in the services industry in the 1990s (Egan 2001:17). The fundamental principle upon which relationship marketing is founded is that the greater the level of customer satisfaction with the relationship – not just the product or service – then the greater the likelihood that the customer will be retained; it is also upon service and quality that relationships are built (Christopher et al 2002:2-5). The essence of relationship marketing is to establish, maintain and enhance relationships with customers and other partners at a profit, so that the objectives of the parties involved are met (Gronroos 2000:33).

Strengthening relationships with existing customers heightens customer satisfaction and a restaurant's abilities to serve customers. The aim of creating, developing and maintaining relations with customers is to achieve customer satisfaction, retention and loyalty. It is therefore feasible to think that satisfaction and loyalty are the immediate results of adopting relational actions (Kuster & Villa 2006:3-20). Moreover, Xu, Goedegebuure and Heijden (2006:79-87), claim that customer loyalty is a profound consequence of relationship marketing and it has replaced market share as the primary focus of marketing practitioners. Xu et al further main that investigation of various service industries demonstrated that loyal customers generate more revenue over more years, and that the cost of maintaining customers is often lower than the promotion cost needed to acquire new customers. This confirms the arguments of Heskett et al (2008:120), of the links between customer service, customer satisfaction, customer retention and customer loyalty, as illustrated in the service-profit model in figure 1.1 in section 1.2.1

In the case of a restaurant, it would for example often be much more profitable to have a stable customer base frequenting the restaurant on a regular basis. As competition increases, it becomes more important for a restaurant to look after its current customers since it is harder to win back any customer lost due to dissatisfaction.

The factors in customer service that influence the building of customer relationships, the basic principles of relationship marketing, customer satisfaction, retention and loyalty will be discussed in greater detail in chapter 3.

In the section that follows, the reason for the study and the formulation of the problem will be discussed.

1.3   Reason for the study and formulation of the problem

1.3.1 Reason for the study

It was shown in the background study in section 1.2 that excellent customer service is vitally important in customer satisfaction and is the prerequisite for initiating and developing customer relationships. Long-term customer relationships are a key factor in achieving customer retention and loyalty, thus resulting in greater profitability.

Restaurants should aim to keep their customer service levels as high as possible in order to retain their customers and build long-lasting relationships with them. It was also revealed in section 1.2 that many restaurants do not deliver excellent service. Moreover, according to the surveys in restaurants, levels of customer service are poor. This indicates that the current levels of customer service do not contribute to relationships being formed with customers, resulting in dissatisfaction. Dissatisfied customers are unlikely to be retained, will not become loyal customers, and will not refer the restaurant to friends or family.

The impetus for this study arises from the preliminary scanning of the literature which has revealed that many restaurants deliver poor customer service, thus the current customer service does not contribute to customer satisfaction and the possibility of relationships being forged with these customers. Despite the importance of quality customer service in ultimately creating loyalty, many restaurants still provide service that is substandard to customers. Hence the problem being faced by many restaurants is how to provide high levels of customer service. In the absence of specific criteria for excellent service in restaurants, the researcher will investigate the level of customer service in restaurants in the Tshwane area to reveal those criteria that need to be in place for excellent service to be delivered.

The contribution of this study lies in identifying criteria for excellent service in restaurants that can be used to serve as a benchmark to enable restaurants to initiate and develop customer

relationships, resulting in greater customer satisfaction, retention and loyalty, and ultimately greater profitability.

1.3.2 Formulation of the problem

The literature study has revealed that many restaurants provide poor quality service. This study will investigate customer service in selected restaurants in the Tshwane Area, with the aim to establish criteria for excellent customer service which can be used by restaurants as a benchmark for establishing relationships with customers. Excellent customer service will result in customer satisfaction, retention and loyalty, and ultimately greater profitability.

1.3.3 Objectives of the study

The main objective of the study is to investigate customer service in selected restaurants in the Tshwane Area. The aim is to establish criteria for excellent customer service as a benchmark for initiating and developing relationships with customers.

Secondary objectives of the study are the following:
- To investigate the factors contributing to the customer's perceived level of service of the restaurant, including:
    – the servicescape of the restaurant
    – perceived value for money
    – price
- To highlight further areas of study

1.4   Research method

This is an exploratory study that focuses on investigating customer service in selected restaurants in the Tshwane Area to establish criteria for excellent customer service as a benchmark for establishing relationships with customers in the restaurant arena. In order to achieve the objectives of the study, secondary research was conducted, followed by primary research.

1.4.1 Secondary research

Secondary research refers to information that has been collected for some other purpose and is readily available (Tustin, Ligtelm, Martins & Van Wyk 2005:88; Steyn, Smit, Du Toit & Strasheim 2003:8). The use of secondary data has the advantage that it provides the necessary background information to the particular problem or research study at hand (McDaniel & Gates 2003: 85).

In this study, an extensive literature study will be undertaken and will be outlined in chapters 2 and 3. Aspects that are covered in the secondary research include the various components of customer service, as well as the marketing environment of restaurants in South Africa and the Tshwane Area. See the bibliography for a full description of the sources consulted.

1.4.2 Primary research

Primary sources of information are information which originated directly as a result of a particular problem under investigation. The primary research for this study will be undertaken in an endeavour to achieve the primary objective of the study, namely to investigate customer service in selected restaurants in the Tshwane Area, with the aim to establish criteria for excellent customer service as a benchmark for establishing relationships with customers, by means of an exploratory study. Patrons of selected restaurants will be given a short questionnaire to complete after consuming their meal. The required data will be obtained by means of these structured questionnaires.

1.4.2.1   Population of the study

The population can be defined as the total group of persons or universal collection of items to which the study relates (Steyn et al 2003:16). In this study the population constitutes all the restaurants in the Tshwane Area of Gauteng. The Tshwane Area of Gauteng is illustrated in figure 1.2.

Figure 1.2   The Tshwane Area of Gauteng
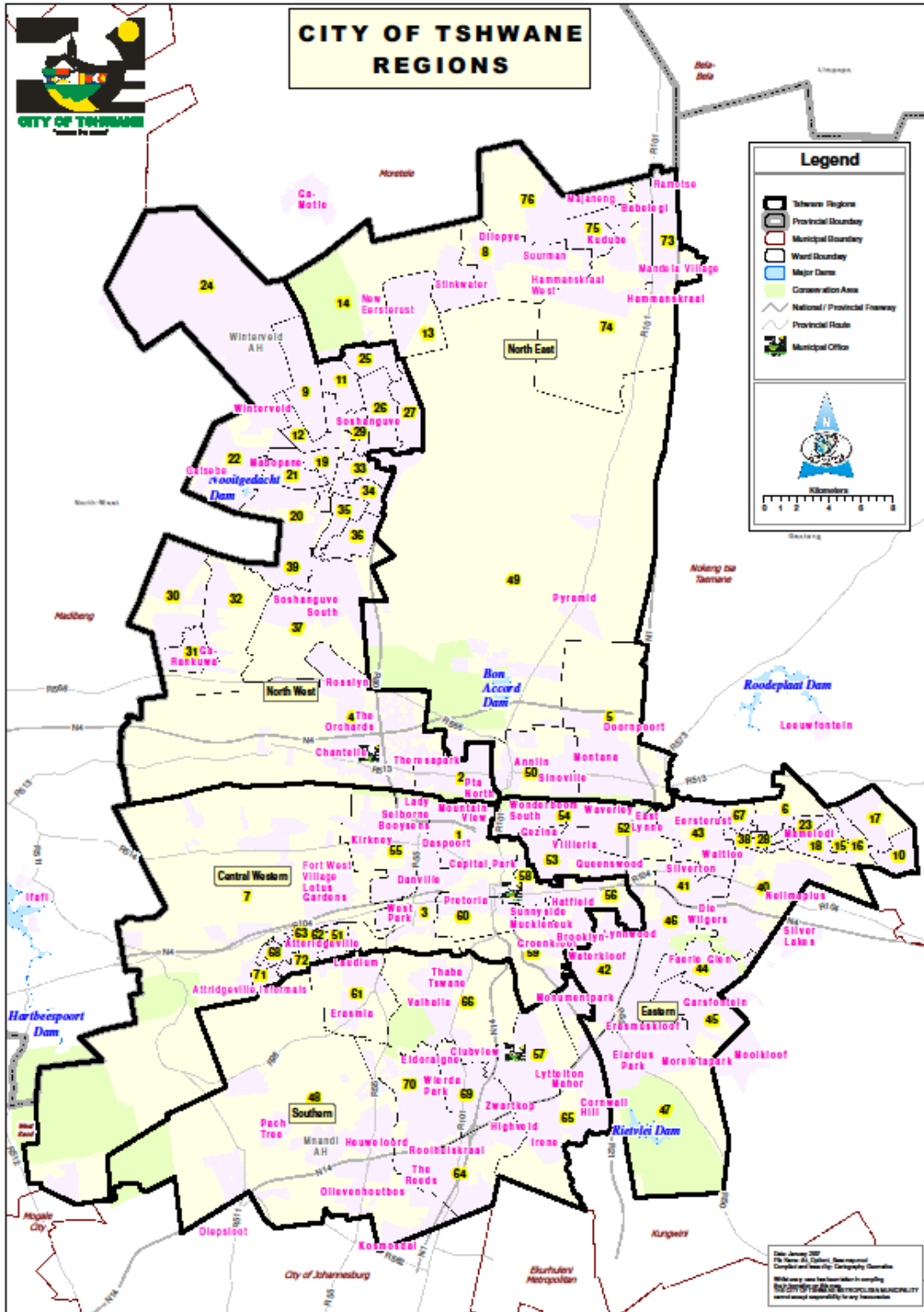
(Source: http://www.tshwane.gov.za/streetmaps/Tshwane_regions.pdf).

1.4.2.2   Sampling method

As the population of this study is large, only a sample of the population will be studied. Elements for this study will be drawn by means of convenience sampling. Convenience sampling is a non-probability sampling method which is useful in exploratory research, such as in the case of this study. Sample members are chosen on the basis of being readily available and accessible, thus selection is done on the basis of convenience (Tustin et al 2005:346). From the original list of 260 take-away stores and restaurants obtained from www.pretoria.co.za/dine/restaurants.asp (the sample frame as discussed in section 4.3.6.3), a list of 187 restaurants was obtained by eliminating take-away stores. From this list 10 restaurants will be selected by selecting restaurants convenient to the researcher, namely the Eastern Suburbs of Tshwane. The choice of convenience sampling and restaurants in the East of Tshwane will be based on facilitation of the research and on the LSM profile of the restaurant patrons of this area, many of which have an average income of more than R18 000 (Cant et al 2006:115; Anon 2008:41). Due to the higher average income of these restaurant patrons, these patrons would visit more expensive restaurants. The research methodology and sampling to be used for this study will be discussed in chapter 4.

The researcher decided to select 10 restaurants and to randomly obtain 30 respondents in each restaurant to complete the questionnaire (a total of 300 respondents), which is in excess of what Diamantopoulos and Schlegelmilch (2002:66-67) specify, who state that for simple analyses (as in the case of an exploratory study) 30 respondents are a sufficiently large sample size for statistical procedures.

1.4.2.3   Data Processing

The data obtained during this study was processed by means of the SPSS programme, with the assistance of *Complete Statistical Solutions CC.* Data were coded, edited and cleaned, and are presented by means of frequency tables, cross-tabulations, graphs and pie-charts. Significant tests (chi-squared, Pearson correlation and ANOVA) will be used to test for significant differences between variables. The research results will be discussed in detail in chapter 5.

1.5   Orientation to the study

The orientation to the study is as follows:

Chapter 1   Introduction to the study

Chapter 1 sketches the background to the study, formulates the problem and the objectives of the study, and discusses the research method to be followed.

Chapter 2   The marketing environment of the restaurant sector in Tshwane

In this chapter, the marketing environment of the Tshwane restaurant sector is examined.

Chapter 3   Customer service in restaurants

In this chapter, the principles and components of customer service and relationship marketing are discussed.

Chapter 4   Research Methodology

The approach followed and the type of primary data collected is outlined in this chapter. The data will be collected by means of a structured self-administered questionnaire placed in the bill folder and handed to patrons of selected restaurants in the Eastern Suburbs of Tshwane.

Chapter 5   Research Results

The findings of the empirical research are presented in this chapter. These findings refer to the profile of the respondents in terms of demographic characteristics as well as a profile of the respondent's behaviour at the restaurants, the results of the ratings of the exterior, interior, service and food of the restaurants and the attitudes of the respondents towards the restaurants. This chapter also examines the impact of price sensitivity on the attitudes of respondents.

The next section of this chapter compares the restaurant ratings of demographic groups with one another to determine if there are any differences in the perceptions amongst these groups regarding customer service.

Chapter 6   Conclusion and recommendations

The findings of the research are interpreted, conclusions are drawn and recommendations made. The chapter concludes with a summary of the criteria for excellent customer service, which can serve as a benchmark for establishing relationships with customers, which was the aim of the study. The areas of future research are also discussed.

1.6   Summary

In this chapter, the background to the study, the formulation of the problem, the objectives of the study, and the research method to be followed were discussed. In the chapter that follows, the marketing environment of the Tshwane restaurant sector will be examined.

Chapter 2:

THE FACTORS INFLUENCING CUSTOMER SERVICE IN THE RESTAURANT SECTOR IN TSHWANE

2.1   Introduction

A restaurant operates in a business or marketing environment that calls for a constant awareness of and adjustment to what is occurring in this environment. It is therefore necessary for the restaurant to have adequate knowledge of changes in the marketing environment and to identify those environmental dimensions that would determine the success of the business. For example, consumers and competitors, relations with suppliers, and the economic and social trends could threaten the successful existence of the business, or, conversely, could offer receptive and favourable conditions with good marketing opportunities.

As the business environment is dynamic and has an influencial affect on all organisations including restaurants, it is vitally important that managers keep up to date with the changes in this environment. This chapter details the elements of the marketing environment, namely the micro-, market and macro-environment, and indicates the influence of the marketing environment on the restaurant sector in particular.

2.2   The marketing environment

The marketing environment of an organisation can be defined as "all the variables or factors that directly or indirectly influence marketing activities" (Strydom et al 2004:19). Due to the fact that this environment is dynamic, the organisation must closely monitor these variables in order to determine their impact on the organisation (Kotler & Keller 2006:77; Bennett & Strydom

2001:24). The successful management of marketing activities calls for awareness on the part of marketing management of the internal and external variables that can affect the marketing efforts, and the marketing strategy should be adapted on an ongoing basis to tie in with the changes in the environment. In the restaurant industry it is important that these variables are monitored on a continuous basis, and that strategies be adapted where required. For example, changes in consumer preferences such as more healthy meal choices, and in competitors' actions such as different types of menus, need to be taken into account if a restaurant wishes to remain or become successful. As illustrated in figure 2.1, there are three components in the marketing environment, namely the micro-environment, the market environment and the macro-environment. The variables in these three sub-environments influence the organisation, and for an organisation to be successful it must take into account the influence that these variables have on it (Bennett & Strydom 2001:24).

Figure 2.1   The components of the marketing environment
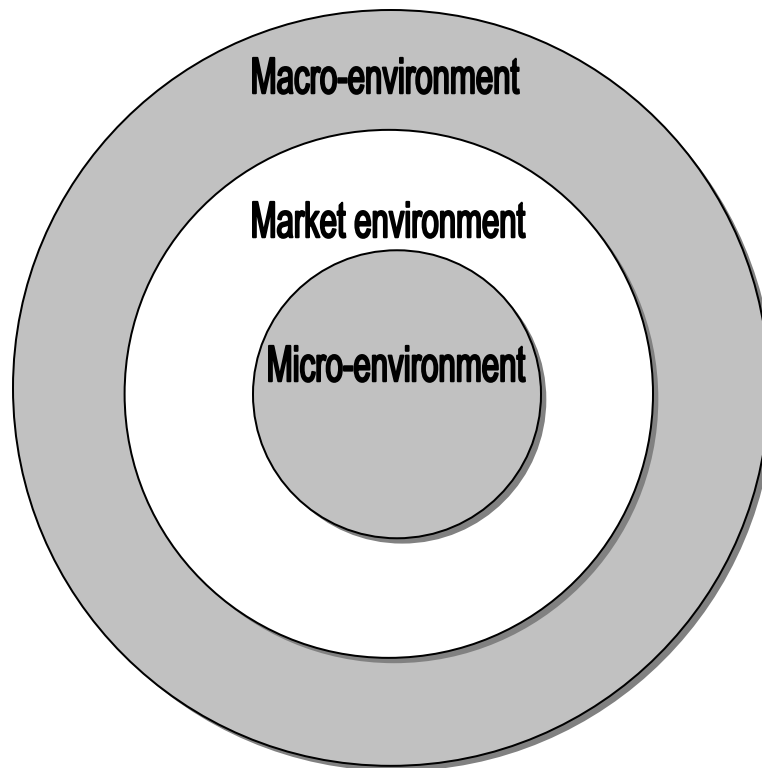
(Source: Author's own).

Each of the components of the marketing environment shown in Figure 2.1 will now be discussed.

2.2.1 The micro-environment

The micro-environment refers to the internal environment of the business itself, and includes variables such as the organisation's mission and objectives, its management structure and its resources and culture (Cant et al 2004:37). These resources include the manpower and capital available to the organisation.

Although management mainly focus their decision making on the organisation's mission, objectives and overall strategies, there are four basic top management decisions which are of particular importance to marketing management. These include: the basic line of business (in the case of restaurants, the food that is served) of the business, the overall goals of the business (such as to improve the level of customer service delivered to restaurant patrons), the role of marketing management in the above and the role of the other management functions in reaching the overall goals. It is in this environment that management plans, organises, leads and controls the activities in the organisation (Smit, Cronje, Brevis & Vrba 2007:63). The management process is enacted in this environment to achieve synergy between the goals of the organisation, the resources for realising the goals, the personal goals of the employees, ownership interests, market requirements, and the environment outside the organisation.

Vital, however, to the success of a service organisation, is that its managers or leaders bring something extra to their organisations (Heskett, Sasser & Schlesinger 1997: 240). At the heart of this "something extra" is a strong belief in a results-oriented approach to management, measurement and reward, one that focuses on doing a few important things well, such as providing excellent service to one's customers.

According to the Federated Hospitality Industry Association of South Africa's (FEDHASA) Chairperson Phillip Couvaras and Vice-Chairperson Rey Franco (Anon 2009:1), restaurant operators who are planning to open new restaurants in the current difficult financial climate must be cautious, and intelligent decisions must be made regarding their target market and positioning. Skill is required with regard to products, supplier price negotiations, and payroll management. From a service delivery angle, delivering exceptional customer service consistently should be at the top of their list. This same principle applies to existing operations.

Another important variable in the micro-environment of restaurants is the initial start-up costs of restaurants, which severely affects the financial resources of the organisation. Prospective restaurant owners considering buying a franchise have numerous other costs to consider over and above the initial franchise costs. For example, to buy an Ocean Basket franchise in South Africa costs R1 500 000, which excludes the staff salaries and rental of 6 to 9 percent of turnover per month (Anon 2003:1). To purchase a Spur Steak Ranches franchise costs approximately R1 680000, while start-up license fees cost R84 000. This excludes the monthly franchise royalty fees of 5% on turnover and the co-operative advertising levy of 4% on turnover (Anon 2003:1).

An important variable in the micro-environment that cannot be neglected by restaurants is its human resources, and more specifically the training and performance appraisal of its waiters and frontline staff (not to be investigated in this study). In a study conducted in restaurants in New Zealand, it was found that only 30% of restaurant owners and managers used a performance appraisal system to appraise the performance of its waiters (Schwellus 2003:1). It was also found that the owners and managers that did not appraise the performance of its waiters were not happy with the level of service provided to its patrons by its waiters. This is important as the level of customer service offered by waiters directly affects the restaurant patron and his/her attitude and feelings towards the restaurant. Tucci and Talaga (1997:10) underlined this when they noted in restaurants that failure to satisfy customers will quickly lead to an early termination of the business.

In the next section, the market environmental factors will be discussed.

2.2.2 The market environment

This environment is found just outside the organisation**,** and includes the following key variables: consumers, competitors, intermediaries and suppliers (Smit et al 2007:63). The variables of the market environment are illustrated in figure 2.2.

Figure 2.2   The variables of the market environment
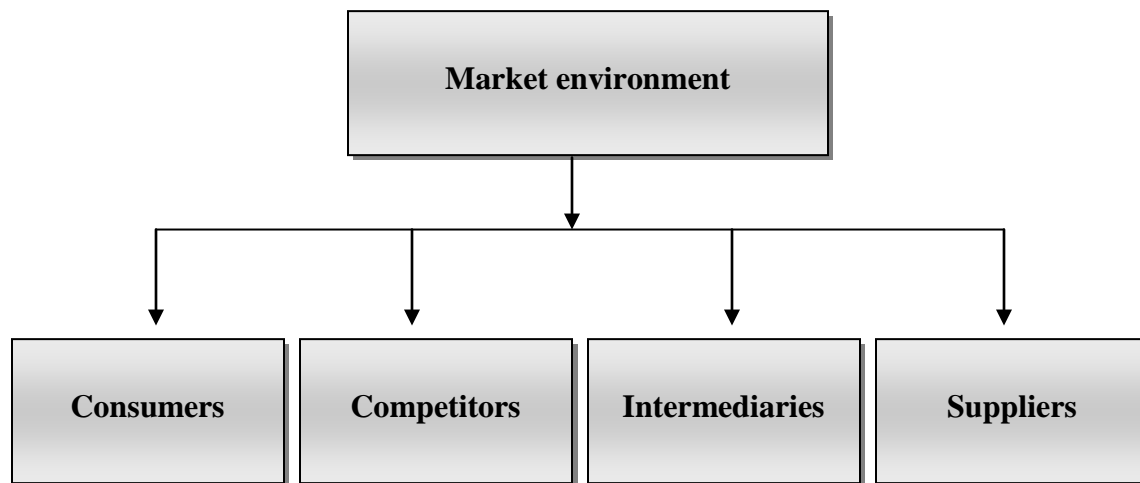
(Source: Author's own).

The variables in Figure 2.2, namely consumers, competitors, intermediaries and suppliers, can exert an influence on the business; however, the business has no control over these variables, although it can influence them to some extent by adjusting its strategy (Cant et al 2004:42).

Each of the variables shown in Figure 2.2 will now be discussed.

2.2.2.1 Consumers

The market consists of people with specific needs that have to be satisfied and who have the financial ability to satisfy them. This market, or the consumers, are the focal point of the business and the target at which marketing management aims the organisation's market offering (Strydom et al 2004:26).

This explains why consumers with their particular needs, buying power and behaviour are the chief components of the market environment. Knowledge of the market's or consumers' needs and wants are therefore of utmost importance and pivotal to the success of the market offering or products of a restaurant. Research undertaken by McDonalds in South Africa has indicated that consumers are much more concerned about nutrition (Anon 2004:1). After having to close 15 restaurants in South Africa, McDonalds introduced salads with low-fat oils onto their menus as well as brochures listing the nutritional values of all their products (Anon 2004:1). By taking these steps to provide customers with what they want, McDonalds sales performance remained positive over the 2002 to 2003 financial periods, as well as managing an increase of 0.1 percent of market share over this financial period.

Five main groups of consumer markets can be identified, namely the consumer market, the industrial market, government markets, resale markets and international markets (Cant et al 2004:41). Each of these will now be discussed:

- *Consumer markets* are markets in which individuals and households purchase products and services for personal consumption. In the case of restaurants, these are the people that they aim their market offering at. Marketing managers must evaluate the number of consumers as well as their buying power in a particular area. Buying power is the personal disposable income of consumers, which can be used to purchase consumer goods and services.

  According to Anon (2004:1), the rising economic growth in South Africa from 2003 onwards caused a relatively strong growth in real household disposable income, which was very favourable for restaurants as disposable income was therefore available for eating-out by consumers. A survey, conducted through the Omnibus subscription research service (2004:1) using a stratified sample of 2 483 households throughout South Africa, showed that of the households interviewed that earned a combined monthly salary of between R4 000 and R7999, an increase of 11% in eating out in restaurants over the last four weeks of 2002 had occurred. Even the lowest income group (earning between R1 and R799) indicated that 8% had visited an eatery recently (Anon 2003:2), which

again indicated the favourable situation that restaurants found themselves in due to the combination of low interest rates and a booming housing market which sent consumer confidence soaring (Anon 2004:2).

Since 2008 this situation has changed drastically. With the worldwide economic downturn and a further pull-back in consumer spending, domestic expenditure has dropped significantly in the second quarter of 2009 (Oberholzer 2009:1). The consumer's financial situation is under severe strain as household debt stays high.

This indicates that consumers will be consolidating debt and postponing expenditure, particularly on durables, for some time to come. This decline in consumer disposable income has therefore had a negative effect on consumer spending on luxury items such as dining out at restaurants.

As discussed in chapter one, the choice of restaurants in the East of Tshwane for this study will be based on facilitation of the research and on the LSM profile of the restaurant patrons of this area, many of which have an average income of more than R18 000 (Cant et al 2006:115; Anon 2008:41). The South African Advertising Research Foundation (SAARF) Living Standards Measure (LSM) has become one of the most widely used marketing research tools and takes into account some of the new realities of South Africa such as growing urbanisation and the swift advancement of the black middle class. Various variables are used to divide up the South African population into ten LSM segments including water and electricity, motor vehicles and home security services (Cant et al 2006:112-117). For the purposes of this study, restaurant patrons were selected in the Eastern Suburbs of Tshwane based on a 9 LSM profile and high average income. Due to the higher average income of these restaurant patrons, these patrons would visit more expensive restaurants.

- *Government markets*, refer to the purchases made by the general government and the nine provinces and local authorities. As this market does not form part of this study no detailed discussion will be given here.

- *Resale markets,* refer to businesses that purchase products and service in order to resell them at a profit. Again, as this market does not form part of this study no detailed discussion is given here.

- *International markets,* refer to foreign buyers, and include consumers, manufacturers, resellers and governments. The relevance of this market through the impact of tourism on restaurants will be discussed later in this chapter, in section 2.5.6.

- *Industrial markets* are markets in which manufacturing organisations buy products and services for their own consumption and/or use in the production of further products or services (Cant et al 2006:41). Again, as this market does not form part of this study no detailed discussion is given here.

2.2.2.2 Competitors

Competition, a second variable in the market environment, is defined by Smit et al (2007:66) as "the situation in the marketplace in which different organisations offering more or less the same product or service, compete for the patronage of the same consumers". The result of this competition is that the market mechanism keeps excessive profits in check, provides an incentive for higher productivity, and encourages technological innovation. In its assessment of competition, marketing management must bear in mind that the nature and intensity of competition in a particular market environment are determined by the factors, as identified by Michael Porter (Kotler & Keller 2006: 342-343). These factors include the threat of intense segment rivalry, the threat of new entrants, the threat of substitute products, the threat of buyers' growing bargaining power and the threat of suppliers' growing bargaining power. A restaurant needs to, for example, adjust its strategy if a new competitor enters the market. Ocean Basket introduced sushi onto its menu to counter the threat of new Japanese and Far-Eastern restaurant entrants in the market (Anon 2003:1).

In the restaurant sector, it could therefore be said that competition levels are high (with 187 restaurants in Tshwane), due to amongst other factors the ease of entrance or departure into or out of the marketplace as many restaurants open up and close down regularly, as well as the many alternative products available (Anon 2003:1).

According to Nwogugu (2004:31), supermarkets and convenience stores are also increasing this level of competition by offering "ready-made" meals which can be seen as substitutes for restaurant food. Given the intense competition in the restaurant industry, a reasonable concern revolves around what restaurants can do to maintain customer satisfaction (Tucci & Talaga 1997:10), thereby outmanouvering competitors or creating a competitive advantage over other restaurants.

It is imperative that competition not be too narrowly defined. There is a difference between need competition and product competition, where product competition consists of all organisations operating in the same product or service category, while need competition consists of all organisations manufacturing or supplying products and services that satisfy the same need (Jooste, Strydom, Berndt & Du Plessis 2009:99). This also impacts upon a restaurant. In the case of restaurants, competition exists not only for sit-down meals, but for take-aways, ready-made meals and others as well. Even the National Lottery can be viewed as a potential competitor of the restaurant sector. In a survey conducted by AC Nielson on the impact of Lotto ticket sales on other sectors of the entertainment industry (Anon 2003:1), it was found that 7% of the respondents interviewed had saved on items such as luxury foods and eating out due to their Lotto ticket purchases.

Suppliers, a third variable in the market environment will be discussed next.

2.2.2.3 Suppliers

The organisation is regarded as a system that attracts inputs from the environment and converts them into outputs, or products and services to be marketed in the market environment (Smit et al 2007:64). The inputs that the organisation requires are mainly materials (including raw materials, equipment and energy), capital and labour. When it is realised that on average about sixty cents (percent) in every rand paid out by the organisation is spent on purchases from suppliers, the importance of suppliers in the market environment becomes clear (Cant et al 2004:46).

If the organisation cannot obtain the necessary inputs of the required quality in the right quantity and at the right price for the achievement of its objectives, the organisation cannot hope to be successful in the market environment.

The selection of suppliers is a very important process and includes assessment attributes such as price, reputation, product reliability, service reliability and flexibility (Kotler & Keller 2006:225). In the case of restaurants, reliable suppliers of raw materials such as fresh fish and meat products, and human resources such as waiters and kitchen staff, could be vitally important to the success of the restaurant. In a survey conducted in the United Kingdom, it was found that chain and franchise restaurants strive to achieve a brand image which is bolstered by consistency of products and ambience in all of their outlets (Mawson & Fearne 1997:240). It was also found that these restaurants seek suppliers who produce products to a very high specification, supply a consistent and standardised quality and deliver promptly and regularly to their retail outlets.

According to FEDHASA's Chairperson Phillip Couvaras and Vice-Chairperson Rey Franco (Anon 2009: 1), the closure of a restaurant during the current economic downturn impacts a wide range of people. The owners and staff take the consequences first and must begin job searching; however, the suppliers of food and beverage, the landlords, the council and all other people who supply services to or for the restaurant lose out on an income stream.

The fourth variable in the market environment, namely intermediaries, will be discussed next.

2.2.2.4 Intermediaries

Intermediaries also play a vital role in bridging the gap between consumers and the manufacturer, and include wholesalers, retailers, commercial agents and brokers (Smit et al 2007:64). Financial intermediaries such as banks and insurers also play a role in the transfer of products and services from the manufacturer to the consumers. In the case of restaurants, in could be said that food wholesalers and financial intermediaries such as banks play an important role in bridging the gap between the consumer and the restaurant.

Without reliable wholesalers providing high quality produce at reasonable prices and banks providing the necessary funding in order to start a restaurant or restaurant franchise, the success of the restaurant could be negatively affected.

The dynamic and ever changing nature of intermediaries as new trends in turnover or consumption are responsible for the development of new types of intermediaries. An example of contemporary trends in the South African context includes extended shopping hours and the increase in the number of spaza shops and franchises (Smit et al 2007:66). Decisions about intermediaries mean the formation of long-term alliances between the organisation and the intermediary selected, which may have certain implications for the marketing strategy.

In the section that follows, the variables of the macro-environment will be discussed.

2.2.3   The macro-environment

Apart from the market environment, which has a more direct influence on the future of all organisations, restaurants also operate in a larger macro-environment with variables that have direct as well as an indirect influence on the organisation (Smit et al 2007:67). These variables represent the uncontrollable environmental forces, also referred to as "megatrends". These influence the variables in the market environment (such as consumers who have less disposable income) and the micro-environment (with higher interest rates). A restaurant needs to adapt to these changes, and many examples of this in South Africa can be seen such as Spur offering a "Buy one get one free Monday night burger special" (www.spur.co.za).

Contemporary literature divides the macro-environment into six variables (Cant et al 2004:48). The macro-environmental factors are illustrated in figure 2.3.

Figure 2.3   The variables of the macro environment
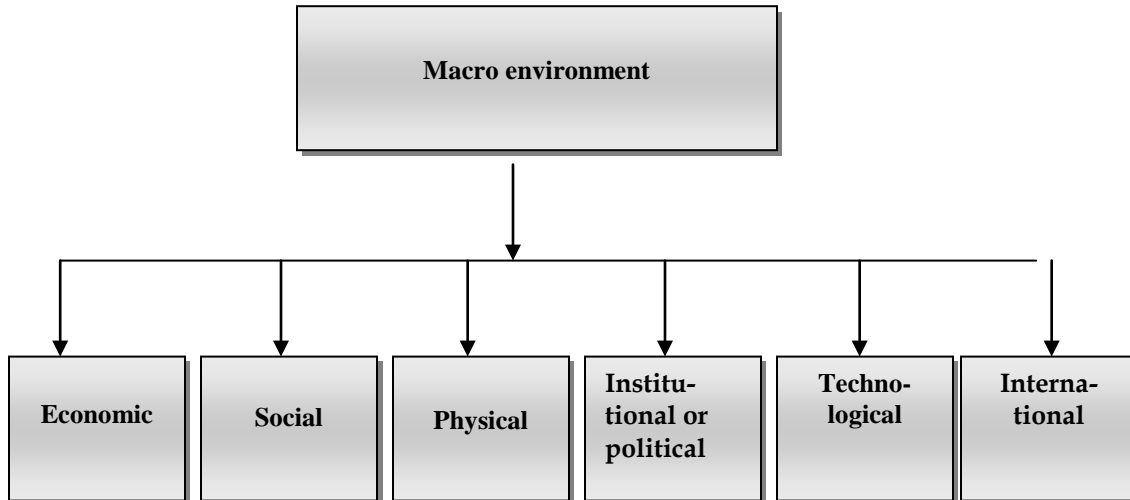
(Source: Author's own).

As can be seen from Figure 2.3 above, there are six variables in the macro-environment, which exert an influence on organisations, including economic variables, social variables, physical variables, institutional or political variables, technological variables and international variables. Each of these will be discussed in more detail in the sections that follow.

2.2.3.1 The technological environment

Technological innovation originates in research and development results, not only in new machinery and products, but also new processes, methods and new approaches to management that could bring about changes in the environment (Strydom et al 2004:30). Every new technological innovation creates opportunities and threats in the environment, for example, the innovation of the television posed a threat to films and newspapers. In the case of restaurants, the innovation of "drive-through" restaurants of organisations such as KFC and Macdonalds in South Africa a few years ago posed a threat to traditional restaurant establishments in terms of the cost and time saving involved, as well as the convenience offered to patrons.

Marketing management has a significant task to perform in managing the transition to a new technology if one is adopted, because technological innovation can have a fast and drastic effect on a product or industry (Strydom et al 2000:54). This does not mean that a certain technological innovation will render the older technological innovation obsolete as new technological advancements do not necessarily smother old technology, but could even stimulate the growth of the organisations using the older technology because threatened organisations improve their old technologies (Cant et al 2004:51).

In the case of the "drive through" restaurants mentioned above, it could be said that many fast-food chains such as Steers Holdings, the fast-food take away chain, using older processes like the traditional counter-orders improved their technological process by introducing "order-by-number" menus to offer similar convenience to their patrons as the "drive-through" restaurants (Mathews 2003:2).

Another technological innovation that could improve customer service in restaurants is the new Smart Surface. This new Surface technology allows direct interaction with one's hands with digital contents such as photos, music and maps and it makes all forms of digital contents to have lively interactions to natural gestures, touch and physical objects (Anon 2009:1). Microsoft is targeting this technology to hotels, retail outlets, restaurants and some public entertainment venues. One of the examples given by Microsoft of its usage, will be the ordering of a beverage after a meal at restaurant, which will only need a single tap of a finger to "drop" your beverage choice into your order list. Other than the sensitive response to touches and physical objects it's also a system for multiple users and is able to handle touches simultaneously (Anon 2009:1). The introduction of such technology can only help to improve the level of service offered to customers in an organisation such as a restaurant.

2.2.3.2 The economic environment

To a large degree, the consumer's buying ability will be a function of his or her economic position, which is heavily influenced by the conditions prevailing in the economic environment (Bennett & Strydom 2001:45).

This can be illustrated by the fact that spending in restaurants in South Africa up until 2003 showed constant growth with the consumer foodservice market registering a 24 percent growth in 2003 (Anon 2004:1).

But, according to FEDHASA's Chairperson Phillip Couvaras and Vice-Chairperson Rey Franco (Anon 2009:1), the current global economic downturn and drop in local consumer spending are the key factors that have facilitated many restaurant closures. This is due to the fact that patrons are now more careful when selecting dining options and decisions tend to be based on genuine value for money and friendly, efficient service.

Typical 'comfort foods' such as shepherd's pie, lasagna and pizzas are popular choices as they provide good value for money for families. According to FEDHASA, the pressure on the restaurant industry will remain until at least the second quarter of 2010. In agreement with this statement, according to Harvard's Daily Stat (2009:1), two-thirds of Americans polled say that they plan to decrease spending at restaurants and on entertainment.

The economic environment is in turn influenced by the technological, political, ecological, and social environments. These cross-influences cause changes in the economic growth rate, levels of employment, consumer income, the rate of inflation, the exchange rate and the general state of the economy and could ultimately result in prosperity or adversity in the economy. These factors also have specific implications for the organisation and its management (Smit et al 2007:69).

The economic well-being of a community is measured by the gross domestic product (or GDP), which is defined as the total value of goods and services produced within the borders of a country during a given period, usually a year, and in South Africa the GDP has declined steadily from 1970 to the late 1990s. South Africa's GDP dropped 1.5% in the six months to March 2009 (Makgetla 2009:1). Given South Africa's unusually high levels of inequality and joblessness, any slowdown in the economy can have devastating effects on the poor. Moreover, this is the first recession in 17 years. The fact that South Africa's population rate is growing faster than its economic growth rate means that the standard of living of its inhabitants has declined even further. This trend of impoverishment is aggravated by an above-average influx of illegal immigrants from neighbouring countries and a rising unemployment figure. South Africa's

unemployment rate increased by 0.9% to 24.9% in the third quarter of 2009, compared to 23.6% in the second quarter, according to the Quarterly Labour Force Survey released by Statistics South Africa (Anon 2009:1).

Another economic variable affecting an organisation and its market environment is the government's monetary policy, which affects the money supply, interest rates which are currently at 10.5% (Anon 2009:1) and exchange rates, and this can cause disturbances in the environment (Strydom et al 2004:30). The government's fiscal policy affects organisations as well as consumers through tax rates and tax reforms. Exchange rates fluctuations can have a strong impact on restaurants that import ingredients from other countries.

2.2.3.3 The social environment

The environmental variable probably most subject to the influence of other variables, such as technology and the economy, is social change (Cant 2004:55). The organisation stands at the centre of social change, and on the one hand contributes to social change and on the other hand it should constantly be aware of and adjust to the major influences of social currents on itself.

Demographic change, which is the change in the growth and composition of populations, is probably the social variable that causes the most change in the market by altering people's way of life (Cant et al 2006:51). Some demographic trends that influence the purchase of products and services in the South African context include:

- Urbanisation, employment and the ability to provide housing, food and urban services. Less developed countries, such as South Africa, are characterised by a phenomenal growth in urbanisation, increasing unemployment and increased pollution. A survey, conducted recently through the Omnibus subscription research service using a stratified sample of 2 483 households throughout South Africa, found that 29% of the urban population interviewed claim to have patronised restaurants in the second quarter of

2002, against 20% in a similar period in 2000 (Anon 2003:2). This shows a marked increase in the number of people living in urban areas that patronise restaurants.

- The changing population composition, where in less developed countries such as South Africa there is an increasing juvenile segment of the market, with less spending power.

- The increasing economic empowerment of women who have more expendable income and less time to buy. It could therefore be said that this segment of the market could spend more of its available disposable income on convenient take-away foods.

- An increase in the number of households because of factors such as the rise in the divorce rate.

- Smaller and more households mean a larger market for household equipment, products and services (Cant et al 2006:54). According to Nwogugu (2004:30), in a study conducted in North America, it was found that changes in demographics and consumer behaviour favours restaurants. Reasons included divorce and more working women. This can be seen to be the case in countries like South Africa as well.

Family structure and age of respondents will be investigated as part of the demographic profile of restaurant patrons in this study.

2.2.3.4 The physical environment

The physical environment embraces the limited resources from which the organisation obtains its raw materials, as well as the environment into which it discharges its wastes, and organisations have developed an awareness of the physical environment as it can affect them in many ways (Cant et al 2004:55). Interfaces that present opportunities and threats to organisations are discernable, and include a shortage of resources, the cost of energy, the cost of pollution and the damage to the country's natural resources (Smit et al 2007:72). Management must take steps to limit as far as possible any detrimental affects that it might have on the environment, not only to prevent unfavourable attitudes towards the environment, but also to serve, maintain and manage the country's dwindling natural resources.

A problem related to the physical environment of restaurants is the problem of electrical powercuts and shortages faced by restaurants in large metropolitan areas such as Johannesburg. During power shortages of up to two-and-a-half hours in Johannesburg, restaurants and other businesses were severely affected as millions of rands' worth of business was lost (Moriaty 2003:1-2). In 2008, the Trade Union Solidarity's call centre was flooded with calls from people who were sent home without pay by their employers, because the businesses for which they work could not operate without electricity and many employees were worried that they may lose their jobs due to the massive power shortages experienced in 2008 (Anon 2008:1). Besides the millions of rands' worth of business that is lost every time such a power cut occurs, restaurants cannot offer good customer service to patrons if they do not have any power supply. Large restaurants might even consider purchasing generators for this reason.

In the following section, the political or institutional environment will be discussed.

2.2.3.5 The institutional or political environment

Over the last decade, the institutional or political environment has proved to be particularly turbulent, with changes in labour legislation, medical care, competition, equality and skills development increasing rapidly in the workplace, forcing managers to focus strongly on this environment and on the resultant changes (Bennett & Strydom 2001:48).

The government intervenes on a large scale in the business environment by means of, amongst others, the annual budget, taxes, import control (or lack of it), promotion of exports, health regulations and incentives, price control in respect of certain products and services (Smit et al 2007:72). The restaurant industry was strongly affected by the recent anti-smoking laws passed by government, which forced many restaurant owners to build special enclosed smoking areas in their restaurants, or face heavy fines. In a survey conducted recently in restaurants in the United Kingdom, one of the most sited reasons for not implementing a smoking ban in restaurants was a decline in business (Cuthbert & Nickson 1999:31-32). The survey found however that this was not the case, and actually showed that the non-smoking policy implemented had actually benefited the concerned restaurants and restaurant patrons.

Another way in which the government of South African can influence the success of restaurants is through the Tourism Grading Council of South Africa, which drafted a grading scheme for restaurants, conferences, hotels, tourist attractions and other related facilities (Naidoo 2003:2). This council, which was established in September 2000 by the then Environmental Affairs and Tourism Minister Valli Moosa, has star-graded approximately 9 000 establishments. The grading has an impact on competition, due to the fact that non-graded restaurants have to compete with those that have been successfully graded. The establishments graded are very strictly monitored, and according to Boyi (2009:1), the Tourism Grading Council of South Africa says homeowners hoping to take advantage of the 2010 World Cup's accommodation 'boom' will be excluded from accommodation contracts. It said private housing initiatives did not contribute to the local tourism industry's growth in the long term.

Another factor relating to the institutional or political environment is the setting of minimum wages for waiters in restaurants. In terms of the Basic Conditions of Employment Act, 1997 (section 52 and 53), the then Minister of Labour requested the Director-General to investigate the conditions of employment in the Hospitality Industry in the Republic of South Africa (Anon 2004:1). In 2007, Labour Minister Membathisi Mdladlana announced a minimum wage that would apply across the Hospitality industry (Anon 2007:1). The minimum wage for businesses with 10 or less employees would be R7.59 per hour or R1 480 a month, while businesses with more than 10 employees would need to pay staff a minimum of R8.46 an hour or R1 650 a month.

This latest wage announcement highlights the achievement of waiters and hospitality industry staff finally being able to benefit from a minimum wage in a sector where waiters are often paid only in "tips" with no baseline wage at all. This minimum wage makes no distinction between urban and rural areas, while night work and working on Sundays will also be regulated with suitable compensation according to the Basic Conditions of Employment Act (Anon 2007:1). While some employers might object to the minimum wage in a sector that is highly competitive, the hospitality industry stands to benefit greatly from the increased certainty that a minimum wage will provide.

In a study conducted to assess the working conditions of waiters in restaurants (Anon 2004:1), discrepancies were found between the Basic Conditions of Employment Act and the actual working conditions of waiters. Long working hours, low and unpredictable wages, and a lack of stability were some of the issues uncovered by the study. If the issues regarding working hours, wages and stability in the restaurant sector as a whole could be finalised, it could in fact have a positive influence on customer service in restaurants, as well as on the relationships formed as satisfied waiters would definitely be able to deliver a more satisfactory service to restaurant patrons.

2.2.3.6 The international environment

Organisations that operate internationally find themselves in a far more complex organisational environment because each country has its own unique technology, culture, laws, politics, markets and competitiveness, different from those of other countries (Strydom et al 2004:29).

The new economic order, which is taking shape throughout the world, is the increasing globalisation of the world economy (Cant et al 2004:64). South African marketers should be able to find new opportunities now that South Africa has been back in the international economic community for 15 years.

There is wide consensus that the countries and economies of Southern Africa are highly interdependent and greater co-operation and contact is being encouraged (Bennett & Strydom 2001:50). This can be illustrated by the fact that all graded restaurants graded by the Tourism Grading Council of South Africa will be entered onto a public market database and will be promoted through the World Tourism Organisation, the body that monitors quality assurance in the tourism industry.

Another factor relating to the International environment that could impact positively upon restaurants in South Africa is the Soccer World Cup that is to be hosted by South Africa in 2010. According to James Seymour, Tourism KwaZulu-Natals general manager for tourism information services (2004:1), South Africa could expect an economic impact generated by the World Cup of more than R20 billion, as well as about 220 000 jobs being created.

This will have a positive direct influence on the restaurant industry in South Africa as a whole as many visiting tourists will be patronising restaurants during the tournament.

In the restaurant sector, there is increasing competition due to international competitors in the South Africa market. This increase in international competition has led to local restaurant establishments following international trends to keep up with their competitors. For example, Steers Holdings, the fast-food take-away chain, is tapping into the growing global trend for coffee shops by their acquisition of Creative Coffee Franchise Systems, which holds the franchise for well-known coffee shop brands such as House of Coffees and Illy Boutiques (Mathews 2003: 1-2).

2.3   Summary

In this chapter, the influence of the variables in the marketing environment on restaurants was discussed. Emphasis was placed on the individual variables in each sub-environment of the marketing environment, namely the micro-, market and macro-environments, and how these variables could impact upon a restaurant. In the chapter that follows, the importance of customer service in restaurants will be discussed.

Chapter 3:

CUSTOMER SERVICE IN RESTAURANTS

3.1   Introduction

This study examines customer service in restaurants in the Tshwane area, with the aim of establishing criteria for excellent customer service for a restaurant. As mentioned in chapter 1 (see sec 1.2), excellent customer service leads to customer satisfaction and satisfaction, in turn, can form the basis for building long-term relationships with customers. This links to the service-profit model in chapter 1, figure 1.1 that indicates a relationship between customer satisfaction, customer retention and customer loyalty, resulting in greater profitability for an organisation.

This chapter focuses on customer service, indicating how it fits into the field of marketing. The evolution of marketing thought, also known as the orientations to marketing, will be discussed first, followed by the nature and elements of customer service. Finally, the building of relationships according to relationship marketing will be detailed.

3.2   The orientations to marketing

Marketing can be defined as "a combination of management tasks and decisions aimed at meeting opportunities and threats in a dynamic environment, in such a way that its market offerings lead to the satisfaction of consumer's needs and wants so that the objectives of the organisation, the consumer and society are achieved" (Cant et al 2006:19).

Kotler and Keller (2006:6), refer to marketing as "a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others". Drucker, in Kotler and Keller (2006:6) adds to this by stating that "the aim of marketing is to know the customer so well that the product or service fits him/her and sells itself".

From these definitions of marketing it can be inferred that a restaurant's offering (ie its product and service) has to satisfy the customer's needs and wants. The products and services rendered must be based on satisfying these wants and needs.

The approach of marketers towards the marketing function has changed over the years and has strongly influenced the marketing activities of organisatons. These approaches are referred to as the evolution of marketing thought or marketing orientations, and include the production, product, selling, marketing and societal concepts (Kotler & Armstrong 2001:16). These orientations to marketing are illustrated in figure 3.1 below.

Figure 3.1   The orientations to marketing
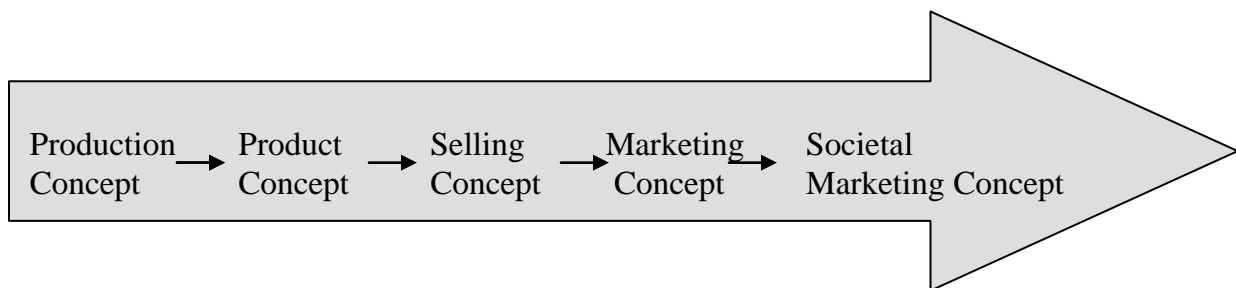
(Source: Author's own based on Cant et al 2006:11-13, Schiffman & Kanuk 2004:9 and Kotler & Armstrong 2001:17).

Figure 3.1 shows how the orientations to marketing evolved from the production to the societal marketing concept over the years. Each of these orientations will be discussed next.

3.2.1 The production concept

The production concept assumes that consumers are mostly interested in product availability at low prices and its implicit marketing objectives are cheap, efficient production and intensive distribution (Schiffman & Kanuk 2004:9). While the major focus of this orientation is on the internal capabilities of the restaurant in particular, the major shortfall of this orientation is that it does not consider whether the goods and services that the organisation produces also meet the needs of the marketplace (Cant 2004:11). From this orientation, organisations move to the product orientation or concept (Kotler & Armstrong 2001:17).

3.2.2 The product concept

The product concept holds that the consumer will favour products that offer the most in quality, performance and innovative features (Kotler & Armstrong 2001:18). Organisations focus on producing superior products and improving them over time, but often design their products with little or no input from customers and trust their engineers to develop superior products without listening to the marketplace's needs. The major pitfall of this approach is that it does not lead to customer satisfaction, hence the move towards the selling orientation or concept.

3.2.3 The selling concept

A natural evolution from both the production concept and the product concept is the selling concept, in which the marketer's primary focus is selling the product that it has unilaterally decided to produce (Schiffman & Kanuk 2004:10). The assumption of this orientation or concept is that consumers are unlikely to buy the product unless they are persuaded to do so - mostly through the "hard sell" approach. The organisation, according to this orientation, must therefore undertake an aggressive selling and promotional effort, and also that consumers must be coaxed into buying due to their inertia or resistance.

According to Kotler and Armstrong (2001:18), such marketing carries high risks as it focuses on creating sales relationships rather than on building long-term, profitable relationships with consumers. Cant et al (2006:9-11) also refer to the high risk by pointing out that that despite the quality of the sales force, organisations cannot persuade consumers to buy products or services that are not wanted or needed. From this orientation or concept, the focus moved more to the customer and therefore the marketing concept or orientation emerged.

3.2.4 The marketing concept

The marketing concept was conceptualised in the 1950s by marketing scholars such as Peter Drucker, who defined marketing as "...the whole business seen from the point of view of its final result, that is, from the customer's point of view" (Brink & Berndt 2008:2).

The key assumption underlying the marketing concept is that, to be successful, a company and therefore a restaurant must determine the wants and needs of specific target markets and deliver the desired satisfaction better than the competition (Schiffman & Kanuk 2004:10). The implication of the marketing concept for a restaurant is that it should aim all its effort at satisfying customer needs and wants at a profit. This is also why so many different types of restaurants such as family and take-away restaurants exist in order to cater for all types of customers with different needs. Whereas the selling concept focused on the needs of sellers and on existing products manufactured by the organisation, the marketing concept focused on satisfying the needs of the consumer.

The three tenets or principles of the marketing concept are customer orientation, profit orientation and systems orientation (Cant et al 2006:11-13).

- *Customer orientation.* This principle requires that all actions should be aimed at satisfying the needs of a customer, as customers are the focal point of the organisation. Customer orientation thus implies that a restaurant should provide a product or service

that satisfies the needs of the customers. This study will investigate whether patrons are satisfied with the total offering, including customer service, of the restaurant.

- *Profit orientation*. According to the marketing concept, customer orientation is a means of achieving greater profitability. For example, by satisfying customers' needs, a restaurant should become more successful and thus make more profit.

- *Systems orientation*. This means that all departments should work together to achieve the goals of the organisation. In a restaurant, for example, the receptionist, waiters and kitchen staff need to coordinate all efforts in providing excellent service.

Even though this orientation towards marketing seemed to work well, the question arose as to whether organisations that satisfy customer wants are really acting in the best interests of the customers and society as a whole. These concerns gave impetus to the development of the societal marketing concept (as illustrated in Figure 3.1).

- *Societal marketing concept*. This concepts holds that the organisation should determine the wants, needs and interests of target markets, and should then deliver superior value to customers in a way that maintains or improves the consumers' and society's well being (Kotler & Armstrong 2001:20). This orientation calls upon marketers to build social and ethical considerations into their marketing practices. This became the fourth principle of the marketing concept.

Many businesses have paid lip-service to the principles of the marketing concept. Although rational in principle, in practice marketers ignored the supremacy of the customer. It has therefore become evident that the marketing concept has failed in its implementation over the last two decades (Brink & Berndt 2008:3). This led to a new marketing paradigm and a shift in business thinking, and is known as relationship marketing. Relationship marketing focuses on building relationships with customers in order to retain them and keep them loyal. Relationship marketing will be dealt with in section 3.3.8 of this chapter.

The customer orientation factor of the marketing concept implies that the organisation should be focused on satisfying customer needs and wants. Customer service has become an important factor in all marketing activities of any organisation, especially service-based ones. This means that customer service should be recognised as an important element of a restaurant's offering if it wants to be successful. In the next section customer service, the focus of this study, namely customer service, will be discussed.

3.3 Customer service

With the dramatic increase in the services industry discussed in chapter 1 (see sec 1.2.1), it has become clear that customer service is an important part of rendering any service. It is therefore necessary to discuss the nature of customer service first. Secondly, the inherent characteristics of services and the classification of services will be detailed. Then customer satisfaction, customer value, customer perception and expectation of service quality, the service encounter and the servicescape will be discussed. Finally, the building of relationships according to relationship marketing will be dealt with.

3.3.1 The nature of customer service

Customer service is defined by Christopher et al (2002:151) as the "ongoing process of managing the buyer/seller interaction to ensure continued customer satisfaction." Zeithaml et al (2009:5) refer to customer service as the "service provided in support of a company's core products" and further emphasise that "quality customer service is essential to building customer relationships." In a nutshell, customer service is the "provision of service to customers before, during and after a purchase." (Brink & Berndt 2008:56).

Customer service, therefore, involves task-oriented activities, other than proactive selling, that involve interactions with customers in person, by telecommunications, or by mail. This interaction function should be designed, performed and communicated with two goals in mind: customer satisfaction and operational efficiency.

Moreover, customer service is delivering excellent service quality and creating value to the customer (Kasper et al 2000:13). Just as in manufacturing organisations, good service organisations use customer service to position themselves in chosen markets.

However, because services differ from tangible products (as discussed in section 3.3.2), they often require additional marketing approaches because in a service organisation the customer and frontline staff interact to create the actual service. Due to this fact, service providers must interact effectively with customers to create superior value during service encounters (Kotler & Armstrong 2001:318). The service encounter is a vital part of customer service in a restaurant, thus managers need to ensure that this direct contact with the patron is professional at all times.

The distinguishing characteristics of services will be dealt with in the next section.

3.3.2   Distinguishing characteristics of services

Services possess four inherent characteristics not found in goods or products. These characteristics include intangibility, perishability, inseparability and variability (Kurtz & Clow 1998:10).

Zeithaml et al (2009:20) suggest that these distinguishing characteristics of services result in challenges for managers of services and should not be seen as unique to services as they are relevant to all products. They further claim that all products are services and that economic exchange is fundamentally about service provision.

As these characteristics create unique challenges, and a restaurant thus needs to find ways of meeting these challenges, to attract new customers and keep current customers coming back to the restaurants. A discussion of each of these distinguishing characteristics now follows:

3.3.2.1 Intangibility

Service intangibility means that services cannot be seen, tasted, felt, heard or smelled before they are bought (Zeithaml et al 2009:20; Cant et al 2006:290; Kotler & Armstrong 2001:318). To reduce uncertainty, buyers therefore look for "signals" of service quality, for example, they may draw conclusions about service quality from the place, people, price, equipment and communications of the organisation that they can see. Some service organisations offer a tangible product (a product that can be seen, tasted, felt, heard or smelled) but the service is still intangible because consumers are purchasing the service not the product (Kurtz & Clow 1998:11). For example, restaurants offer food, and the evaluation of service received in a restaurant is often based on how well the restaurant prepared the food. To reduce intangibility, service organisations have several options available to them. These options include:

- Stressing tangible cues, such as the quality of the food served in restaurants.
- Using personal sources of information, such as past experiences in a specific restaurant.
- Stimulating word-of-mouth communication to encourage existing patrons to communicate with others to encourage them to visit the restaurant.
- Creating a strong corporate image by means of marketing communicaton
- Encouraging employees to communicate with customers in a friendly manner. In a restaurant this could be done by waiters and managers enquiring whether customers are satisfied with their meals and drinks, greeting them as they walk past their table and even thanking them at the door as they leave.

As a result of the intangible nature of services, customer often rely on the behaviour of service employees when judging the quality of a service (Hennig-Thurau 2004:460). Consequently, the employees' level of customer orientation is considered an important leverage for the service firms' economic success. In the context of service quality research, it ahs been demonstrated that the behaviour of service employees affects the customers' perception of the service (Hennig-Thurau 2004:460).

For this reason, the researcher will include a question relating to the service received from the waiters at the restaurant visited. Aspects addressed in this question will include professionalism of waiters, speed of service and friendliness (see question 6 of Annexure A).

3.3.2.2   Perishability

Service perishability means that services cannot be stored for later sale or use (Cant et al 2006:291; Kotler & Armstrong 2001:318). The perishability of services is not a problem when the demand for a specific service is steady, but when demand fluctuates (such as the demand for public transport in the early morning and late afternoon when compared to the rest of the day) service organisations often have difficulties. To reduce the negative impact of perishability, service organisations must develop strategies to cope with fluctuating demand. Hotels, for example, charge lower prices during off-peak seasons, and restaurants hire additional serving staff or casual labour during peak business times like weekends and holidays. Restaurants also offer special deals during off-peak times, such as "Eat as many ribs as you like" evenings on Mondays or Tuesdays, as opposed to their busier weekend evenings.

3.3.2.3   Variability

Service variability means that the quality of services depends on who provides the service, as well as when, where and how they are provided (Kotler & Armstrong 2001:318). This is due to the fact that various service employees will perform the same service differently and even the same service employee will provide varying service levels from one time to another. Due to the variability characteristic of services, standardisation and quality control are more difficult. To reduce the varying level of service provided to customers many restaurants such as Macdonalds and Burger King tend to industrialise their operation. This refers to using machines and standardised procedures to increase productivity and efficiency. At the same time, employees are trained to follow specific procedures that help to ensure that consumers receive a standard level of service and food quality.

3.3.2.4 Inseparability

This means that service cannot be separated from its provider, whether the provider is a person or a machine (Kotler & Armstrong 2001:318). If a service employee provides the service, then the employee is part of the service. Due to the fact that the customer is also present as the service is produced, both the service provider and the customer affect the service outcome. Because the service must be performed and consumed at the same time, the quality of the service is highly dependent on the ability of the service provider and the quality of the interaction between the service provider and the customer (Cant et al 2006:290; Kurtz & Clow 1998:12). This therefore illustrates that managing the human element is critical for the success of service organisations, such as restaurants, with a high degree of service inseparability,.

This discussion illustrates that the type and level of human interaction and inseparability services and the management thereof is vitally important. Various service organisations have varying levels of customer interaction and service inseparability, depending on service classification factors such as the nature of demand, the nature of the organisation and the level of customer relationship involved. These factors that determine how a service is classified will be discussed in the section that follows.

3.3.3 The classification of services

The classification of services offers several benefits for an organisation. These benefits include that it highlights the similarities and differences between the service being classified and other services, as well as also assisting in the development of marketing strategies (Strydom 2004:270; Kurtz & Clow 1998:14). Factors that could be used to classify services include the following:

3.3.3.1 The nature of the organisation

Here the purpose, structure and type of service are identified. In the case of all organisations including restaurants, the purpose for the establishment is to make a profit. The type of service provided is designed to satisfy the eating and drinking needs of individual customers.

3.3.3.2 The nature of the service

Here the service is defined in terms of the degree of tradability, to whom and whom the action is directed, and the degree of merchantability (Kurtz & Clow 1998:18). Tradability refers to the relative involvement of goods and services in the production of the service, while merchantability is the relative distance between the customer and the service provider in the acquisition or provision of the service. A service has low tradability when there is no involvement between goods and services in the production of the service (in other words, there is no product involved as only a service is performed), while a service has low merchantability if both the customer and the service provider must be present when the service is performed. In restaurants, the tradability of a restaurant is high as products (such as food and drinks) are exchanged as part of the service, while the merchantability is low as both customer and service provider (such as the waiter or restaurant manager) must be present for the service to occur.

3.3.3.3 The relationship with the customer

Here the relationship between the service organisation can be defined as either formal or informal, personal or impersonal, where a formal relationship would consist of the organisation charging a membership fee, such as a gymnasium or library membership (Strydom 2004:270; Kurtz & Clow 1998:18). Informal relationships are pay-as-use systems, where revenue is based on how many customers pay for the services of the organisation and because the relationship with the customer is an informal one, the demand is more difficult to determine in advance. In the case of restaurants, the relationship with customers is therefore an informal one.

3.3.3.4 The nature of the demand

This refers to the level of demand on the part of customers for the services provided by the service organisation. With services where the relationship with customers occurs on an informal

basis (as discussed in the point above), demand for the service provided fluctuates, such as in the case of restaurants.

3.3.3.5 The service package

Here a distinction is made between service organisations that offer only one service and product, and those that offer various products and services as part of the service package, as well as how durable the service package is (Strydom 2004:271; Kurtz & Clow 1998:19). In the case of restaurants, one service is offered (to be served food and drinks in the restaurant itself), but there are many choices available to customers in terms of which item on the menu or winelist to order. In terms of the durability of the service, the food and drinks offered for sale by a restaurant as well as the service, is consumed almost immediately, implying that customers will always be on the demand for more restaurant visits.

3.3.3.6 Delivery method

This level of the classification deals with how the service is delivered and whether the service provided needs to be taken to the client or whether the client has to go to the provider (Strydom 2004:270; Kurtz & Clow 1998:19). In the case of a reserved and paid-for revision lecture, for example, the service provided by the lecturer is consumed collectively by the students, and because students had to pay and reserve a set in advance for the lecture, the capacity of the lecture venue is not exceeded.

In restaurants, customers are served in the order that they arrive, and although restaurants know that demand will increase during meal times they are never really sure how many customers will arrive unless the customers booked in advanced. The staffing of a restaurant is based on the past experience of the restaurant owner or manager and does not always ensure that all customers will be served in a reasonable amount of time.

As illustrated by the above discussion, the challenges faced by a particular service organisation depend on its specific service characteristics. For example, the type of customer relationship (either formal or informal) and the degree of customer participation impact decisions in areas such as operations and human resources training and management. These in turn impact the service organisation's efficiency and productivity (Kurtz & Clow 1998:20).

The above discussion shows that the ultimate aim of all of the activities in a restaurant are focused on achieving customer satisfaction, an important component of this study, and to be discussed next.

3.3.4 Customer satisfaction

Customer service has strategic importance and requires companies to continually enhance customer experience and satisfaction, to deliver quality in a competitive marketplace (Spencer-Matthews & Lawley 2006: 218). Egan (2001:96) refers to customer satisfaction as a "psychological process of evaluating perceived performance outcomes based on predetermined expectations." Customer satisfaction thus involves the customer's feelings that a product or service has met or exceeded expectations (Brink & Berndt 2008:58). Egan (2001:97) further states that the greater the negative gap between the level of expectation and the matching of such expectations, the greater the level of dissatisfaction experienced by the customer. As mentioned in chapter 1, section 1.2.1, customer satisfaction can be viewed as the key to securing ultimate customer loyalty and to generating superior long-term financial performance, but customer satisfaction can be achieved only through excellent customer service.

According to Hoffman and Bateson (2006: 302-303), customer satisfaction is one of the most studied areas in marketing and the importance thereof cannot be overstated. The aim of excellent customer service is to achieve customer satisfaction, and the greater the level of customer satisfaction, the greater the likelihood that the customer will be retained and remain loyal to the organisation - the ultimate aim being creating and maintaining customer loyalty (Küster & Villa

2006: 3-20; Christopher et al 2002:5-8; Xu, Goedegebuure & Van der Heijden 2006:79-87). These factors are illustrated in Figure 3.2 and discussed in greater detail in sections 3.3.5 and 3.3.6.

Figure 3.2   Customer satisfaction: simplified version

Source: Adapted from Zeithaml et al (2009:103)
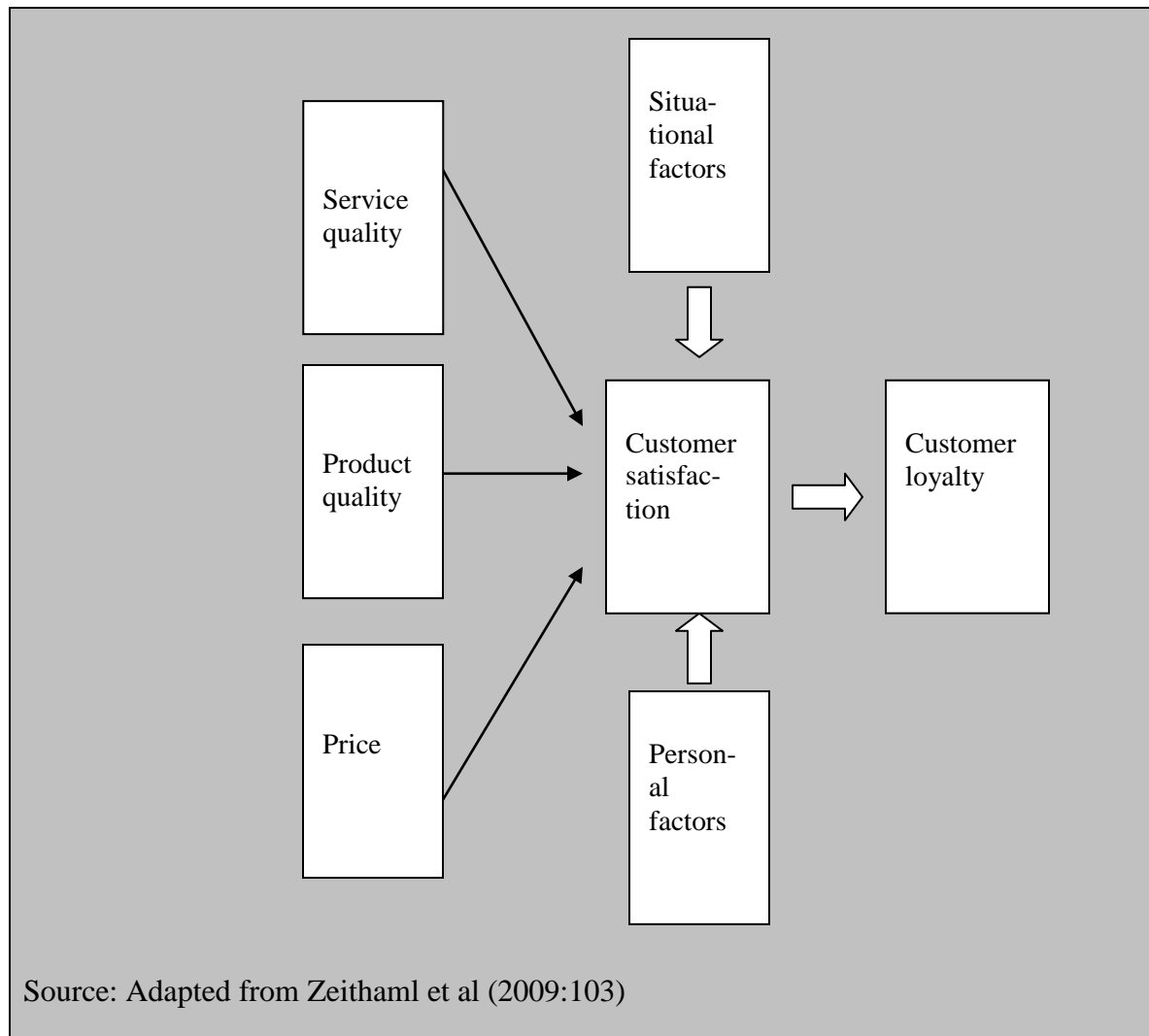
As can be seen from figure 3.2, customer satisfaction is influenced by situational and personal factors, service quality, product quality and price, which ultimately affect customer loyalty.

Although some may argue that customers are unreasonable at times, satisfying customers is not an impossible task, and holds several valuable benefits for an organisation (Bateson & Hoffman 2006:306). The benefits for an organisation include positive word-of-mouth which often translates into more new customers, the ability to insulate themselves from competitive pressures and even customers that are willing to pay more and stay with an organisation that meets its needs rather than to take the risk of moving to a lower-priced service offering. Word-of-mouth advertising for a restaurant is of vital importance because both satisfied and dissatisfied customers will spread the word.

Customer satisfaction efforts by an organisation generally provide better environments for employees in which to work. For an organisation to be focused on customer satisfaction in order to build relationships with customers, employees attitudes and actions should be customer-focused (Brink & Berndt 2008:58). Any person, department or division that is not customer-oriented weakens the image of the entire organisation. The employee component, however, did not form part of this study.

Cant et al (2006:315) suggest the following guidelines for attaining customer satisfaction, namely:

- Communicate with your customer. Dahmer and Kahl (2002:67) suggest that brief conversations with restaurant patrons makes the patron feel comfortable in the restaurant's surroundings, and should include complimentary comments about menu items and food suggestions. Negative comments such as those that may concern problems in the kitchen or with staff members must be avoided.

- Manage the overall experience so as to satisfy the customer and to make a profit. To reach these goals employees should work together in a unified effort; this bonding of efforts will give the restaurant's customers the best service (Dahmer and Kahl 2002:6).

- Handle difficult situations with empathy and in a dignified manner so as not to make restaurant guests feel uncomfortable but at the same time not to put the restaurant employee in an uncomfortable situation in front of the patron.

- Cultivate a service culture with employees and task teams so as to best serve guests efficiently and to attain customer and employee satisfaction.

- Learn how to implement and control service processes, which will ensure better service levels offered to restaurant customers.

Furthermore, there is a strong link between service culture and the service process, and organisations should ensure that they have well-developed systems, procedures and processes in place to ensure that the product or service can be delivered to the customer in such a way that satisfaction is attained (Cant et al 2006:316). Implementing a process model is a way in which service employees can be given a clear understanding of how to provide excellent customer service to attain customer satisfaction (Brink & Berndt 2008:93-94).

Figure 3.3   Service process model for a restaurant
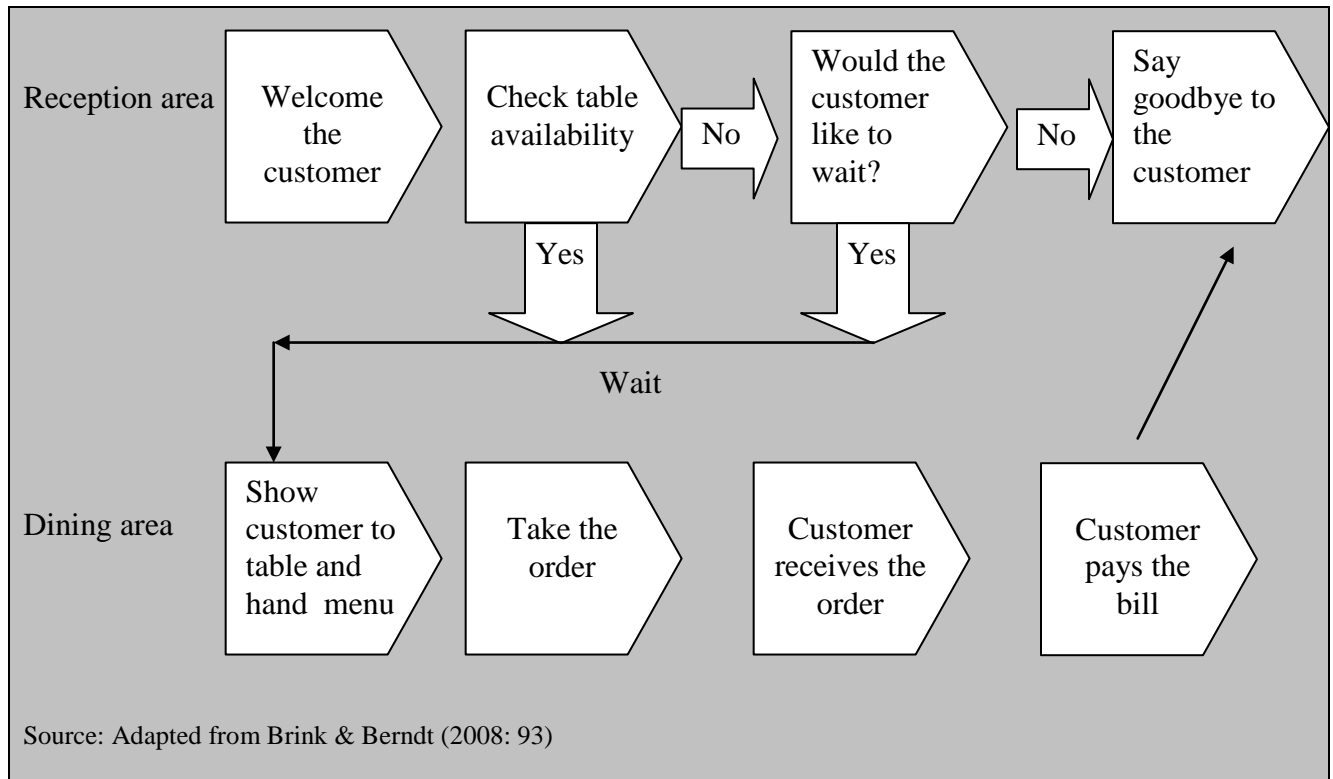
An example of such a service process model for a restaurant is illustrated in figure 3.3 above, where each block presents an event in the service process in a restaurant, such as welcoming the customer, checking for an available table and taking the order. Arrows in Figure 3.3 show the sequence of events (such as a customer not willing to wait for a table being greeted and leaving), while "wait" represents the passage of time.

Customer satisfaction usually occurs if customers attach importance to the value received. Customer satisfaction is thus closely linked to customer value. In the section that follows, the importance of providing customer value in order to attain customer satisfaction will be discussed.

3.3.5 Customer value

An organisation tries to make itself different from its competitors, based on the benefits that its products or services offer to its customers. In order for these benefits to be meaningful, the customer must perceive these to be meaningful. Some marketers believe that the only way an organisation can differentiate itself from its competitors, is to deliver superior customer value (Cant, Brink & Brijball 2006:11; 34) Thus, if a restaurant wishes to offer superior value to its customers, the restaurant should react better to their needs than its competitors.

Customer value represents the impact that the supplier's offer has on the customer's own value chain. If the market offering delivers better performance, better perceived benefits or lower customer costs, then there is a clear added-value from the customer's perspective (Christopher et al 2002:20-24). Accordingly, a restaurant that delivers quality food and service at a better price, delivers better value to its customers.

Building relationships with customers requires that all the employees in an organisation work together to provide customer value before and after each purchase. Customer value, according to Brink & Berndt (2008:59), is not simply a matter of high quality. Instead, customers value goods and services of the quality they expect that are sold at the prices that they are willing to pay. Customers are value maximisers; they form an expectation of value and act upon it (Kotler & Keller 2006:141). Whether or not the offer lives up to the value expectation affects both satisfaction and repurchase probability.

According to Berry as quoted in Kasper et al (2000: 632), an excellent service strategy offers customers genuine value: it gives customers more for the costs they incur. Customer value equals the customer-perceived benefits minus the customer–perceived price.

Therefore, the higher the perceived benefit and/or the lower the price of a product or service, the higher the customer value and the greater the chance that the customer will choose and keep choosing, the product or service in future (Cant, Brink & Brijbal 2006: 28-39).

In order to offer customer value, restaurants need to consider the following broad guidelines (Brink & Berndt 2008: 59):

- The bare minimum requirement to offer one's customer value is to offer products that do what they are supposed to as customer's loose patience with products that do not work properly or the way that they are supposed to. A restaurant meal, for example, must offer value for money and must not be viewed as being "skimpy" or too little for the price paid

- Give customers more than they expect by delivering the best customer experience in the market served; in other words, give customers more than they expect

- Provide customers with adequate information as today's sophisticated customer wants informative advertising and knowledgeable salespeople. Restaurant waiters are also salespeople and it is vital that they have a good knowledge of the products and beverages in stock as to properly inform customers about availability and special deals.

- Offer organisation-wide commitment in service and after-sales support. In restaurants, for example, this includes customers being greeted and thanked by all waiters and managers as they leave the restaurant and not only by the waiter that served them.

According to Kotler & Keller (2006:143), the key to generating high customer loyalty is to deliver high customer value. In order to achieve this, an organisation must design a competitively superior value proposition aimed at a specific market segment, backed by a superior value-delivery system. The value proposition consists of the whole cluster of benefits the organisation promises to deliver and is more than just the core positioning of the offering, while the value-delivery system includes all the experiences the customer will have on the way to obtaining and using the offering.

In order to deliver customer value an organisation must be aware of its customer's value perceptions and expectations, which will be discussed next.

3.3.6 Customer perception and expectation of service quality

Customer expectations may be seen as the desires or wants of consumers; what customers feel a service provider should offer rather than what it does offer and the reference points that customers bring into the service experience (Zeithaml et al 2009:32; Brink & Berndt 2008: 60). Service quality is measured in terms of the extent to which an organisation's performance is perceived by customers as meeting or exceeding expectations and it is therefore the customer's perceptions of performance that counts, rather than the reality of the performance.

According to Hoffman and Bateson (2006:304), if customer's perceptions meet expectations, the expectations are said to be confirmed and the customer is satisfied. If perceptions and expectations are not equal, then the expectation is said to be disconfirmed.

Customers' expectations also influence perceptions of service as customers have varying ideas as to what they can expect from customer interaction, as some customers believe that they will receive good service while others believe that they will not. The customer service provider must get to know his or her customers' expectations, and strive to provide them with excellent customer service. A restaurant therefore has to live up to what customers perceive customer service to be; it is therefore the customer's perceptions of performance that count.

Customer's expectations are based on their knowledge of and experiences with a particular organisation and its competitors, for example, customers expect a restaurant to have restroom facilities. During and after the service, the customer will start to evaluate it. This evaluation is based on the expected quality that the customer had prior to the service and the quality that the customer perceives during the service encounter.

Desired service, according to Hoffman and Bateson (2006: 320-321), is an ideal expectation that reflects what customers want compared with predicted service, which is what is likely to occur. Therefore, in most situations, desired service reflects a higher expectation that predicted service. Adequate service, on the other hand, is a minimum tolerable expectation and reflects the level of service the customer is willing to accept.

Due to the fact that services are characterised by heterogeneity, customers learn to expect variation in service from one day to the next (Bateson & Hoffman 2006: 322). Customers who accept this variation develop a zone of tolerance (as depicted in Figure 3.4), which reflects the difference between desired service and adequate service. Enduring service intensifiers and customer's personal needs contribute to a customer's desired level of service, while explicit service promises, implicit service promises, word-of-mouth communication and situational factors contribute towards a customer's adequate level of service. These sources are discussed in more detail below.

Figure 3.4   Factors that influence service expectations

Source: Adapted from Zeithaml et al (2009:84) and Brink & Berndt (2008:63-64)
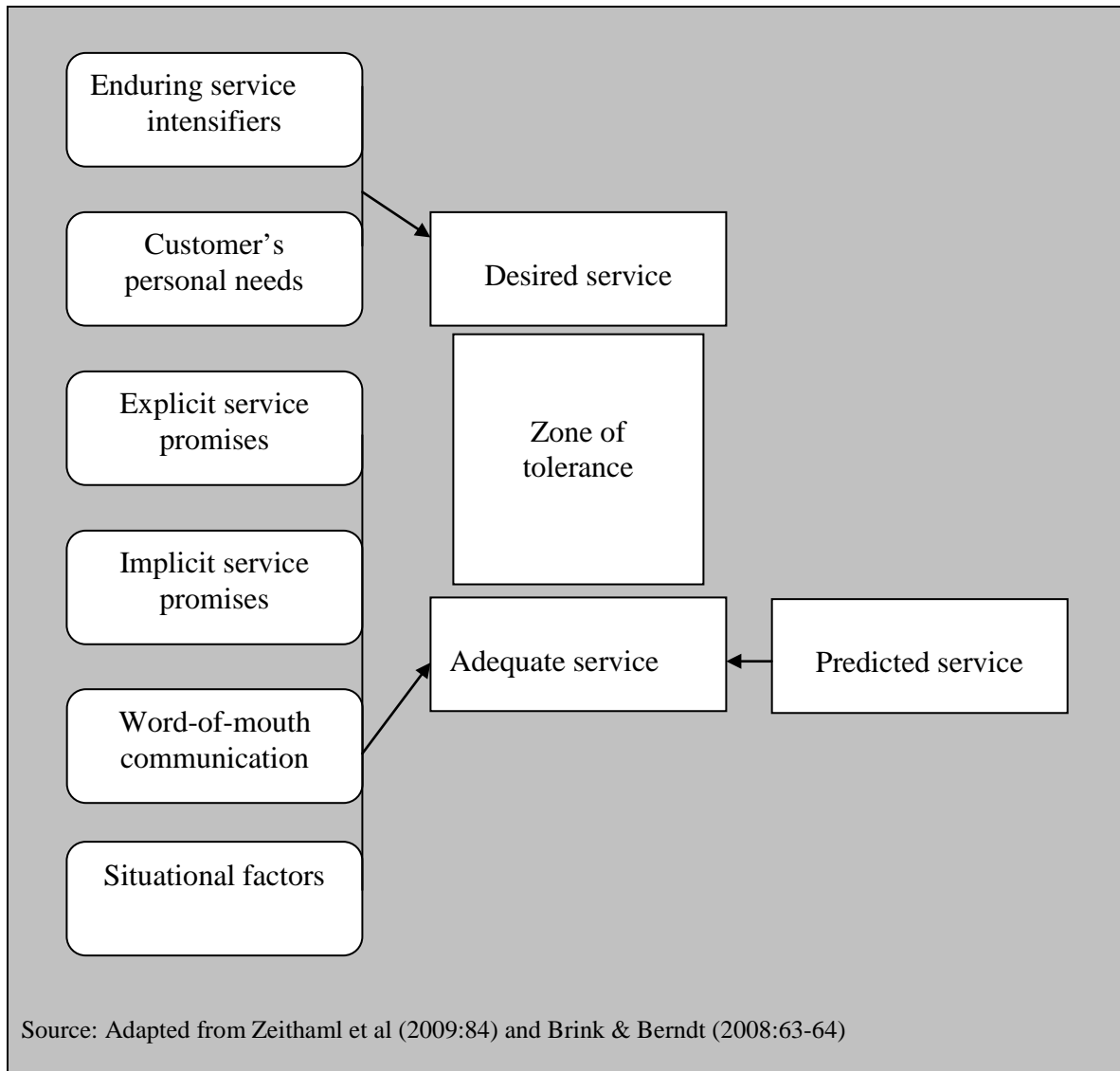
Service expectations, according to Zeithaml et al (2009:82-83) and Brink & Berndt (2008:63-64), develop as a result of many different sources, including:

• Enduring service intensifiers, which are personal factors that are stable over time and increase a customer's sensitivity to how the service should be best provided.

- The customer's own personal needs influence desired service expectations as some customers are needier than others. For example, some customers are very particular as to where they are seated in a restaurant while others do not mind where they are seated.

- Explicit service promises, which encompass the organisation's advertising, personal selling and other forms of communication, which customers rely on when forming expectations.

- Implicit service promises, which directly influence desired service and predicted service. As the price of a restaurant's products increase, for example, so customers expect a higher level of service.

- Word-of-mouth communications, where customers tend to rely more on personal sources of information than on non-personal sources when selecting a service provider.

- Past experience, where service evaluations are often based on a comparison of the current service encounter to other encounters with the same provider.

These sources are illustrated in Figure 3.4 above.

One of the pressing issues before services research concerns the identification of the determinants of service quality (Chowdary & Prakash 2007:494). This should be a central concern for service management academics and practitioners, as the identification of the determinants of service quality is necessary in order to be able to specify measure, control and improve customer perceived service quality.

From the customer's point of view, the most vivid impression of service occurs in the service encounter or "moment of truth" when the customer interacts with the service organisation (Zeithaml et al 2009:119). Service encounters are where promises are kept or broken and it is from these service encounters that customers build their perceptions. These service encounters or moments of truth will be discussed next.

3.3.7 The service encounter or moment of truth

As discussed earlier (in section 3.3.2), services are classified by the type of relationship that occurs between customer and organisation, as well as the degree of inseparability of the customer and the service provider during the service interaction. This interaction between the customer and the service provider is referred to as the service encounter or moment of truth (Gummesson 2002:67). It is thus a period of time during which a customer directly interacts with a service. All points of contact when a customer visits a restaurant are service encounters.

The service encounter or moment of truth, has become increasingly important for all types of enterprises, both those that are known as manufacturing enterprises and those known as service companies. The following interactive relationships can be found in the service encounter (Gummesson 2002:67-68):

- Interaction between the provider's contact personnel or front-line staff and the customer, such as where the waiter greets the restaurant patron at the door and leads him/her to a table
- Customer-to-customer interaction
- Interaction in the servicescape between the customer and the service provider's products and physical environment. The servicescape will be discussed in more detail later in this chapter and will be investigated in this study
- Interaction between the customer and the provider's service system

There are three major types of service encounters that a customer can experience, namely the remote encounter, the indirect personal encounter and the direct personal encounter (Zeithaml et al 2009:122-123; Brink & Berndt 2008:76-77):

- *The remote encounter.* This interaction takes place through indirect means, thus no human contact is involved. For example, the use of automated teller machines or ATMs.

Since more and more services are being delivered through technology, this type of encounter is becoming increasingly more important

- *The indirect personal encounter* involves verbal interaction but no physical confrontation, such as the telephone or cellphone encounter. For many types of organisations this is the most frequent type of encounter with end customers, and important judging criteria for this encounter includes the tone of the employees voice as well as the employees knowledge and the effectiveness in handling customer issues

- *The direct personal or face to face encounter*, where the customer comes into direct contact with the employee of the organisation, such as in restaurants.

The "moment of truth" literally means that this is the time or place that the organisation has the opportunity to demonstrate the quality of its service to the customer (Brink et al 2001:23).

For example, among the services encounters a hotel customer experiences include checking in to the hotel, consuming a restaurant meal and checking out. It is in these encounters that customers receive a "snapshot" of the organisation's service quality, and each encounter contributes to the customer's overall satisfaction and willingness to do business with the organisation again (Zeithaml et al 2009:120). It is a true moment of opportunity as, in the next moment the opportunity will be lost and the customer will be gone if the organisation did not utilise the opportunity to add value to the service it provided. In a survey conducted by Business Week, of the 400 respondents who replied, 94% say that they have stopped using a company's product after one bad experience, and 57% say that they would not give the offending company a second chance (Anon 2002:1). This is an illustration of how important each moment of truth is to the service organisation, as many do not get a second chance to prove their service quality again to the customer in question.

From the organisation's point of view, each encounter or "moment of truth" presents an opportunity for the organisation to prove its potential as a quality service provider and to increase customer loyalty (Zeithaml & Bitner 2000:86). A moment of truth is any point in the interaction during which the customer has an opportunity to gain an impression of the service provided by the company; these critical moments of truth if left unmanaged, invariably lead to loss of customer confidence.

Once consumer confidence is lost, loss of loyalty and repeat business soon follows (Nash and Nash 2000:15; Brink et al 2001:22). There are some momentous service encounters that simply drive the customer away no matter how many or what type of encounters have occurred in the past. In the context of the restaurant industry, this could include waiting an hour for a take-away order or not receiving the food actually ordered. The ingredients of a moment of truth are the service context, the frame of reference of employees and customers, and congruence between these three elements. Each of these concepts will be discussed in more detail.

3.3.7.1 Ingredients of a moment of truth

Each ingredient is vitally important for the organisation in order to turn the moment of truth into an opportunity for the organisation to build a relationship with the customer (Brink et al 2001:26).

- **The service context.** The service context can be described as the collective impact of all the social, physical and psychological elements that happen during the moment of truth (Brink et al 2001:26). This service context is the overall effect of the environment created by the attitude and approach of employees, for example, as they serve customers in restaurants.

- **The employees' and customers' frame of reference**. Another important influence on each moment of truth is the fact that both customers and employees approach the moment of truth encounter from their individual frames of reference, which has a powerful effect on the meaning that they assign to the moment of truth. According to Brink et al (2001:27), factors that may help to form the customer's frame of reference include past experiences with the restaurant or similar restaurants and recommendations or past experiences of other customers with regards to certain restaurants.

  Various inputs also help to create the restaurant employee's frame of reference (Brink & Berndt 2008:78-79; Brink et al 2001:27):

- What the organisation has informed the employee to do with regards to serving of customers
- The employee's level of emotional maturity
- Tools and resources (or lack thereof) to deliver the product or service
- Expectations of customer behaviour based on past experiences
- Organisational rules and policies set for service employees and customers

- **Congruence.** There must be alignment or similarity between the employees' and customer's frame of reference in order for the moment of truth to be won for the organisation. This implies that there must be congruence between what expectations the employee and the customer has, as well as that both must be congruent with the service context. When there is a lack of congruence, the probability of a satisfactory moment of truth is reduced and this is often when a service problem occurs. Often, the underlying cause of a service problem is a mismatched frame of reference between the service employee and the customer (Brink & Berndt 2008:79; Brink et al 2001:28), but it might also be the case that a slip in the standards of service offered by the organisation occurred.

A slip in standards, even with regards to seemingly unimportant aspects can be a detrimental to a customer's perceptions of service quality. Often, an organisation might commit on or more of the "sins of service", which would definitely lead to a mismatched congruence between the employee's and customer's frame of reference. Various sins of service can be "committed" by a restaurant, and include the following (Brink & Berndt 2008:85-86):

- *Apathy*. Here the waiter convinces the customer that he/she does not really care about the customer's problems by showing that he or she is disinterested
- *Brushing customer off*. This occurs when the service employee tries to dispose of the customer in order to do something else.

- *Coolness towards customers*. This occurs when the service employee is unfriendly and overly formal, and so the service is perceived by the customer as cold and uncaring. The frustration that this causes customers can be illustrated by the findings of the Business Week Online survey on customer service, where it was found that one of the 400 respondents' biggest problems with customer-service operations was unfriendly or uninformed representatives, plus a slowness in dealing with their demands (Anon 2002:1).

- *Treating customers with condescension*. Here the service employee talks down to customers and uses words that the customer might not understand.

- *Robot syndrome*. Some employees might become so used to a specific routine that they do their tasks in the same way every day. These employees might not even acknowledge customers or even speak directly to them. According to Ursin (1996:1), an interview conducted with the operations manager of a large chain of very successful airport restaurants, it was found that employees are informed of a number of procedures and policies, but that the organisation tries to balance the personal with the procedural, to prevent waiters behaving like robots.

- *Following the rules*. Here, many systems and procedures are put in place by the organisation, more for their own convenience than for the convenience of the customers. In the case of a restaurant, a typical service process might be put into place for such reasons. An example of a restaurant service process was illustrated in figure 3.3 in sec 3.3.4.

- *The customer "runaround"*. Here the service employee disposes of the customer by referring him/her to another section of the organisation. This frustrates the customer as it appears that the employees are only too happy to get rid of them, and would rather send them somewhere else than help them themselves.

Moments of truth do not happen in a haphazard manner (Brink et al 2001: 24). They usually occur in a logical measurable sequence, and by placing the moments of truth in their logical sequence (or cycle); the organisation can identify those exact encounters for which front-line and other employees are responsible. Once this logical sequence of the moments of truth has been determined, then the cycle of service has been created. This cycle will now be discussed.

Just as there are hundreds of moments of truth in a given business day, there are many cycles of service for a restaurant. The value of mapping cycles of service for the various departments in the organisation is that the organisation is able to look through the customer's eyes and view the organisation through the customer's perspective. It is very important that these cycles of service are mapped out from the customer's point of view as often it is only the customer that perceives the full picture of the service experience, while managers are only aware of their part of the cycle. The cycle of service is illustrated in Figure 3.5 below.

Figure 3.5   Cycle of service

Source: Adapted from Brink & Berndt (2008:80) and Christopher et al (2002:169).
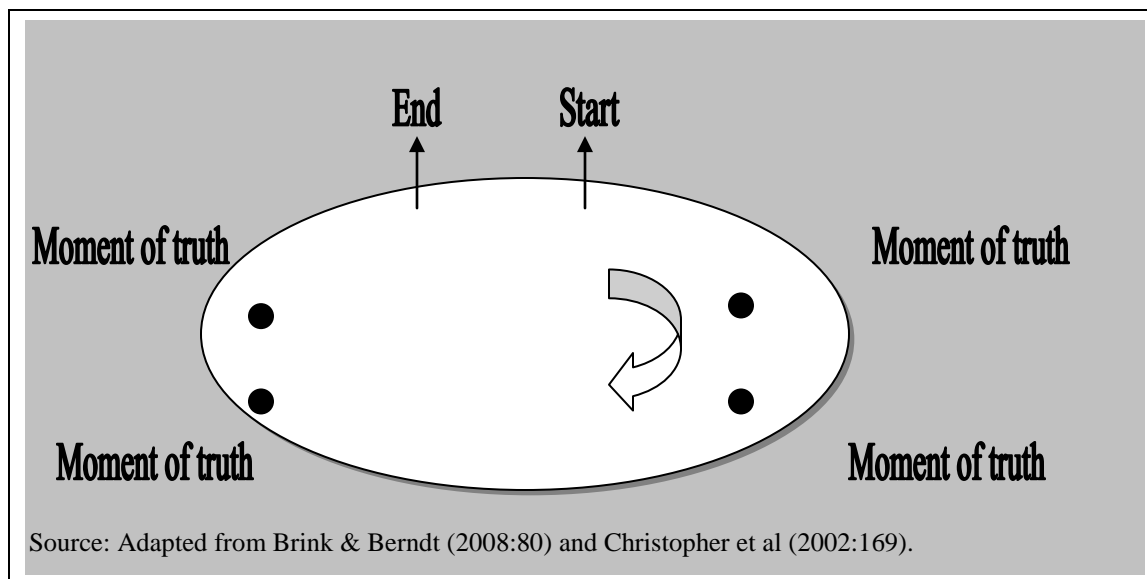
Momentous positive service encounters can bind a customer to an organisation for life (Zeithaml et al 2009:120-121). Once the logical sequence of the moments of truth has been determined, then the cycle of service has been created which shows the service as the customer experiences it. This cycle is activated every time a customer comes into contact with the organisation. A restaurant's cycle of service would include phoning the restaurant to place a take-away order, paying the account at the cashier or having a sit-down meal in a restaurant.

While all the moments of truth in a service encounter are important, there are usually a smaller number that are of such importance that they are referred to as critical moments of truth or critical episodes (Egan 2001:123). These are the specific interactions that are of great importance for the relationship between the organisation and the customer. especially satisfying or especially unsatisfying, such as the taking of the customer's order or the service of the meal. The definition of a critical episode is customer specific, and a routine episode can become critical if, according to the customer, the adequate level of performance is not met.

According to Zeithaml et al (2009:123-127) and Brink and Berndt (2008:81-82), research has uncovered four themes that can lead to satisfaction or dissatisfaction in terms of the moment of truth or critical episode. These themes include the following:

- *Recovery*. This theme includes all incidents where the service delivery system has failed and an employee has to respond to a customer complaint. The manner in which the employee responds to the complaint may lead to a favourable or unfavourable memory of the incident for the customer

- *Adaptability*. This theme deals with how adaptable the service delivery system is when the customer has special needs or requests. The adaptability of the service delivery systems of the restaurants in the sample will be investigated during this study. When an organisation adapts to suit the needs of the customer, the customer often perceives that something special is being done to suit their needs. If the organisation proves not to be adaptable, the customer might become frustrated by the organisation's unwillingness to accommodate their needs and will therefore not be willing to develop a relationship with that particular organisation.

- *Spontaneously*. This theme could comprise a pleasant surprise for the customer such as special attention or something being done that was not requested. Dissatisfying incidents often include negative or rude behaviour towards the customer. This theme will also be investigated in this study.

- *Coping*. This theme revolves around the customer being uncooperative and the service provided could not satisfy the customer, or influence them to be pleased about the encounter. Coping is the behaviour then needed by employees to handle these "problem" customers

After the moments of truth have been analysed, an organisation needs to understand what it can do to ensure that the entire service experience is pleasant for the customer. The actual physical facility where the service is performed, delivered and consumed is referred to as the servicescape. The importance of the servicescape in ensuring that the entire service experience is pleasant for the customer will be discussed next.

3.3.8 The servicescape

The servicescape forms part of the physical evidence that organisations need to provide the customer as cues for its service quality, as customers often rely on tangible cues or physical evidence to evaluate service (Zeithaml et al 2009:313; Brink & Berndt 2008:83). Elements of the servicescape (as illustrated in Figure 3.6 below) include both exterior attributes and interior attributes of the service organisation such as a restaurant.

Figure 3.6 Elements of the servicescape of a restaurant

Exterior facility	Interior facility
Exterior design or décor	Interior designs or décor
Signage	Equipment
Parking	Signage
Landscape	Layout
Surrounding environment	Air temperature

Source: Adapted from Zeithaml et al (2009:313).

Exterior attributes are visible on the outside of the facility (such as the restaurant's signage and parking available), while interior ones are visible inside the facility (such as the décor and equipment of the restaurant). The importance of these elements as contributors to the customers' perceived level of service will be investigated in this study.

According to Zeithaml et al (2009:319-323); Brink & Berndt (2008:84-85), there are four main roles played by servicescapes in providing physical evidence of service, which aid in the development of relationships with customers, namely:

- *The packaging of the offer*. Through the external image, the servicescape can provide an indication of what is to be expected inside the organisation by the consumer. This is a moment of truth for the customer, especially if he/she has not before had any dealings with the organisation. For a restaurant the cleanliness of the exterior of the building is therefore very important.

- *The role of facilitator*. The servicescape aids in terms of helping the performance of persons in the service environment. This can be done by having a well designed servicescape to make the service experience a pleasure for the customer

- *Socialisation of expected roles*, *appearance and behaviour*. By absorbing the position and appearance of the service surroundings the employee can deduce the expectations that the organisation has of him/her, as well as help establish for employees and customers what types of interactions are encouraged. In many restaurants waiters are expected to wear uniforms and have their appearances checked daily to ensure that a specific standard is adhered to.

- *Differentiation of the organisation*. The servicescape can help the organisation to be seen in a different light from its competitors, or can even help to reposition an organisation or attract new customers. This is often done by organisations who re-vamp or re-decorate their stores.

It was mentioned in sec 3.3.4 that excellent customer service leads to customer satisfaction and can be the basis for building relationships with customers to retain them. In the next section, the building of relationships according to relationship marketing will be discussed.

3.3.9 Relationship marketing

The first real relationship marketers were probably local storekeepers who knew their customers by name and their grocery lists by heart, and clientele was won and retained through friendship, trust and loyalty (Penstone 1999:36). Storekeepers became managers and corner shops were abandoned in favour of supermarkets where customers became anonymous and were targeted by mass marketing.

Organisations practiced mass marketing by producing mass consumer goods, and using mass distribution and mass promotion to all consumers (Cant et al 2006:102). Later, consumers, faced with a surplus of goods and services were becoming more demanding. They began to realise the attractiveness of their spending power and were growing more sophisticated and less easily persuaded by marketing messages (Egan 2001:11). As marketing entered the 1990s, organisations began to question their large expenditure on marketing without a measurable return on investment (Brink & Berndt 2008:2). Brand-building exercises with largely immeasurable outcomes were no longer seen as justifiable. It was with these difficulties that marketers were experiencing that the concept of relationship marketing began to take shape across all areas of marketing (Egan 2001:17).

As discussed in sec 1.2.3, most organisations today are moving away from transaction marketing with its emphasis on making a sale or encouraging only one visit to a particular restaurant, to relationship marketing which emphasises maintaining profitable long-term relationships with customers by creating superior customer value and satisfaction (Kotler & Armstrong 2001:603). Relationship marketing can be defined as a philosophy of doing business, a strategic orientation, which focuses on keeping and improving current customers, rather than on acquiring new customers. This philosophy assumes that customers prefer to have an ongoing relationship with one organisation rather than to switch continually among providers in search of value (Zeithaml et al 2009:176). This new viewpoint emphasises a relationship view of marketing and implies that customer retention and development are of equal importance to the company in the longer term than customer acquisition alone (Brink & Berndt 2008:7).

According to Egan (2001:23), relationship marketing comprises various elements that differ significantly from the historical definition of marketing (see sec 3.2). These elements include that relationship marketing seeks to create value for customers and then share it with these customers. Restaurants that offer value include those that have initiated loyalty programmes, such as Spur's Secret Tribe for children, where children receive a free drink every time they visit the restaurant. Relationship marketing also seeks to build a chain of relationships within the organisation, to create the value that customers want, and between the organisation and its main stakeholders, including suppliers, distribution channels, intermediaries and shareholders.

A distinguishing feature of the relationship marketing paradigm, is the focus on both the internal and external markets of the organisation. Internal markets comprise the people who work within the organisation, and whose attitudes and motivation have a direct or indirect impact upon customer relationships. Employee training, commitment and attitudes are therefore vitally important in relationship marketing, but fall outside of the scope of this study. External markets include not only the final customer, but also suppliers, referral sources, influencers and the recruitment market. The success of the relationship marketing strategy ultimately hinges upon the way that the internal and external marketing programmes of the organisation are aligned.

Relationship marketing focuses on customer retention and customer loyalty.

3.3.9.1 Customer retention

As one of the benefits of relationship marketing, customer retention refers to focusing the organisation's marketing efforts toward the existing customer base. In contrast to seeking new customers, organisations engage in customer retention efforts work to satisfy existing customers with the intent of developing long-term relationships with them with the purpose of growing the business (Bateson and Hoffman 2006: 390).

According to Kotler and Keller (2006:17-18), the emphasis traditionally has been on making sales rather than on building relationships and caring for the customer afterwards.

The key to customer retention, however, according to Kotler, is customer satisfaction as a highly satisfied customer stays loyal longer, buys more products, pays less attention to competing brands and is even less price sensitive. In agreement with this, Brink & Berndt (2008: 43), state that the effect of long-term relationships with customers or customer retention, on profits include:

- Acquiring a new customer costs more than retaining an existing one

- Normally 80% of the organisation's profits are derived from 20% of the organisation's clients

- Regular customers choose to place frequent and consistent orders

- Efforts to retain customers make it difficult to enter the market or increase market share

- Improved customer retention can lead to an increased level of employee satisfaction, which leads to increased employee retention, which feeds back into even greater customer longevity

- Long-time customers tend to be less price sensitive, permitting the charging of higher process

- Long-term customers are likely to provide free word-of-mouth advertising and referrals

3.3.9.2 Loyalty

Another distinguishing factor, according to Brink et al (2001:14), is that relationship marketing emphasises the importance of customer loyalty. In commercial terms, loyalty can be defined as an unspecified number of repeat purchases from the same supplier over a specified period of time (Egan 2001:36). The development of customer loyalty is discussed by many authors of relationship marketing, and although each has a slightly different perspective, they all promote the "moving" of customers from one stage of loyalty upward to another (Egan 2001:60).

This "moving" of customers from one stage of loyalty to another can be illustrated by the relationship or loyalty ladder.

According to Christopher et al (2002:48), the idea behind the relationship ladder is that there are a number of identifiable stages in the development of a long-term customer relationship. Hence the development of the "ladder of loyalty". These "ladders" also illustrate the perception that, whereas traditional marketing's interest ends with a sale, relationship marketing's interest in the customer extends beyond the sale into the enhancement of the customer's relationship with the organisation. The relationship marketing ladder of loyalty is illustrated in Figure 3.7.

Figure 3.7   **The relationship marketing ladder of loyalty**

ADVOCATE
SUPPORTER
CLIENT
PURCHASER
PROSPECT

Source: Adapted from Christopher et al (2002:48) and Brink et al (2001:15).
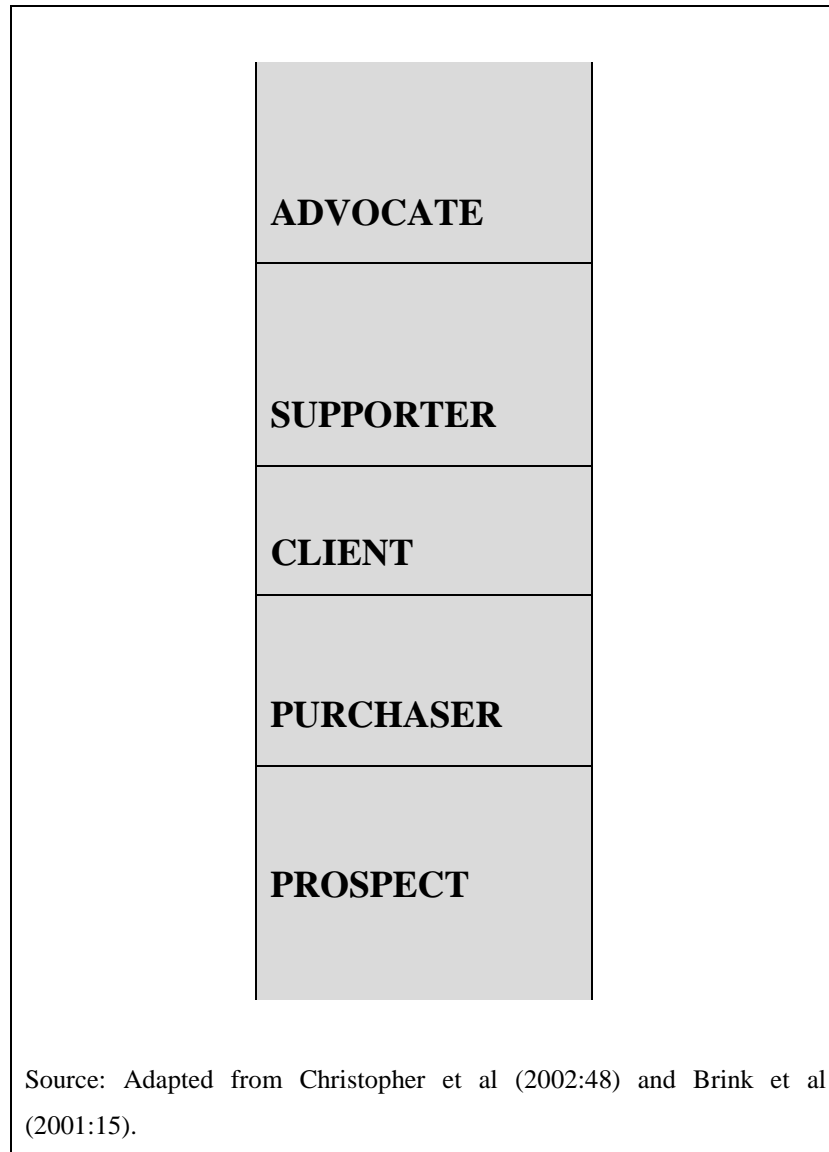
In the ladder of loyalty, the lowest rung is the contact with a prospect who hopefully turns into a customer and a first purchaser. Recurrent customers are clients and may utilise the organisation again. In the following stages the client becomes a supporter and finally an advocate for the organisation (Brink et al 2001:14). According to Christopher et al (2002:48), a client is someone who will do business with an organisation on a repeat basis, but may be neutral or even negative about the organisation.

It is only when an organisation can convert a client in to a supporter that the strength of the relationship becomes apparent. These customers may even be persuaded to become advocates, who recommend the organisation to others. The customer's position on the loyalty ladder, as discussed above, will be investigated in this study as part of the questionnaire to be administered.

The implementation of relationship marketing is known as Customer Relationship Marketing or CRM. Excellent customer service is an integral component of customer relationship management or CRM (Brink & Berndt 2008:8). No company can even contemplate implementing CRM if it does not offer excellent customer service, and this excellent customer service can only be achieved by training all employees (even those that do not have direct contact with the customers). This was also referred to in chapter 1 in the discussion of the service-profit chain. The impact of employee satisfaction, loyalty and productivity on the value of products and services delivered to customers cannot be overemphasized, in order to lead to customer satisfaction and loyalty, which impacts positively on profitability and growth (Heskett et al 2008:118).

3.4   Summary

In this chapter, the concept of marketing was discussed, followed by a discussion on the orientations to marketing and the marketing concept. The main focus of the chapter however was on the importance of customer service. The importance of these concepts and the role played by these factors in a service organisation such as a restaurant was also discussed. The chapter concluded with a discussion on the importance of building relationships with customers.

Chapter 4 will provide the research methodology followed to gather the data needed to investigate customer service in selected restaurants in the Tswane Area, based on the literature study done in chapters 2 and 3.

Chapter 4:

RESEARCH METHODOLOGY

4.1   Introduction

The purpose of this exploratory study is to investigate customer service in selected restaurants in the Tshwane Area. The aim of the study is to establish criteria for excellent customer service which can be used as a benchmark for establishing relationships with customers. This constitutes the primary objective of the study as identified in chapter 1, section 1.3.3.

This chapter focuses on the fundamental concepts of the research methodology used in investigating customer service in selected restaurants in the Tshwane Area.

4.2   Marketing research

Marketing research is the systematic and objective process of planning, gathering, analysing and reporting data which may be used to solve a specific problem or opportunity facing an organisation (Wegner 2000:6). When conducting marketing research, researchers gather data, which is the first hand responses obtained from the subject of investigation. Researchers must process and analyse this collected data to isolate important information and findings (Kotler & Armstrong 2001:155). To attain these objectives, it is essential that the facts revealed by the research should be accurate and measurable in statistical terms (Herbst 2001:140).

Data gathered for a research project can be classified as either secondary or primary data, as well as being either quantitative or qualitative data. Secondary data is existing data that can be used in solving the problem under study, while primary data is data that is originally collected specifically to address the research objective (Tustin et al 2005:89).

Quantitative data refers to studies that use mathematical analysis that can reveal statistically significant differences, whereas qualitative data is research data that is not subject to quantification or quantitative analysis (McDaniel & Gates 2003:98), but can be used to examine attitudes, feelings and motivations of consumers.

Marketing research provides marketing managers with accurate and relevant information for marketing decision-making. According to Cant (2005:9), marketing research plays three important functional roles in marketing decision making, namely:

- Its descriptive function, which entails gathering and presenting statements and facts, such as in the case of this study
- Its diagnostic function, which refers to the explanation of data and actions
- Its predictive function, which refers to the specification of how to use descriptive and diagnostic research to predict the results of planned marketing decisions.

In other words, through marketing research, marketers can describe a target market and make projections about how the market will react to certain product offerings.

Marketing research is conducted by following a series of carefully thought out steps designed to attain a specific objective (Zikmund & Babin 2007:46; Wegner 2000:5). These steps will be discussed next.

4.3   The marketing research process

The marketing research process provides a systematic and planned approach to the research study at hand, and ensures that all aspects of the research are consistent with one another (Tustin et al 2005:75). The research process followed in this study is illustrated in Figure 4.1 below.

Figure 4.1   **The marketing research process**

STEP 1   **Identification and formulation of the problem**

↓

STEP 2   **Deciding what kind of data are required**

↓

STEP 3   **Exploring secondary data sources**

↓

STEP 4   **Revising and fine-tuning the research question**

↓

STEP 5   **Designing the research study**

↓

STEP 6   **Determining the sample**

↓

STEP 7   **Allocating funds and resources**

↓

STEP 8   **Writing and presenting the research proposal**

↓

STEP 9   **Conducting a pilot test**

↓

STEP 10   **Collecting primary data**

↓

STEP 11   **Analysing and interpreting data**

↓

STEP 12   **Reporting the results**

Source: Adapted from Tustin et al (2005:78) and Martins et al (1999:81).

Each of these steps will now be discussed.

4.3.1 STEP 1: Identification and formulation of the problem

The research study commences by identifying a specific problem. If the problem is well formulated and the objectives of the problem are precisely defined, the likelihood of designing a research study that will provide the necessary information efficiently is greatly increased (Martins et al 1999:82). The research problem of this study (see chapter 1, section 1.3.2) stated that many restaurants provide poor quality service and that this study will investigate customer service in selected restaurants in the Tshwane Area, with the aim to establish criteria for excellent customer service which can be used by restaurants as a benchmark for establishing relationships with customers.

To resolve the research problem, research objectives can be formulated, which are statements that the research project will attempt to achieve (Hair, Bush & Ortinau 2003:681). The research objectives should follow from the definition of the research problem, since if the objectives are achieved, the decision-maker will have the information that he/she needs to solve the problem. For the purpose of this study, both primary and secondary objectives were established. The secondary objectives are derived from the primary objectives.

In this exploratory study, the primary objective (as stated in chapter 1, section 1.3.3) is to investigate customer service in selected restaurants in the Tshwane Area. The aim is to establish criteria for excellent customer service to establish criteria for excellent customer service which can be used as a benchmark for establishing relationships with customers.

Secondary objectives of the study are the following:

- To investigate the factors contributing to the customer's perceived level of service of the restaurant, including:
    - the servicescape of the restaurant
    - perceived value for money
    - price
- To highlight further areas of study

4.3.2 STEP 2:   Deciding what kind of data are required

After the identification, formulation and refinement of the research problem, the researcher should have a relatively clear idea of the nature of the data required to answer the research questions. The data relating to the research questions may be facts, levels of awareness, opinions, attitudes, preferences, motives or behaviour (Martins et al 1999:84). For the purpose of this study (as discussed in chapter 1, section 1.3.2), factual information on customer service in selected restaurants in the Tshwane Area will be required.

4.3.3 STEP 3:   Exploring secondary data sources

Secondary data, as discussed in sec 1.4. is data that already exists (Cant 2005:66). It was gathered or collected for other research purposes, but may help to resolve existing research problems. Often there is a wealth of information and data on the research problem already collected by other researchers, in which case it might not be cost effective or necessary to conduct a whole new research project in order to answer the research question as the problem can be resolved by using the secondary data. If more information is needed than can be obtained from secondary sources, primary research will need to be undertaken. In this study, both secondary and primary data were needed.

4.3.3.1 Secondary data

As discussed above, secondary data is defined as any data originated for some purpose other than the present research objectives (Schiffman & Kanuk 2004:30). This type of data includes findings based on research done by research organisations, data generated for in-house studies by organisations and even customer information collected by an organisation's sales or credit department. Secondary data plays a vital role in the research process (Tustin et al 2005:120).

Due to the fact that secondary data already exists, it has the advantage of already being available, whereas in the case of primary data there is a delay until the results become available. In addition to this advantage, secondary data is also much easier and relatively inexpensive to gather than primary data, which is one of the most beneficial aspects of utilising secondary data. However, the use of secondary data does have various disadvantages, namely (McDaniel & Gates 2003:85):

- *Lack of availability*. This occurs when for some research questions there are simply no available data.
- *Lack of relevance*. It is common for secondary data to be expressed in units and measures that cannot be used by the researcher for the study at hand.
- *Inaccuracy*. Users of secondary data should always access the accuracy of the data as there are a number of potential sources of error when a researcher gathers, codes, analyses and presents data. Any report that does not mention possible sources and ranges of errors should be suspect. These errors will be addressed at a later stage in this chapter in sec 4.3.5.6.
- *Insufficient data*. Even if data are available, relevant and accurate, there still might not be sufficient data to make a decision or bring closure to a problem.

External sources can be published data (such as that obtainable from libraries), syndicated sources (standardised on behalf of a group of clients by organisations such as the Bureau of Market Research at Unisa) or external databases (such as the Internet), while internal sources include sales invoices, customer complaints, service records and warranty card returns.

When evaluating secondary data obtained, it is vitally important to consider factors such as when the information was collected, who the information was collected by and how it was collected (Cant 2005:68), since incorrect data could have a large impact on the outcome of the study. Secondary data can be obtained from the internal records of an organisation or sources external to the organisation .

A literature review is defined by Bak (2004:51) as a chapter that reviews pertinent literature on a specific subject. Secondary data were utilised to formulate the literature review in this study on the Marketing Environment of the Restaurant Sector in Tshwane and Customer Service, discussed in chapters 2 and 3 respectively. Since secondary data supply the researcher with previous research, they are used to compile the literature review. The literature review usually presents existing studies and reports, as well as to provide a background to the present study. Statistics, reports and other existing information were included in the various topics discussed in chapters 2 and 3. Only information acquired from reliable sources was used in this research study. These sources are collated at the bibliography at the end of the dissertation.

If secondary research is insufficient to answer the research problem, the researcher should not automatically pursue primary research, as primary research is very costly and researchers should first estimate the value of the information that could be obtained. If the benefit gained by the research is greater than the cost, researchers may pursue primary research (Gerber-Nel 2004:164). If, however, the cost is greater than the benefit sought, researchers should reassess the necessity of primary research and consider using only secondary data. In this exploratory study, secondary research was undertaken to investigate customer service in selected restaurants in the Tshwane Area, to establish criteria for excellent customer service to be used as a benchmark for establishing relationships with customers.

Various secondary sources were consulted as outlined in chapters 2 and 3, but the findings were not sufficient to answer the research problem, making it necessary to conduct primary research. Primary research will be discussed briefly next.

4.3.3.2 Primary research

Primary research involves the collection of problem-specific data to solve the research problem at hand (Tustin et al 2005:119). Therefore the source of primary data is the output of conducting a research project using certain techniques (such as a survey in the case of this research project) to collect the required data.

To acquire primary data for this study, primary research had to be conducted. This makes a discussion on research design necessary to explain how the research was conducted. Research design will be discussed in section 4.3.5 of this chapter.

4.3.4 STEP 4:   Revising and fine-tuning the research question

After an exploration of secondary sources available, a clearer picture of the problem starts to emerge (Martins et al 1999:86). Through secondary research the researcher will either find that the research problem has been answered, or that the original problem has been modified in some way by the information obtained through secondary research. To effectively fine-tune the original problem, it is important to set the limitations of the study by stating what is part of the problem and what is not (Martins et al 1999:87).

In this way it will be ensured that the study remains focused on the primary objective of the study. In this study there are certain limitations because it will only examine the following:

- Selected restaurants in the Eastern Suburbs of the Tshwane Area of Gauteng, selected by means of convenience sampling
- Only the influence of service on relationships between customers and restaurants will be examined, and not the relationships between the other stakeholders (such as employees and suppliers) will be examined
- The generalisations made will be limited to restaurants in the Eastern Suburbs of Tshwane only, to avoid any bias

In the next step research design will be discussed.

4.3.5 STEP 5:   Designing the research study

McDaniel & Gates (2003:28) refer to the design of the study "as the plan or blueprint to be followed in order to answer the research objectives".

A research design is thus the structure or framework within which a specific problem is solved. There is no single best research design, instead the investigator faces an array of choices, each with advantages and disadvantages which result in trade-offs. These trade-offs can occur between research costs and the quality of the decision-making information provided, as generally speaking the more precise and error-free the information the higher the costs of the research project will be. Another trade-off that exists is between time constraints and the type of research design selected, as the researcher must attempt to provide management with the best information possible subject to the various time constraints that he/she must operate under (McDaniel & Gates 2003:28). A time schedule must be set which sets out the steps to be followed in the research process. Determining the research design is a function of the research objectives and the specific information requirements (Hair et al 2003:41), and most research objectives can be achieved by using one of three types of designs namely exploratory, descriptive or causal research designs. Each of these designs will now be discussed.

4.3.5.1 Exploratory research designs

This type of research focuses on collecting either primary or secondary data and utilising an unstructured format or informal procedures to interpret them (Hair et al 2003:41). Exploratory research has as its primary objective the provision of insights into, and the comprehension of, the problem situation confronting the researcher. Examples of exploratory research are pilot studies, focus group interviews and experience surveys (which was the exploratory research design selected to conduct this study). These will be discussed in greater detail later in this chapter.

4.3.5.2 Causal research designs

In causal studies, the researcher investigates whether one variable determines the value of another variable (McDaniel & Gates 2003:29).

This type of research design is best suited when the research objectives include the need to understand the reasons why certain events happen as they do, as this might enable the researcher to gain an understanding of which independent variables are the cause of a dependant phenomenon defined in the research problem (Hair et al 2003:41). An independent variable can be defined as a variable that in an experiment the market researcher can, to some extent, manipulate, change or alter (McDaniel & Gates 2003:29), while the dependant variable is a variable that is expected to be explained or predicted. The research for this study did not focus on causal research. With more specific research and additional primary sources available, this type of research can be conducted.

4.3.5.3 Descriptive research designs

These are conducted to answer who, what, where, when and how questions (McDaniel & Gates 2001:28). This type of research uses a set of scientific methods and procedures to collect raw data and create data structures that describe the existing characteristics of a defined population or market structure (Hair et al 2003:38). Descriptive studies allow researchers to draw inferences about their customers, target markets or various environmental factors. According to Hair et al (2003:41), when conducting exploratory research the researcher is interested in classifying the problem and does not intend to provide conclusive information from which a particular course of action could be determined.

Exploratory research was therefore the research design selected for this study. The various types of exploratory research designs will be discussed next, as well as the specific design selected for this study.

4.3.5.4 Exploratory research designs

Exploratory research designs include focus group interviews, pilot studies and experience surveys (Hair et al 2003: 41). Each of these will now be discussed in more detail.

- **Focus group interviews.** Focus groups are a useful method for gathering ideas and insights, as a small number of individuals are brought together to discuss some topic of interest to the focus group sponsor (Churchill and Brown 2004:95). The discussion is directed by a moderator who attempts to follow a rough outline of issues while simultaneously having the comments made by each person considered in group discussion. Focus groups are one of the most frequently used techniques in marketing research as they have proved to be productive for a variety of purposes, including the generation of hypotheses that can be further tested quantitatively as well as providing general overall background information on a product category. Another value of this technique lies in the fact that unexpected findings often are often obtained from the free-flowing discussion (Malhotra 2004: 139).

- **Pilot studies.** A pilot study is a small-scale research project that collects data from respondents similar to those that will be used in the full study (Zikmund & Babin 2007:62). This type of research serves as a guide for a larger study or examines specific aspects of the research to see if the selected procedures will actually work as intended. For this reason pilot studies are critical in refining measures and reducing the risk that the full study will be fatally flawed, especially in the case of experimental research which depends on valid manipulation of experimental variables.

- **Experience surveys.** Experience surveys (also referred to as key informant surveys), attempt to tap the knowledge and experience of those familiar with the general subject being investigated (Churchill & Brown 2004: 94). The aim of experience surveys is to gain insight into the relationship between variables rather than to get an accurate picture of current practices or simple consensus on best practices. These surveys attempt to gather opinions and insights from people who are considered to be knowledgeable on the issues surrounding the defined research problems (Hair et al 2003: 215).

An experience survey may consist of a small number of interviews with carefully selected people, and people knowledgeable and articulate on a particular subject should

be selected (Zigmund & Babin 2007: 87). The researcher's purpose is to formulate the problem and clarify concepts rather than to develop conclusive evidence.

According to Churchill and Brown (2004: 94), a probability sample in which respondents are chosen by a random process should never be used in an experience survey, and it is also a waste of time to interview those who have little competence or relevance in the subject under investigation. It is also a waste of time to interview those who cannot articulate their experience and knowledge, but is important to include people with differing viewpoints.

In the case of this specific study the researcher wanted to investigate restaurant patrons' experience of the customer service in selected restaurants in Tshwane, with the aim of establishing criteria for excellent customer service, in order to establish relationships with customers. This led to an experience survey being selected by the researcher to conduct the research.

Experience surveys are not a commonly used research method, but due to the fact that the purpose of experience surveys fits the purpose of this study, it was decided by the researcher to conduct an experience survey.

In the section that follows, the various types of surveys will be discussed, as well as the type selected to conduct this experience survey.

4.3.5.5 Survey research

For the purpose of this study, the researcher did not wish to gather detailed, intensive knowledge about a single case or number or related causes, as in the case of case studies, but rather selected the survey method to obtain information on customer service in selected restaurants in Tshwane. The researcher therefore selected the survey method as the researcher wished to interact with the respondents to obtain facts, opinions and attitudes. According to Cant (2005:89), surveys are used to collect information from respondents via mail, telephone or in person (face-to-face

communication). Such information can be collected verbally or in a written format, and allows researchers to collect large amounts of data from a population in an economical manner. Surveys can be used to identify characteristics of the target market, measure consumer attitudes or even describe purchasing patterns. These studies can also be qualitative, for example, to test the stylistic, aesthetic or functional characteristics of new products.

The shortcomings of the survey method include that there is a limit to the number of questions that a questionnaire can contain because if too many questions are asked, the respondent might not be keen to answer the questionnaire. Other disadvantages include that the list of questions is fixed and respondents do not always provide honest answers. Respondents might also not understand all the questions correctly, and would therefore answer them incorrectly.

Surveys also have several advantages. These advantages include that they offer quick, inexpensive, efficient and accurate ways of gathering information about the population or research objectives (Cant 2005:89), and that surveys have also become more flexible due to technological and scientific developments such as the Internet. The survey approach is therefore the most common method used to collect primary data in marketing research (Malhotra 2004:75).

It is important to note that these advantages are only relevant when samples are not biased, questions are phrased and understood correctly, interviewers are trained properly and the results of the research interpreted correctly. Survey errors, however, do occur, which will be discussed next.

4.3.5.6 Survey errors

According to Cant (2005:89), survey errors are minimised when the population has been carefully defined, the sample represents the population, the respondents selected are available and willing to participate in the research, the respondents understand and are able to answer the

questions and the interviewer correctly understands and records the respondents' responses. Two major types of errors can be made in surveys, namely random sampling error and systematic errors. These will be discussed next.

- **Random sampling errors.** These errors occur when the sample used in the research survey does not represent the population, even though the necessary steps may have been followed when drawing the sample (Cant 2005:90). Due to chance fluctuations, the sample may not fully represent the population. This error can be avoided by increasing the sample size. It is important to note however, that the problem of bias or neglect is not included in this type of error.

- **Systematic errors.** These errors result from mistakes or problems in the research design or from flaws in the execution of the sample design (McDaniel & Gates 2003:173). Systematic errors can be divided into sample design errors and measurement errors where bias is included.

- Sample design errors. *Sample bias* exists when the results of the sample consistently deviate from the values of the population. This phenomenon occurs when care is not taken when drawing the sample. The difference between sample design errors and random sampling errors can be attributed to mistakes in the sample design, which is not the case with random sampling errors.

  Sample frame error exists when all the elements have not been included in the sample frame (Tustin et al 2005:377). For example if telephone directories were to be used as sample frames to draw the sample from, and some people in the population did not have telephones or had moved into the area after the directory had been drawn up.

  Selection errors also occur when the researcher uses an incorrect sampling procedure, or neglects sampling procedure altogether, but can occur even if the research frame and population had been specified correctly. For example, a house drawn in the sample may be avoided by fieldworkers because the owner has a large dog and the fieldworkers are afraid of it.

- Measurement errors. When respondents are approached for answers that have to be measured, they can make various errors that can influence the research results. These errors include:

  Response bias, which occurs when a significant number of respondents either unconsciously misrepresent or deliberately falsify their responses (Hair et al 2003:279). Respondents may deliberately provide false answers to sound intelligent, conceal personal information, avoid embarrassment, speed up the survey process or please the interviewer.

  Interviewer influences, where the interviewer may influence the responses of the respondent, for example, by emphasising certain aspects or altering the question in a certain way, or even when the interviewer makes mistakes such as ticking the incorrect answer in a questionnaire. Interviewers must be properly trained and supervised to appear neutral at all times in order to minimise this type of error (McDaniel & Gates 2003:177).

  Administrative and instrumental errors. These errors occur due to problems in the administration or execution of the sample. Data processing errors arise when people make mistakes when editing, coding or even entering the data into computers (Cant 2005:92). Implementing careful procedures can help to reduce these errors.

  Non-response errors. These errors occur when a portion of the defined target population not represented or underrepresented in the response pool is systematically and significantly different from those that did respond (Hair et al 2003:677). Non-response errors occur when a person cannot be reached at a particular time (unavailable but willing), a potential respondent is reached but cannot or will not participate at that time (unavailable and unwilling), or a person is reached but refuses to participate in the survey (available but unwilling).

Now that the various types of survey errors have been discussed, the various types of surveys (contacting respondents) will be discussed, as well as the type selected for this survey.

4.3.5.7 Types of survey methods

Various types of surveys exist through which researchers can gather primary data. Surveys are divided into five main types, namely personal interviews, telephone interviews, mail interviews, self-administered interviews and electronic interviews, as illustrated in figure 4.2. These types of survey methods will be discussed next.

Figure 4.2   Classification of survey methods
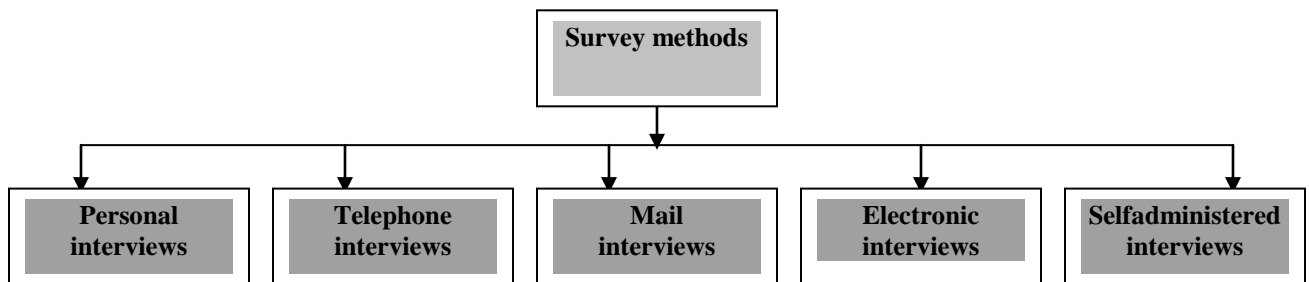
Source: Adapted from Cant (2005:95) and Tustin et al (2005:145).

- **Personal interviews.** This type of survey is distinguished by the presence of a trained interviewer who asks questions and records the subject's answers (Hair et al 2003:258). Depending on the research problem and the data requirements, there are different types of personal interviews that offer unique advantages and disadvantages to the researcher. These include:

Door-to-door interviewing takes place when the researcher or interviewer interviews a respondent at the respondent's home with the aim of obtaining primary data (Cant 2005:95). Advantages of this type of survey include that it is the most flexible, that the interviewer controls

the entire interview, and can also decide on the order of the questions to be asked. Disadvantages include that this type of survey is the most expensive and that respondents are becoming less and less available to participate in the research.

Executive interviews occur when interviewers go to businesses and interview respondents in their place of work (Hair et al 2000:257). Executive interviews are very expensive as interviewers may have to wait a long time before they can conduct the interview, and it may even occur that interviews are cancelled due to the nature of the respondent's workplace pressures.

Mall-intercept interviews are conducted in public areas of malls or shopping centres by intercepting shoppers and interviewing them face-to-face (McDaniel & Gates 2003:183). This method is less expensive and more convenient for the researcher, but one of the disadvantages is that mall patrons might not be representative of the general population being researched. This method was not used for this study as the researcher wanted to obtain information from restaurant patrons who had just eaten in a restaurant.

- **Telephone interviews.** Telephone interviews take place when the respondents are telephoned in order to gather primary data about a specific research problem. According to McDaniel and Gates (2003:185), the advantages of telephone interviewing are compelling. These advantages include that the telephone is a relatively inexpensive way to collect survey data and that the telephone interview has the potential to produce a high-quality sample. The telephone survey also has various disadvantages including that respondents cannot be shown anything over the phone so that respondents cannot offer comments on visual concepts or advertisements.

  Other disadvantages identified by McDaniel and Gates (2003:185) are that a telephone survey is more limited in the quantity and types of information that can be obtained from the door-to-door interviews, and that the respondent's patience may wear thin more easily over the phone.

- **Mail surveys.** This type of survey takes place when the researcher selects a sample of names and addresses, and sends questionnaires to these respondents with the aim of collecting primary data (Cant 2005:99). Two general types of mail surveys are used in marketing research, namely ad-hoc and mail panels (McDaniel & Gates 2003:189).

  In ad-hoc mail surveys, the researcher selects a sample of names and addresses from an appropriate source and mails questionnaires to the people selected. Here the sample is used only for a single research project and respondents are not pre-contacted first. Mail panels, on the other hand, operate with a sample of people being pre-contacted by letter, and being asked to fill out a background data questionnaire on aspects such as their ages, types of vehicles and household appliances. After the initial contact, panel participants are sent questionnaires from time to time, with the initial background questionnaire providing the information required for researchers to send only the appropriate households questionnaires to complete and return.

- **Electronic surveys.** As technology advances, so new survey methods develop. A huge advantage of all electronic methods is that data can be automatically entered into a database, thereby decreasing errors caused by manual labour inputs. The focus in this section of the chapter will be on three new types of surveys, namely fax surveys, e-mail surveys and Internet surveys (Hair at al 2003:267).

A fax survey is a self-administered questionnaire that is sent to the selected subject via fax. The flexibility of mail is combined with the speed of the telephone, making this type of survey a very cost-effective one to consider. The disadvantages of this type of survey include that not many individuals have fax lines although many organisations do.

E-mail survey is a self-administered data collection technique where the survey is delivered to and returned by the respondent via e-mail (Hair et al 2003:268). E-mail also offers a fast and cost-effective way to conduct international research if the target audience has access to the Internet.

An Internet survey is also a self-administered survey that is placed on a World Wide Web site for prospective subjects to read and complete. Respondents are then able to answer the questions on the website and the information is automatically entered into a database, therefore eliminating the need to enter data manually. Another advantage of Internet surveys is cost efficiency, as printing, mailing, data-entry and interviewer costs are eliminated (McDaniel & Gates 2003:192).

- **Self-administered interviews.** During this type of survey, respondents are left on their own to complete questionnaires (Cant 2005:100), and there is no computer or interviewer present to assist them. Organisations that use this method include airlines, hotels and restaurants, where a brief questionnaire is provided to determine certain aspects such as the customer's perception of the service received, such as in the case of this study. The advantage of this type of survey is that the cost per survey is low, as well as that there is less interviewer bias (see section 4.4.5.3 in this respect).

  According to Zikmund and Babin (2007:218), self-administered questionnaires can be either printed or electronic but no matter how they are distributed they are different from interviews because the respondent takes responsibility for reading and answering the questions. Forms of self-administered surveys discussed by Zikmund and Babin include:

Mail self-administered questionnaires which are here self-administered questionnaires are sent to respondents through the mail.

Fax surveys: which are fax machines are used as a way that respondents can send and return questionnaires.

E-mail surveys: which are surveys are distributed through electronic mail.

Drop-off method: this survey method entails the researcher travelling to the respondent's location to drop off questionnaires that will be picked up at a later stage.

Next, the appropriate survey method used for this study will be discussed.

4.3.5.8 Choice of an appropriate survey method for the study

After considering all the above methods, it was decided to utilise a self-administered survey by means of the drop-off method discussed above. These were to be handed to restaurant patrons with the restaurant bill folder by the waiter, to be collected after a short predetermined time period by the researcher. The reason for the decision to utilise a self-administered survey was that restaurant patrons might not take favourably to being asked questions by an interviewer during his/her meal, and might also feel more comfortable answering the questions without the presence of the waiter.

The next activity which must be conducted is the design of an appropriate questionnaire for the study, which will be discussed next.

4.3.5.9 Questionnaire design

Once a primary research method has been selected, researchers should decide whether the primary data will be gathered via a questionnaire. A questionnaire can de defined as a set of questions designed to generate the data necessary for accomplishing the objectives of the research project (McDaniel & Gates 2003:289). A questionnaire's design is influenced by the type of research conducted (in the case of this study, explorative), and the way in which it is to be conducted (in the case of this study, survey research).

As self-administered interviews were decided on in this study, a questionnaire was designed (see Annexure A) to gather the exploratory data. In the questionnaire, closed-ended as well as open-ended questions were used. The open-ended questions asked respondents to reply in their own

words, whereas the closed-ended questions required respondents to choose between two or more answers (McDaniel & Gates 2003:295-296). See questions 1, 2, 3 for an example of the closed-ended questions asked, and questions 11, 12 and 15 of the Questionnaire in Annexure A for an example of the open-ended questions asked to restaurant patrons.

The open-ended questions included non-comparative scales such as the Likert scale, which shows a series of attitudes toward an object, which are given numerical values ranging from favourable to unfavourable (McDaniel & Gates 2003:274). See questions 4, 5, 6, 7, 9 and 10 of the Questionnaire in Annexure A in this regard.

According to Zikmund and Babin (2007:359-364), research experience has yielded some guidelines that help prevent some of the more common mistakes made when designing questionnaires. These include:

- *Using simple, conversational language.* Here words used in questionnaires should be readily understandable to all respondents, and the researcher has the difficult task of adopting the conversational language of people at lower educational levels without talking down to better educated respondents
- *Avoid leading and loaded questions.* A leading question suggests or implies certain answers, while a loaded question is one that suggests a socially desirable answer or is emotionally charged.
- *Avoid ambiguity: be as specific as possible.* The words used in a questionnaire should have a single meaning that is known to respondents (Malhotra 2004:294).
- *Avoid double-barreled items.* A question covering several issues at once is referred to as a double-barreled question and should always be avoided. This is due to the fact that when multiple-questions are asked in one question the results may be exceedingly difficult to interpret.

- *Avoid making assumptions.* Respondents should not be placed in a situation where there is an implicit assumption in a question, and researchers should also not make the mistake in assuming that a respondent has previously thought about a certain issue.

- *Avoid burdensome questions that may tax the respondent's memory.* Researchers writing questions about past behaviour should recognise that certain questions may make serious demands on the respondent's memory and in many situations that respondent might not be able to recall the answer.

During the development of the questionnaire used in this survey, care was taken to ensure that the wording of the questions was clear, simple and easy for respondents to understand, leading and loaded questions were avoided, and ambiguous and double-barrelled questions were not asked. In this way the objectives of the study were not compromised.

Once the survey method has been selected and the questionnaire designed, the sample size and method of sampling should be considered. The various sampling techniques available and the one selected for this research study will be discussed next.

4.3.6   STEP 6:   Determining the sample

When selecting the target population to be studied, which is an identifiable total set of elements of interest being investigated by a researcher (Hair et al 2003:334), the target population needs to be identified. The researcher must determine how many people should be interviewed and who they will be. The theoretical principles of sampling, as well as the sampling procedure used in this study will be discussed in this section.

This target population is the collection of elements or objects that possess the information sought by the researcher and about which inferences are to be made. The target population in this research study is identified as all the restaurant patrons of the restaurants in the Tshwane Area of Gauteng.

To be able to study the target population, the researcher must decide between conducting a census or making use of a sample. The difference between these two terms will be discussed next.

4.3.6.1 The difference between a census and a sample

A census can be defined as data obtained from or about every member of the population of interest (McDaniel & Gates 2003:328). Censuses are not often used in marketing research, as in most marketing research situations the population consists of thousands or even millions of individuals.

On the other hand a sample can be defined as a subset of the population of interest. When using a sample, information is obtained from or about a subset of the population to make estimates about characteristics of the total population. Ideally, according to McDaniel and Gates (2003:328), the subset of the population from which information is obtained should be a representative cross section of the total population.

Due to the large number of restaurants in the Tshwane Area (namely 187 as discussed in chapter 1), a census will not be feasible and a sample of the total population of restaurants in the Tshwane Area will be taken from which to conduct the survey with. The various types of sampling methods will be discussed next, followed by a discussion on the sampling method selected for this study.

4.3.6.2 The various sampling methods available

The selection of an appropriate sampling method depends on various factors such as the objectives of the study, the financial resources available, time constraints and the nature of the problem under investigation (McDaniel & Gates 2003:333).

The major sampling methods can be grouped under two main headings, namely probability sampling and non-probability sampling. Each of these will be discussed next.

- *Probability sampling.* According to Tustin et al (2005:344), when using probability samples, all members of a population have a known chance (probability) of being selected in the sample. There are five main types of probability samples, namely:

- A simple random sample is a type of probability sample where the sample is selected in such a way that every element in the population has a known and equal chance of being selected (McDaniel & Gates 2003:333).

- Stratified sampling (Tustin et al 2005:353), separates the population into different subgroups (strata) and selects random samples from each subgroup.

- Systematic sampling is far easier to apply than simple random sampling. In this method, the entire population is numbered and elements are drawn using a skip interval (McDaniel & Gates 2003:341). This method requires that the defined target population is ordered in some way, which usually takes the form of a customer list, and it is very important that the natural order of the defined target population list should not be related to the characteristics being studied.

- When utilising cluster sampling, the sampling units are divided into mutually exclusive subpopulations called clusters, rather than individually (Hair et al 2003:351). Each cluster is assumed to be representative of the heterogeneity of the target population.

- When making use of multi-stage sampling, samples are drawn by means of one of the other probability methods described above, but a number of stages precedes the final selection (Tustin et al 2005:358), for example when drawing a sample of houses in metropolitan areas in South Africa, a sample of metropolitan areas are drawn first (first stage), then residential areas (second stage), then residential blocks (third stage), and then the elements are drawn, for example smokers (final stage).

- *Non-probability sampling.* On the other hand, a non-probability sample is a sample that includes elements from the population that are selected in a non-random manner

(McDaniel & Gates 2003:335). According to Tustin et al (2005:346), there are five main types of non-probability sampling methods, namely:

−	Convenience sampling, where respondents are selected on the basis of convenience or availability. This method is primarily used because data are easy to collect (McDaniel & Gates 2003:347). Samples are drawn at the convenience of the researcher, and so a major disadvantage of this method is that the raw data results cannot be generalised to the entire target population.

−	Quota sampling, where the researcher chooses sample members on the basis of satisfying some pre-specified criteria thought to apply to the population (Tustin et al 2005:347). The underlying purpose of quota sampling is to provide an assurance that pre-specified subgroups of the defined target population are represented on pertinent factors that are determined by the researcher or client.

−	Judgemental sampling, where the selection criteria are based on personal judgement that the element is representative of the population being studied (McDaniel & Gates 2003:348). If the researcher's judgement is correct, then the sample generated will be much better than one generated by convenience sampling, but as in the case of all non-probability sampling, when using this method it is not possible to measure the representativeness of the sample.

−	Purposive sampling, where sample members are chosen with a specific purpose in mind, and thus the sample is intentionally selected to be non-representative.

−	Multiplicity (snowballing) sampling, where sample members are initially chosen either judgementally or through a probability sampling method, and are subsequently asked to identify others with the desired characteristics (Tustin et al 2005:349). Thus the final sample frame is constructed from the referrals provided by the initial respondents.

Other important research concepts to be addressed in this section are the sample frame and the sample size.

- **Sample frame.** When researchers determine a sample, it is important to select respondents who will represent the population of interest. A sample frame refers to a list of population elements from which to select units to be sampled (Diamantopolous & Schlegelmilch 2002:14). A sample frame consists of a list or set of directions for identifying the target population and examples include the telephone directory or even an association directory listing the firms in an industry (Malhotra 2004:316).

- **Sample size.** Sample size refers to how many respondents should be included in the study, and is an important consideration for researchers as it affects the quality and generalisation of the data. Determining the sample size is not an easy task as the researcher must consider how precise the estimates must be, as well as how much time and money is available to collect the required data (Hair et al 2003:344-345). Important factors in determining appropriate sample sizes include the variability of the population characteristic under investigation, the level of confidence desired in the estimate and the degree of precision desired in estimating the population characteristic, as the more precise the required sample results, the larger the necessary sample.

4.3.6.3 Sampling method, sample frame and sample size selected for this study

As discussed in section 4.3.5.4, in an experience survey such as this study, a probability sample should never be used where respondents are chosen by some random purpose (Churchill & Brown 2004:94). This is due to the fact that the aim of an experience survey is to gain insight into the relationships between variable rather than to get an accurate picture of current practices. As discussed in chapter 1, elements for this study were drawn by means of convenience sampling, which is a non-probability sampling method.

For the purposes of this study, as discussed in chapter 1, the www.pretoria.co.za/dine/restaurants.asp list of 187 restaurants was used as a sample frame. From this list 10 restaurants were selected by selecting restaurants convenient to the researcher, namely in the Eastern Suburbs of Tshwane.

The choice of convenience sampling and restaurants in the East of Tshwane was based on facilitation of the research and on the LSM profile of the restaurant patrons of this area, many of which have an average income of more than R18 000 (Cant et al 2006:115; Anon 2008:41). With regard to the demographics of this area, Afrikaans-speaking households make up 26.9% of households in the Eastern Suburbs of Tshwane (Anon 2008:70). Due to the higher average income of these restaurant patrons, these patrons would visit more expensive restaurants.

A sample size of 300 respondents was selected, with 30 respondents being selected in each of the 10 restaurant to be included in the study. As stated in chapter 1, the researcher decided to select 30 respondents based on convenience in each restaurant to complete the questionnaire (a total of 300 respondents), which is in excess of what Diamantopoulos and Schlegelmilch specify (2002:66-67), who state that for simple analyses 30 respondents are a sufficiently large sample size for statistical procedures.

4.3.7 STEP 7:   Allocating funds and resources

Depending on the nature and scope of a specific study, marketing research can be costly. Without the appropriate budgetary planning the research effort might have to be terminated for lack of resources (Martins et al 1999:88). Since this is an academic study and not a commercial one, the topic of resources will not be discussed again as the researcher will not be remunerated.

4.3.8 STEP 8:   Writing and presenting the research proposal

The research proposal is developed and refined at the same time as the exploration and planning phases of the research project (Martins et al 1999:88). The proposal would usually incorporate the decisions and choices made by the researcher in the preliminary phases of the research. In this study, chapter 1 is regarded as the research proposal and will therefore not be discussed again.

4.3.9 STEP 9: Conducting a pilot study

The primary purpose of a pilot study or pre-test is to detect any weaknesses in design and to provide a sound basis for determining and refining the sample. During the pilot study, subjects are drawn from the target population and the procedures and protocols of the actual research project are simulated. Pilot testing questionnaires help to identify any shortcomings which can be resolved before the full study commences (Wegner 2000:95). Pilot testing involves administering the questionnaire to a small group of target audience individuals, and is conducted to detect any weaknesses in design and instrumentation.

The goal is to assess the manner in which the questionnaire collects the information, and for this reason the data collected during the pilot study is not included in the final data for the study.

According to Churchill and Brown (2004:723), pre-testing can be defined as the use of a questionnaire on a trial basis in a small pilot study to determine how well the questionnaire works. Pilot testing is therefore a crucial step in the development of the questionnaire since it offers insight into improving the questionnaire's wording, structure, format and organisation.

The number of people on whom the pre-testing is done, as well as the number of pre-tests conducted depends on the research question, the objectives of the study, the size of the population, resources available and how well the initial questionnaire was designed. Once the pre-tested questionnaires have been received back, it is necessary to check that respondents had no trouble in understanding the instructions and answering the questions. It is also essential to record how long it took for the respondents of the pilot study to complete the questionnaires, and the clarity of instructions should also be investigated. Researchers should also ensure that questions are not ambiguous or unclear, that the layout is attractive and that the respondents feel comfortable answering the questions.

For the purposes of this study, the questionnaire was pilot tested amongst 10 respondents and revised where applicable, such as in the case of ambiguous or questions that were unclear to the respondents. Once the pilot testing was complete, the research project was implemented.

4.3.10 STEP 10:   Collecting primary data

The method selected to do the research will determine the way in which the data are collected. Different data collection methods such as observation, questionnaires and laboratory notes will all have different implications for data collection. In this stage of the research process, the researchers collect the data.

Training of fieldworkers is critical to the quality of data collected (Malhotra 2004:390). Training ensures that all interviewers administer the questionnaire in the same way so that data can be collected uniformly and to help prevent any possible problems.

In this study there were no fieldworkers due to it being a self-administered survey, the waiters at the various selected restaurants were instructed by the researcher to include the questionnaire in the bill folder, which was taken to the restaurant patrons at the end of the meal. In this way many fieldwork problems were eliminated. The completed questionnaires were then collected by the researcher from the various selected restaurants after a pre-determined period of time.

In order to minimise sampling errors (as discussed in the section above), 20 percent of the completed questionnaires were back-checked. Back-checking involves phoning respondents again to verify that they had in fact completed the questionnaire, as well as confirming information on one or two of the questions (Gerber-Nel 2004:176).

A total number of 292 questionnaires were completed in approximately 5 weeks of fieldwork.

4.3.11 STEP 11:   Processing, analysing and interpreting the data

When data is processed, it is first prepared and then analysed. Data preparation aids the process of extracting data from questionnaires so that it can be read and manipulated by computer software. During data preparation, the data is validated, edited, coded, entered and then cleaned. Essentially, number codes are assigned to represent each response to each question. The numerical codes are then entered into the computer and analysed. The computer Software package SPSS 11.0 was used by Complete Statistical Solutions CC to carry out all analysis. After validating and editing each questionnaire, the data was directly entered into SPSS.

Researchers have two options available when analysing data. Descriptive statistics are used to describe data, while inferential statistics are used to determine significance levels. Each of these types will be discussed next.

4.3.11.1   Descriptive statistics

Descriptive statistics describe the characteristics of the sample, and use frequencies, means, modes, medians and standard deviations to summarise the characteristics of large sets of data (Gerber-Nel 2004:186). In this study, the following descriptive statistics were used:

- *Frequency distributions*. This entails the construction of tables that show in relative and absolute terms how often the different values of the variable are encountered in the sample (Tustin et al 2005:523). These are presented in this study by means of bar charts or tables.
- *Cross*-tabulations. This is the process of simultaneously treating (or counting) two or more variables in the study. This process categorises the number of respondents who have responded to two or more questions consecutively (Hair et al 2003: 652).
- *Mean*. The mean (also called the average) is defined by Tustin et al (2005:538) as the sum of a set of values divided by their number. The mean is an approximate measure of central location for metric data only.

- *Standard deviation*. The standard deviation is the measure of the average dispersion of the values in a set of responses around their mean (Malhotra 2004:431).

4.3.11.2   Inferential statistics

Often a researcher wants to go beyond describing the sample data to say something about the population from which the sample was drawn (Tustin et al 2005:559). In other words, a researcher needs to make inferences about the population on the grounds of what has been observed in the sample. A basic tenet of statistical inference is that it is possible for numbers to be different in a mathematical sense but not significantly different in a statistical sense (McDaniel & Gates 2003:413). These statistical differences are defined by the selected significant level. The smaller the chosen significance level, the smaller the degree of risk that the researcher will be willing to accept. The significance levels of 0,05 and 0,01 are used by most researchers when performing statistical tests. For the purpose of this study, the significance level of 0,05 was considered adequate.

A selected significance level should always be compared with the p-value statistic. The p-value is the probability that the test statistic of the possible outcome of the research question is equal to the observed value of the test statistic, or is more extreme in the direction suggested by the alternative outcome. The lower the p-value, the stronger the evidence will be against the stated statistical finding (Diamantopoulos & Schlegelmilch 2002:146).

Although an exploratory study was conducted and therefore descriptive statistics adequate for the purposes of this study, it was decided by the researcher to conduct certain significance tests as well due to the fact that a large number of respondents (namely 292) completed the questionnaire. The following significant tests were therefore used in this study:

- *Chi-Square.* A chi-square test is used when a set of observed frequencies are compared to a set of theoretical (expected) (Tustin et al 2005:609).
- *Analysis of variance (ANOVA).* This test is used for examining the differences in the mean values of the dependant variable associated with the effect of the controlled

independent variables (Malhotra 2004:469). The ANOVA test calculates both an F-value and a p-value. A p-value of 0,05 is considered significant.

- *Correlation analysis.* Correlation analysis is the analysis of the degree to which changes in one variable are associated with changes in another (McDaniel & Gates 2001:448). In other words, the correlation coefficient focuses specifically on linear relationships between variables (Tustin et al 2005:638). The descriptive measure coefficient of correlation (*r*) is a measure of the degree of association between two variables and indicates the estimated extent to which changes in one variable are associated with changes in the other.

A correlation of +1,00 indicates a perfectly positive relationship and a correlation of -1,00 a perfectly negative relationship (Gerber-Nel 2004:189). In the case of a positive correlation between two variables, a higher score on one variable tends to indicate a higher score on the other. If the correlation is negative, a higher score on one variable tends to indicate a lower score on the second variable.

The analysis and interpretation of the data collected in this study will be discussed in chapter 5 of this study.

4.3.12 STEP 12:   Reporting the results

The preparation of the research results and conveying the research findings and recommendations to the client or decision-maker represents the final step in the research process (Martins et al 1999:90).

The ultimate objective is to enable the client or decision-maker to make an informed and scientifically verified decision to solve the original problem that prompted the undertaking of the research in the first place. The findings and recommendations of this study will be presented in chapter 6 of this dissertation.

4.4   Summary

In this chapter, the approach to the research to be conducted was discussed. The research process to be followed was identified, while the research design and the applicable research strategies that could be followed by the researcher were also discussed. The various sampling methods were also discussed in detail. The design, wording, development and layout of the questionnaire was also highlighted. The chapter was concluded with a discussion on the pilot test conducted and the implementation of the research project.

Chapter 5:

RESEARCH RESULTS

5.1   Introduction

In this chapter, the results of the primary research undertaken are discussed. Firstly, a profile of the respondents in terms of demographic characteristics is given, while the second section provides a profile of the respondents' behaviour at the various restaurants. Thereafter the results of the ratings of the exterior, interior, service and food of the restaurants are provided, while the fourth section examines the attitudes of the respondents towards the restaurants. This section also examines the impact of price sensitivity on the attitudes of respondents. The last section of this chapter compares the restaurant ratings of demographic groups with one another to determine if there are any differences in the perceptions amongst these groups regarding customer service.

5.2   Demographic profile of the sample

A total of 292 people completed the self-completion questionnaire (see Annexure A) in this research study. Questions 13, 14 and 15 of the questionnaire determined the family structure, home language and age of the respondents. The family structure, home language and age composition of the final sample are presented below.

5.2.1 Family structure of respondents

Figure 5.1 below indicates the family structure of respondents in the sample. Most respondents are single, widowed or divorced (34.06%), or if they are married/have partners they do not have any children (26.09%).

Therefore just less than 40% of respondents have one or more children at home. Having children in the household will influence the patron's choice of restaurant, as not all restaurants cater for children in areas such as menu selection and baby-changing facilities.

Figure 5.1 **Family structure of respondents in the sample (n = 276)**
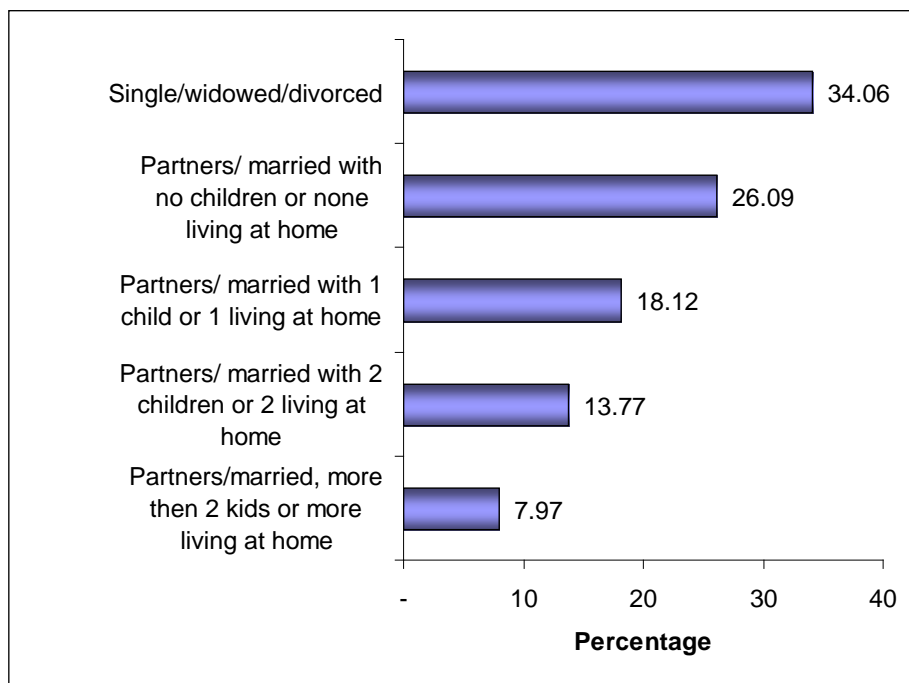
5.2.2 Average age of respondents

Table 5.1 below shows that the average age of respondents is 32 years. The youngest respondent is 15 years old while the eldest is 67 years of age.

Table 5.1   **Descriptive statistics for age (n = 280)**

	N	Minimum	Maximum	Mean	Std. Deviation
Age	280	15	67	32	11

To gain a more precise picture of the age distributions of the respondents, the respondents were grouped into age brackets. These age brackets are presented in Figure 5.2

Figure 5.2   **Percentage of respondents in each age group (n = 280)**
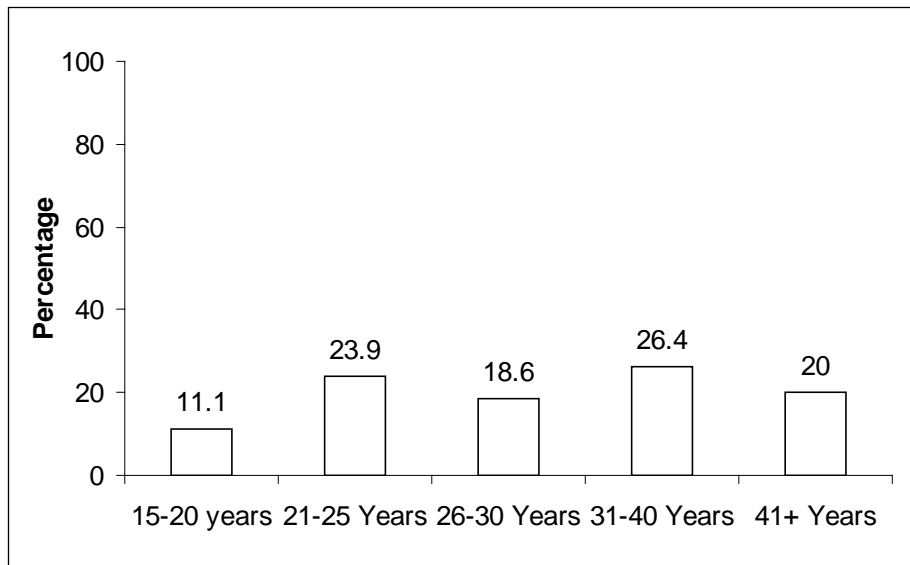
As can be seen from the figure above, the sample consists of a spread of respondents in the different age groups. It is therefore unlikely that any bias occurred due to age.

5.2.3 Home language of respondents

The home language of respondents was also asked in the questionnaire, and figure 5.3 indicates that most of the respondents were Afrikaans speaking (64%), followed by English–speaking respondents (19%), while 17% of the respondents indicated that they speak an African language.

As the sample was not quota controlled and the questionnaires were self-completion, the language distribution is consistent with expectations given the demographic profile of the Eastern Suburbs of Tshwane's restaurant-going public, of which, Afrikaans-speaking households make up 26.9% of households in the Eastern Suburbs of Tshwane (Anon 2008:70).

Figure 5.3   Home language of respondents (n = 285)
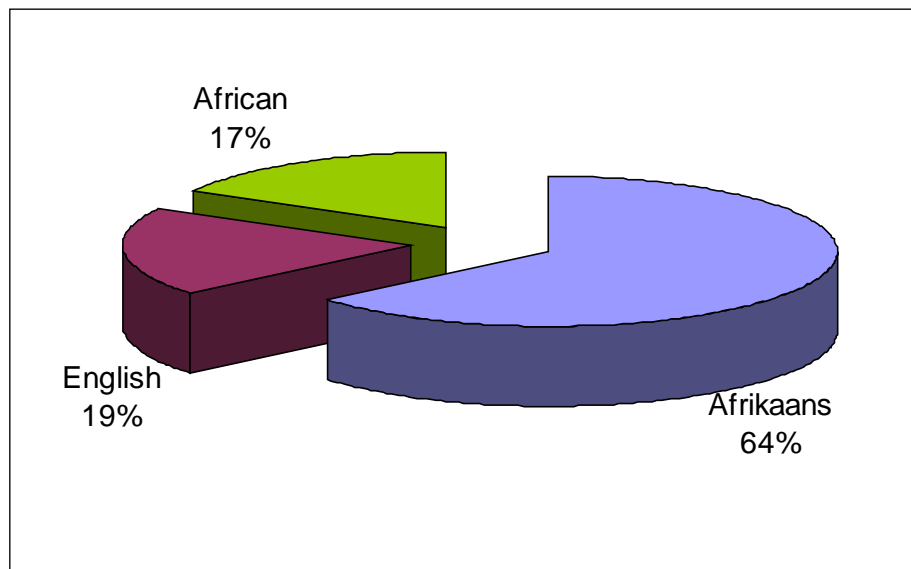
5.2.4 Comparison of demographic characteristics

A closer examination of the family structure and home language of respondents (as seen in Table 5.2 below), reveals that although the differences in the percentages are not statistically different (p = 0.09), it does appear that persons who have an African language as a home language are slightly more likely to be married with 2 children living at home.

Table 5.2: Family structure per language group (n = 273)

	Language			Total
	Afrikaans	**English**	**African**	
Single/widowed/divorced	62	17	14	93
	66.7%	18.3%	15.1%	100%
Partners/married with no children or none living at home	49	17	6	72
	68.1%	23.2%	8.3%	100%
Partners/married with 1 child or 1 living at home	28	11	9	48
	58.3%	22.9%	18.8%	100%
Partners/married with 2 children living at home	22	6	10	38
	57.9%	15.8%	26.3%	100%
Partners/married, more then 2 kids or more living at home	16	0	6	22
	72.7%	-	27.3%	100%
Total	177	51	45	273
	64.8%	18.7%	16.5%	100%

A closer examination of the family structure and age groups of respondents (as seen in Table 5.3 below), older respondents, as can be expected, are significantly more likely to be married/have partners with children living at home (Chi-square = 39.02; p = 0.001).

Table 5.3   Family structure per age group (n = 266)

	Age in Years					Total
	15-20	**21-25**	**26-30**	**31-40**	**40+**	
Single/widowed/divorced	12	34	15	16	15	**92**
	13%	37%	16.3%	17.4%	16.3%	**100%**
Partners/married with no children or none living at home	10	15	17	15	12	**69**
	14.5%	21.7%	24.6%	21.7%	17.4%	**100%**
Partners/married with 1 child or 1 living at home	2	9	4	22	13	**50**
	4%	18%	8%	44%	26%	**100%**
Partners/married with 2 children or 2 living at home	1	4	5	14	10	**34**
	2.9%	11.8%	14.7%	41.2%	29.4%	**100%**
Partners/married, more then 2 kids or more living at home	3	3	6	3	6	**21**
	14.3%	14.3%	28.6%	14.3%	28.6%	**100%**
Total	**28**	**65**	**47**	**70**	**56**	**266**
	10.5%	**24.4%**	**17.7%**	**26.3%**	**21.1%**	**100%**

5.3   Profile of behaviour

Respondents were requested to provide information regarding their regularity of visits to the restaurant they were interviewed in (Question 1), their reason for visiting the restaurant (Question 2) and the type of meal they were enjoying – either breakfast, lunch or dinner (Question 3). Respondents were also required to provide information on their spending behaviour and the percentage of tip/gratuity paid to the waitron (Questions 11 and 12).

The composition of regularity of visits to the restaurant, the reason for visiting the restaurant, the type of meal eaten, amount spent per head and percentage of the bill tipped/paid as a gratuity will now be presented.

5.3.1 Regularity of visits to the restaurant

Figure 5.4 below indicates that the sample is distributed across respondents who are visiting the particular restaurant for the first time (22.4%) to persons who visit more than twice a month (28.6%). Only 10% of the respondents visit the restaurant in question once in two months, while 15.9% visit the particular restaurant twice a month. It is interesting to note that the majority of respondents indicated that they visited the particular restaurant more than twice a month, which indicates customer satisfaction and can be used as a basis for building a relationship with the particular restaurant in question.

Figure 5.4   Regularity of visits to the restaurant (n = 290)
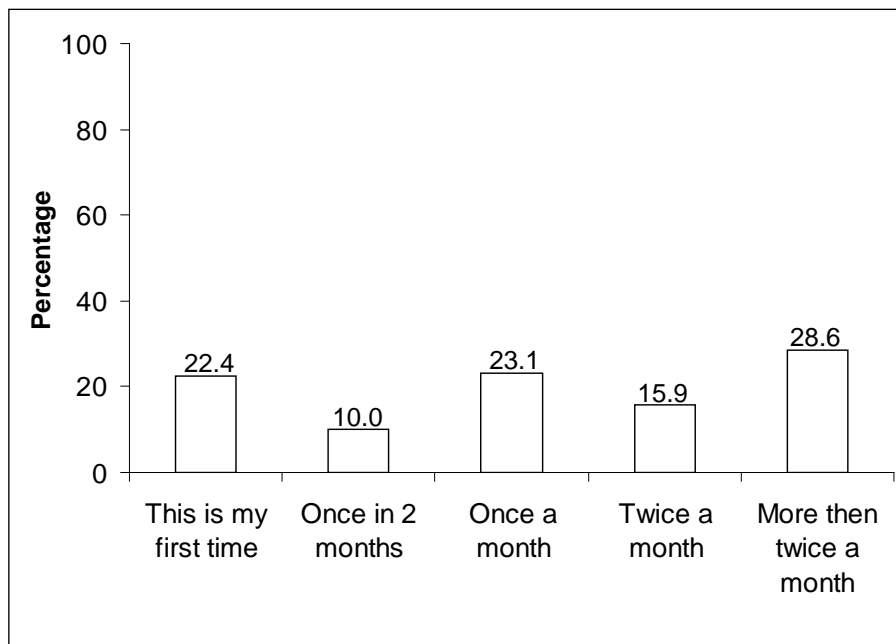
5.3.2 Reason for visit to the restaurant

As can be seen from figure 5.5, 79.3% of respondents visited the restaurants for social reasons, while 20.7% visited for business/work reasons. This result indicates that restaurants are visited by a large majority of the respondents for the purpose of relaxing and socialising with family and friends.

Figure 5.5   Reason for visit to restaurant (n = 290)

Business/work
20.7%

Social 79.3%
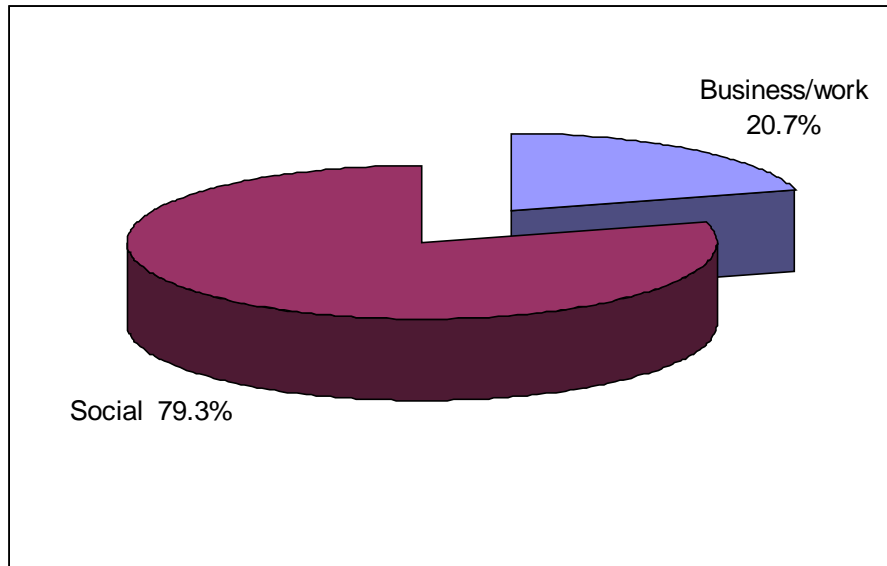
5.3.3 Meal eaten

As can be seen from figure 5.6, there is a fairly even distribution between respondents who ordered dinner (56%) and lunch (41%), facilitating comparisons between the two groups. Only 3% of the respondents had eaten breakfast at the time of completing the questionnaires. These comparisons will be discussed in section 5.3.4 below.

Figure 5.6   Meal eaten (n = 280)
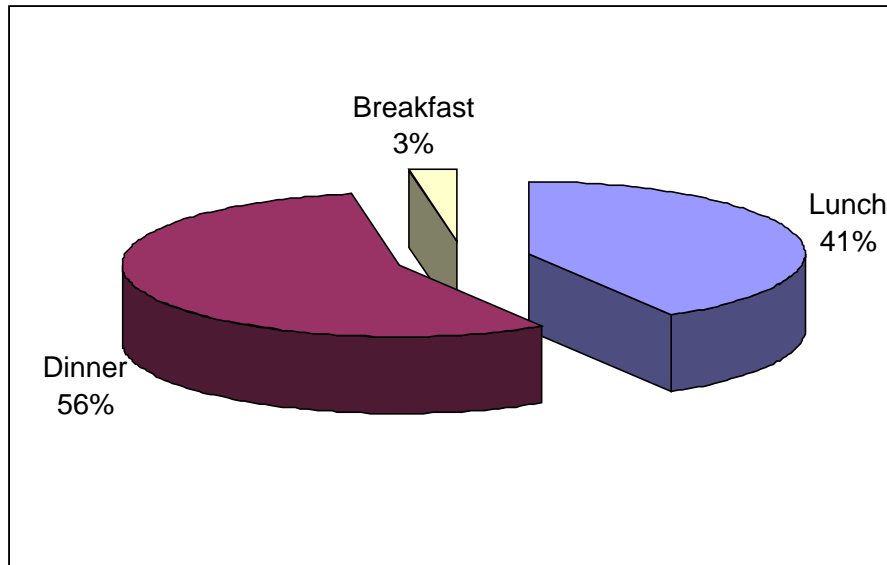
5.3.4 Comparison of profile characteristics

Table 5.4 provides the cross tabulation between the reason for the visit and frequency of visiting the restaurant. It was found that there are no significant differences pointing towards one type of visitor being a more regular patron (Chi-square = 5.87; p = 0.209).

Table 5.4: Cross tabulation of the reason for the visit by the frequency of the visit (n = 289)

	Reason for visit?		
	Business/ work	Social	Total
This is my first time	19	46	65
	31.7%	20.1%	22.5
Once in 2 months	4	24	28
	6.75	10.5%	9.7
Once a month	11	56	67
	18.35	24.5%	23.2
Twice a month	12	34	46
	20%	14.8%	15.9
More then twice a month	14	69	83
	23.35	30.1%	28.7
	60	229	289
Total	100	100	100

It does appear that of the few respondents who had breakfast, 6 (or 85.7%) visit the same restaurant more than twice per month. Respondents were also more likely to be trying a restaurant for the first time when they were having lunch (30.2%) as opposed to dinner (16%). The Chi-square value of 20.63 is significant at the 0.05 level (p = 0.008), indicating that these differences are statistically significant. These differences are indicated in Table 5.5.

Table 5.5   **Cross tabulation between meal eaten and frequency of visit (n = 279)**

	Which meal eaten at restaurant			
	Lunch	**Dinner**	**Breakfast**	**Total**
This is my first time	35	25	1	**61**
	30.2%	16.0%	14.3%	**21.9**
Once in 2 months	9	19	0	**28**
	7.8%	12.2%	-	**10.0**
Once a month	24	41	0	**65**
	20.7%	26.3%	-	**23.3**
Twice a month	17	28	0	**45**
	14.7%	17.9%	-	**16.1**
More then twice a month	31	43	6	**80**
	26.7%	27.6%	85.7%	**28.7**
Total	**116**	**156**	**7**	**279**
	100	**100**	**100**	**100**

5.3.5 Spending behaviour

Respondents were also asked to indicate the amount they spent per head on their bill (Question 11) and the percentage of tip (gratuity) that they provided to the waiter (Question 12). However, due to the fact that this was a self-administered questionnaire, these questions were not completed very accurately by the patrons. The compositions of the amount spent per head and the percentage of tip or gratuity, are presented below.

5.3.5.1 Amount spent per head

From the high values indicated to the question of expenditure per person, it can be deduced that some respondents actually provided their entire bill amount and not just the expenditure per person. Table 5.5 below provides the average amount spent per head (Question 11).

Table 5.6   **Descriptive statistics for the amount spent per person**

	N	Minimum	Maximum	Mean	Std. Deviation
Bill per head	250	10	700	85.25	89.85

As the questionnaire did not require respondents to provide the number of persons sharing the meal, no correct amount can be calculated and this question is of limited value.

5.3.5.2 Tip/gratuity amount as a percentage of the bill

With regard to the question of the percentage of the bill provided as a tip/gratuity (Question 12), a fair amount of respondents provided the actual rand value of the tip and not the percentage. The percentage cannot be computed from the rand value as the value of the bill provided is, in most cases, the amount spent per head and not the total bill.

Table 5.7   **Descriptive information for the percentage/amount tipped**

How much did you tip the waiter	N	Minimum	Maximum	Mean	Std. Deviation
Rands	141	0	80	12	9.43
Percentage	106	1	30	13.5	5

From the percentage value (provided by 106 respondents) it appears that most respondents tip more than the minimum required 10% but less than 15%. The standard deviation of 5% indicates that 66% of respondents tip between 5% and 15%, which indicates that the majority of the respondents were satisfied with the level of service received from the waitrons and tipped accordingly.

5.4 Rating the attributes of the restaurant

Respondents were asked to rate certain factors of the exterior (Question 4), interior (Question 5), service (Question 6) and food of the restaurants (Question 7) on a scale of 1 to 5, where 1 represented "Poor" and 5 represented "Very good".

These factors form part of the servicescape of a restaurant, which is the physical evidence that organisations need to provide the customer as cues for its service quality, as customers often rely on tangible cues or physical evidence to evaluate service (Zeithaml et al 2009:313; Brink & Berndt 2008:83), and were discussed in sec 3.3.8 of this study. The mean scores were calculated for each factor and are discussed separately below. Mean scores were discussed in section 4.3.11.1.

5.4.1 Exterior

Questions 4 and 5 were included to test the exterior factors of the servicescape such as the signage, parking, security, cleanliness and the attractiveness of the restaurant. Figure 5.7 below represents the mean scores on each of these factors graphically.

Figure 5.7   Mean scores of the ratings of the factors of the exterior (288 ≥ n ≥ 290)
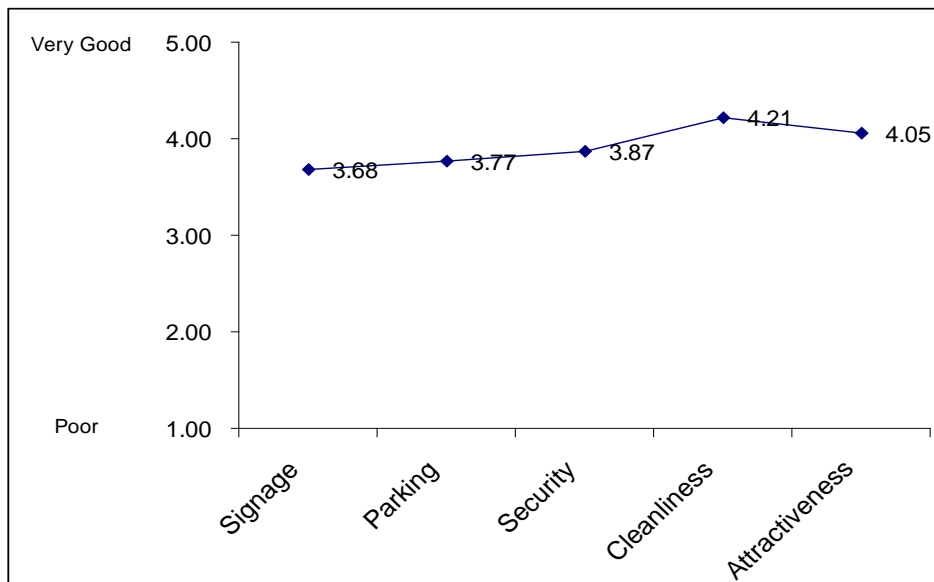
As can be seen from the above figure, cleanliness and attractiveness are the aspects of the exterior that were rated the highest (4.21 and 4.05 respectively). Signage and parking received the lowest relative ratings (3.08 and 3.77).

5.4.2 Interior

Factors of the interior rated by respondents included atmosphere, décor, lighting, cleanliness of the eating area, comfortability of the furniture and cleanliness of the bathrooms. Figure 5.8 below represents the mean rating scores on the interior factors graphically.

Figure 5.8: Mean scores of the ratings of the factors of the Interior (288 ≥ n ≥ 290)
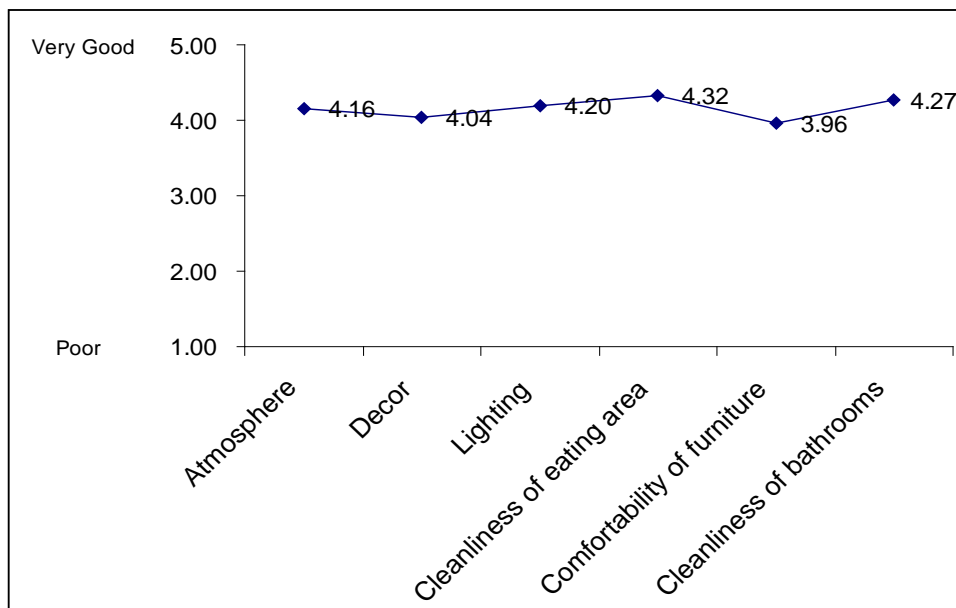
Once again, cleanliness rated best overall; both the cleanliness of the eating area (4.32) and the bathrooms (4.77) were rated very well. Atmosphere (4.16), décor (4.04) and lighting (4.20) were also rated well, while the furniture at the various restaurants was rated as not being particularly comfortable, receiving a relatively low rating of 3.96.

5.4.3 Service

As discussed in section 1.3, the service encounter or "moment of truth" literally means that this is the time and place when and where the organisation has the opportunity to demonstrate the quality of its services to the customer (Brink et al 2001:19). It is in these encounters that customers receive a "snapshot" of the organisation's service quality, and each encounter contributes to the customer's overall satisfaction and willingness to do business with the organisation again.

Question 6 of the questionnaire was therefore included to test the importance of the fundamental principle of the "moment of truth" in the restaurants researched. The researcher therefore decided to include the following service aspects to be rated by the respondents as each are important events or standards in a restaurant environment:

- Professionalism
- Friendliness
- Speed of service
- Product knowledge
- Handling of special requests/orders
- Reservation details recorded correctly
- Time waited to be seated

Figure 5.9 below represents the mean rating scores (averaging between 1 and 5) in a graphic format.

Figure 5.9   **Mean scores of the ratings of the factors of the service (278 ≥ n ≥ 292)**
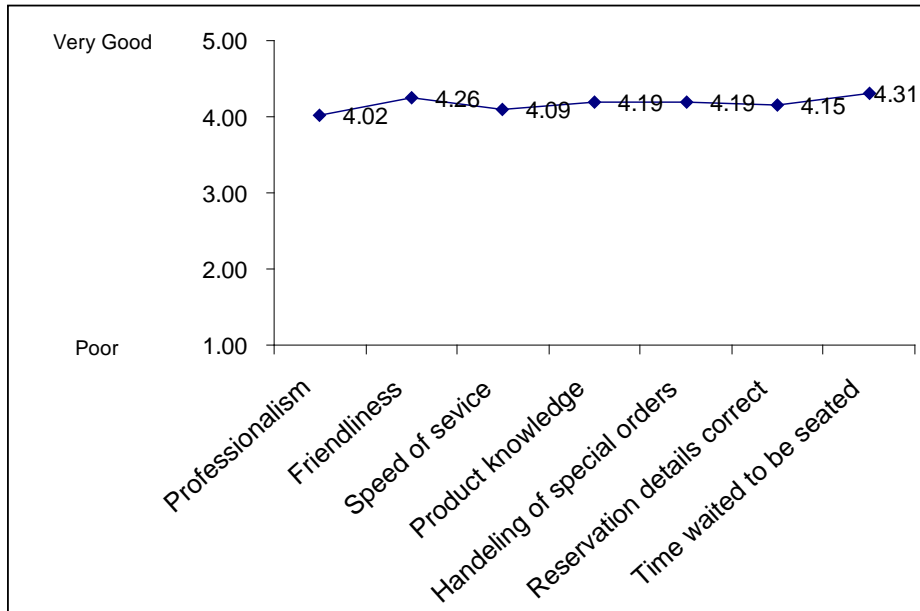
Service factors were rated consistently high, all achieving above 4 out of 5.

The relative weaker rated areas are professionalism (4.02) and speed of service (4.09). Restaurant staff were rated as generally friendly (4.26), knowledgeable and willing to help (a score of 4.19 was achieved for both). With such consistently high scores, it can therefore be deduced that the respondents were generally satisfied with the service levels encountered.

5.4.4 Quality of food served

In order to determine the influence of the customer's interaction with the service provider's products (as discussed in section 3.3.3), the researcher had included Question 7 on the quality of the food served. The three food quality-related factors rated (presentation, menu variety and correctness of the order) all received consistently high scores of above 4 out of 5. These scores are presented in figure 5.10 below.

Figure 5.10   Mean scores of the ratings of the food related aspects (283 ≥ n ≥ 282)
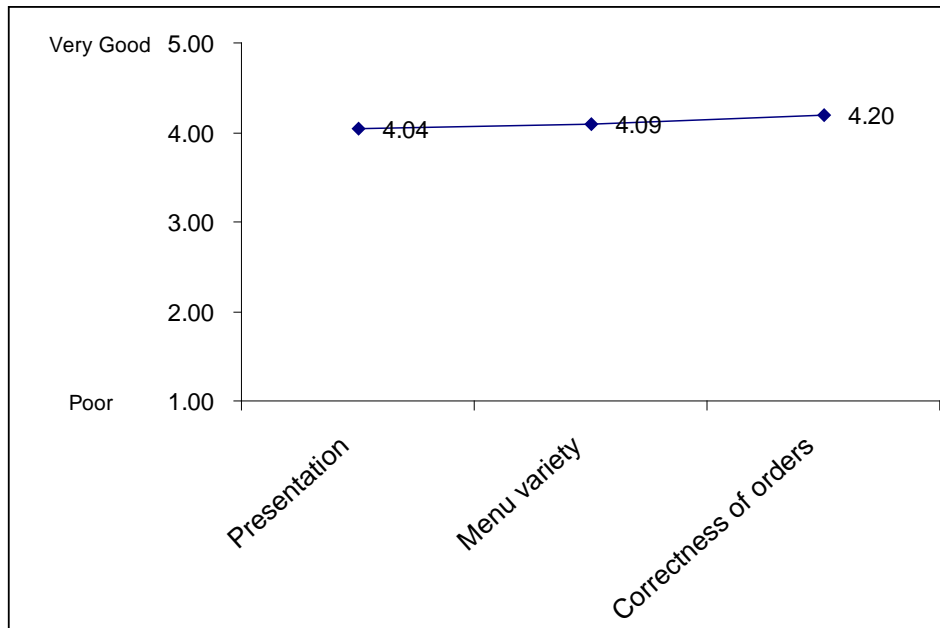
As can be seen above, correctness of orders received the highest rating (4.20), followed by menu variety (4.09) and the presentation of food (4.04). It can therefore be deduced that the respondents who completed the questionnaire had a favourable interaction with the service provider's products.

5.4.5 Overall value for money

As an overall measure of quality of the restaurant, respondents were asked to rate the overall value for money that the restaurant offers on a scale of 1-5, where 1 is poor value for money and 5 is very good value for money (Question 10).

As can be seen from figure 5.11 below, most respondents consider the restaurant to be very good value for money (41.1%) or at least good value for money (37.9). Only 1.1% rated the restaurant as being poor value for money. It can therefore be deduced that customers who view a restaurant as providing good value for money will be more satisfied with the overall service levels than those than do not. This is in line with statements made by FEDHASA's Chairperson Phillip

Couvaras and Vice-Chairperson Rey Franco (see section 2.2.3.2), where they state that patrons are now more careful when selecting dining options and decisions tend to be based on genuine value for money and friendly, efficient service.

Figure 5.11: Overall value for money (n = 285)
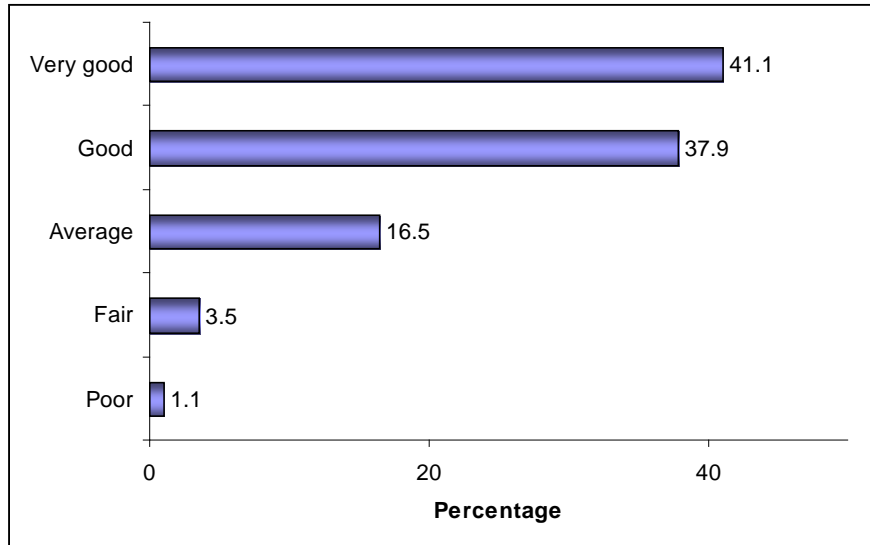
5.4.6 Attitudes towards the restaurants

In this section, the findings regarding the attitudes of the respondents towards the restaurant in general as well as its pricing will be discussed.

5.4.6.1   General attitudes

Question 8 of the questionnaire was included to test the fundamental principles behind the relationship ladder of loyalty by Christopher et al (2002:48) in Section 3.3.9, in that there are a number of identifiable stages in the development of a long-term customer relationship. Hence the inclusion of a number of statements related to each step of the ladder. The statements are related to the steps in the ladder in the following way:

- Statement 8.1- I would strongly recommend this restaurant to others (advocate)

- Statement 8.2 - This is not the only restaurant I frequently visit (supporter)

- Statement 8.3 - I have visited this restaurant before, but my experiences have not always been positive, but I will return to this restaurant (client)

- Statement 8.4 - I have visited this restaurant before but will not return again (author's own statement)

- Statement 8.5 - This is the first time that I have visited this restaurant (purchaser)

- Statement 8.6 - I would not have chosen this restaurant of my own accord (prospect)

The respondents had to evaluate these statements about the restaurant using a 0- to-10 rating scale with 10 being the most positive value.

Table 5.8 indicates that most restaurant users would strongly recommend the restaurant to someone with a mean score of 8.23 out of 10, while on average only 2.82 of respondents indicated that they have visited the restaurant before but would not visit it again.

Table 5.8   Descriptive statistics on attitude statements

	N	Mean	Std. Deviation
I strongly recommend this restaurant	292	8.23	1.995
This is not the only restaurant I frequently visit	286	6.80	2.553
I have visited this restaurant before my experience wasn't always positive but I will return	284	5.30	3.248
I have visited this restaurant before but will not return again	280	2.82	2.794
This is the first time I have visited this restaurant	281	3.97	3.500
I would not have chosen this restaurant of my own accord	280	4.15	3.091

Respondents awarded a relatively low score of 4.15 out of 10 on average to the statement "I would not have chosen this restaurant of my own accord", while 3.97 on average indicated that it was the first time they had visited the restaurant. On average 4.15 of the respondents indicated that they would not have chosen the restaurant in question on their own.

From the above results, it is clear that the majority of respondents are in fact advocates (with a mean score of 8.23) and supporters (with a mean score of 6.80) when compared to the relationship ladder of loyalty as identified by Christopher et al (2002:48) in Section 3.3.9. The statement that the author included ("I have visited this restaurant before but will not return again") obtained the lowest mean score of 2.82. One may thus conclude the majority of respondents are satisfied and that this could serve as the basis for a relationship.

5.4.6.2   Attitude towards price

In addition to testing respondent's general attitudes towards the restaurant, their attitude toward price as a driver of restaurant choice was also examined by means of a five point rating scale (Question 12). Figure 5.12 indicates the distribution of answers on the five point rating scale.

Figure 5.12   Importance of price in deciding on a restaurant (n = 286)
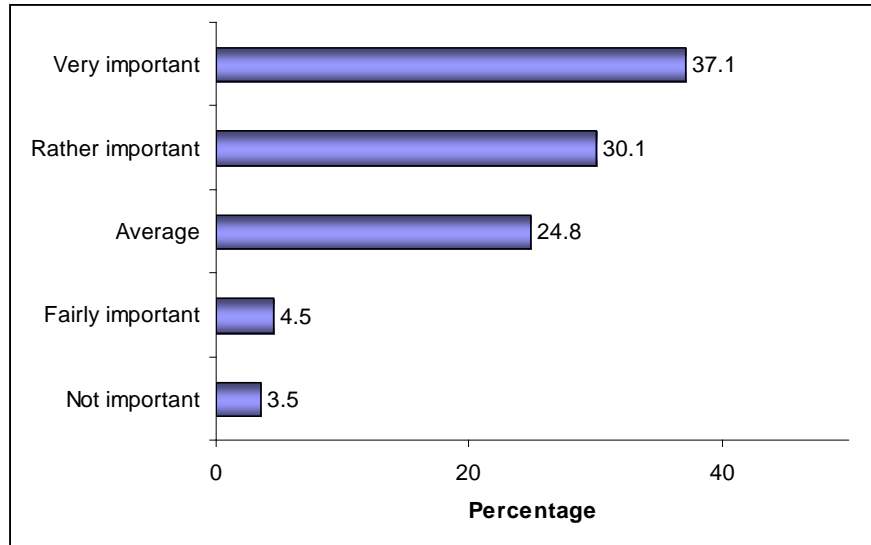
Price appears to be a very important driver of restaurant choice with 37.1% of respondents indicating that it is very important and an additional 30.1% of respondents indicating that it is rather important. 24.8 % of the respondents interviewed indicated that price is of average importance and 4.5% indicated that it was fairly important. Only 3.5% of the respondents indicated that price was not an important driver of restaurant choice. This is to be expected with the current worldwide economic downturn, pull-back in consumer spending and levels of domestic expenditure dropping significantly in the second quarter of 2009 (as discussed in section 2.2.3.2).

It was also found that respondents of all ages, language groups and family compositions are equally price sensitive and no significant differences exist between these groups:

- Correlation between age and price : p = 0.245
- Anova test between language and price: p = 0.984
- Anova test between family composition and price; p = 0.074

5.5 Comparison of demographic groups on their rating of the restaurants

In this section, the demographic variables discussed in Section 5.2 above (namely family structure, age and home language) are compared with regard to their ratings of the different factors of the restaurants.

5.5.1 Family structures

An analysis of variance technique (ANOVA), as discussed in Section 4.3.11.2, was used to compare the mean scores on each of the restaurant ratings. Table 5.9 indicates the associated F-values and significance values of the test.

Table 5.9   **Comparisons of the different family groups with regard to the restaurant ratings**

ANOVA

Exterior	F	Sig.
Signage	0.28	0.89
Parking	1.24	0.29
Security	0.16	0.96
Cleanliness	1.17	0.32
Attractiveness of exterior storefront	0.71	0.59
Interior	**F**	**Sig.**
Atmosphere	1.25	0.29
Decor	0.17	0.95
Lighting	1.58	0.18
Cleanliness of eating area	0.32	0.87
Comfortability of furniture	1.36	0.25
Cleanliness of bathrooms	1.54	0.19
Service	**F**	**Sig.**
Professionalism	1.28	0.28
Friendliness	1.95	0.10
Speed of service	0.26	0.90
Product knowledge	0.17	0.95
Handling of special requests/orders	1.51	0.20
Reservation details correct	1.62	0.17
Time waited to be seated	1.80	0.13
Food	**F**	**Sig.**
Presentation	3.57	0.01
Menu variety	2.52	0.04
Correctness of orders	1.63	0.17

The different family groups only differ significantly with regard to two factors related to the food of restaurants (highlighted in the table above). These two aspects are Presentation of the food ($p = 0.01$) and Menu variety (0.04).

These findings are shown in more detail in Table 5.10, which presents the mean rating scores of each family group on each of these two aspects. It appears that those respondents who are married with one child living at home are the most negative towards the food presentation and the menu variety (3.66 and 3.88 respectively), as opposed to respondents with partners or who are married with no children or none living at home with scores of 4.14 and 4.24 for presentation and menu variety respectively.

Table 5.10   Mean scores of the family groups on the ratings of food presentation and menu variety

Family groups	Presentation	Menu Variety
Single/widowed/divorced	4.13	4.03
Partners/married with no children or none living at home	4.14	4.24
Partners/married with 1 child or 1 living at home	3.66	3.88
Partners/married with 2 children or 2 living at home	4.00	4.03
Partners/married, more then 2 kids or more living at home	4.27	4.41

5.5.2 Age

Correlation was discussed in section 4.3.11.2 of this dissertation. Age shows a strong correlation with many of the restaurant rating aspects. The negative correlation values indicate that younger respondents tend to be more satisfied with aspects of the restaurants.

Older respondents are more critical of aspects of the interior and exterior and some of the service attributes of the restaurants in question. These correlation values can be seen in Table 5.11.

Table 5.11   Correlation between ratings and age (271 ≥ n ≥280)

		Age
Exterior		
Signage	Pearson Correlation	(0.12)
	Sig. (2-tailed)	0.05
Parking	Pearson Correlation	0.05
	Sig. (2-tailed)	0.41
Security	Pearson Correlation	(0.09)
	Sig. (2-tailed)	0.13
Cleanliness	Pearson Correlation	(0.12)
	Sig. (2-tailed)	0.04
Attractiveness of exterior storefront	Pearson Correlation	(0.08)
	Sig. (2-tailed)	0.16
Interior		
Atmosphere	Pearson Correlation	(0.17)
	Sig. (2-tailed)	0.00
Decor	Pearson Correlation	(0.13)
	Sig. (2-tailed)	0.03
Lighting	Pearson	(0.12)

	Correlation	
	Sig. (2-tailed)	<mark>0.04</mark>
	Pearson Correlation	(0.14)
Cleanliness of eating area	Sig. (2-tailed)	<mark>0.02</mark>
	Pearson Correlation	0.07
Comfortability of furniture	Sig. (2-tailed)	0.26
	Pearson Correlation	(0.09)
Cleanliness of bathrooms	Sig. (2-tailed)	0.15
Service		
	Pearson Correlation	(0.02)
Professionalism	Sig. (2-tailed)	0.69
	Pearson Correlation	(0.00)
Friendliness	Sig. (2-tailed)	0.96
	Pearson Correlation	0.01
Speed of service	Sig. (2-tailed)	0.84
	Pearson Correlation	0.01
Product knowledge	Sig. (2-tailed)	0.90
	Pearson Correlation	(0.11)
Handling of special requests/orders	Sig. (2-tailed)	<mark>0.07</mark>
	Pearson Correlation	(0.09)
Reservation details correct	Sig. (2-tailed)	0.14

	Pearson Correlation	(0.14)
Time waited to be seated	Sig. (2-tailed)	0.02
Food		
	Pearson Correlation	(0.08)
Presentation	Sig. (2-tailed)	0.17
	Pearson Correlation	(0.10)
Menu variety	Sig. (2-tailed)	0.10
	Pearson Correlation	(0.11)
Correctness of orders	Sig. (2-tailed)	0.08

5.5.3 Home Language

As can be seen from Table 5.12, with the exception of two ratings on food aspects (namely presentation and correctness of orders), the three different home language groups do not differ significantly as the significance values (p-values) are not smaller than the set cut off point of 0.05.

With regard to food presentation, Afrikaans-speaking respondents were more likely to award a better rating (4.16), followed by English-speaking respondents (3.92) and African respondents rating this aspect the worse (3.75). In terms of the correctness of the order, the ratings followed a similar pattern with Afrikaans-speaking respondents scoring 4.30, English respondents 4.08, and African respondents 3.98. These ratings are in line with the fact that Afrikaans customers form the majority of the respondents visiting restaurants in the Eastern Suburbs of Tshwane.

Table 5.12 **Comparisons of the different language groups with regard to the restaurant ratings ANOVA**

Exterior	F	Sig.
Signage	1.61	0.201
Parking	0.55	0.575
Security	0.02	0.985
Cleanliness	0.13	0.881
Attractiveness of exterior storefront	0.39	0.675
Interior	**F**	**Sig.**
Atmosphere	0.47	0.624
Decor	0.88	0.417
Lighting	0.70	0.495
Cleanliness of eating area	0.04	0.965
Comfortability of furniture	0.84	0.433
Cleanliness of bathrooms	0.68	0.509
Service	**F**	**Sig.**
Professionalism	1.00	0.369
Friendliness	1.55	0.214
Speed of service	0.23	0.797
Product knowledge	0.12	0.884
Handling of special requests/orders	0.56	0.570
Reservation details correct	0.52	0.594
Time waited to be seated	0.88	0.414
Food	**F**	**Sig.**
Presentation	5.21	0.006
Menu variety	0.03	0.968
Correctness of orders	3.72	0.026

5.6   Summary

This chapter dealt with the findings of the research study. The statistical analysis of the questionnaire was done with SPSS 11.0 for Windows. The results were presented by referring to the actual question numbers in the questionnaire. A profile of the respondents in terms of demographic characteristics was given, as well as a profile of the respondent's behaviour at the restaurants.

Thereafter the results of the ratings of the exterior, interior, service and food of the restaurants was provided, while the fourth section examined the attitudes of the respondents towards the restaurants and the impact of price sensitivity on the attitudes of respondents.
The restaurant ratings of demographic groups were compared with one another to determine if there were any differences in the perceptions amongst these groups.

In the next chapter, conclusions will be drawn and recommendations made about these research findings. A list of criteria for excellent customer service, to be used as a benchmark for establishing relationships with customers will also be presented.

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Chapter 6:

CONCLUSIONS AND RECOMMENDATIONS

</div>

6.1   Introduction

The focus of this study was to investigate customer service in selected restaurants in the Tshwane Area. The aim was to establish criteria for excellent customer service to be used as a benchmark for establishing relationships with customers. The impetus for the study arose from a preliminary scanning of the literature which revealed that despite the importance of quality customer service in retaining customers, many restaurants are still providing service to customers that is substandard. Hence the problem that is faced by many restaurants in the Tshwane Area is how to provide high levels of customer service resulting in customer satisfaction which can be used as a basis for establishing relationships with these customers. This would enhance customer retention and loyalty, and ultimate greater profitability.

In this chapter, conclusions are drawn, recommendations made, and the findings of the study discussed. The focus then shifts to the objectives of the study and how they were achieved. The chapter concludes by indicating further areas of research that were identified during the study.

6.2   Conclusions

For the purposes of this study, the target population in this research study was identified as all the restaurants in the Tshwane Area of Gauteng.

Due to the large number of restaurants in the Tshwane Area (namely 187), a census was not feasible and a sample of the total population of restaurants in the Eastern Suburbs of the Tshwane Area was taken (by means of convenience sampling) from which to conduct the survey with.

These restaurants in the Eastern Suburbs of Tshwane were selected based on convenience and the LSM profile of the restaurant patrons of this area, many of which have an average income of more than R18 000 (Cant et al 2006:115; Anon 2008:41). Due to the higher average income of these residents these patrons would visit more expensive restaurants.

As stated in chapter 1, the researcher decided to select 30 respondents in each restaurant to complete the questionnaire. A total of 300 questionnaires were distributed, with a total of 292 respondents who participated in the research study.

Conclusions regarding the demographic and behaviour profile of the respondents, as well as their attitudes towards the restaurant in terms of various restaurant attributes, the level of service received and attitudes towards price will be discussed next.

6.2.1 Demographic profile

The sample consisted of 34.1% single, widowed or divorced people, while 26.1% indicated that they were married/have partners but do not have any children. Just less than 40% of the respondents indicated that they have one or more children at home. The average age of respondents was found to be 32 years, but the sample consisted of a spread of respondents in the different age groups.

Most of the respondents were Afrikaans speaking (64%), followed by English–speaking respondents (19%), while 17% of the respondents indicated that they speak an African language. The fact that 64% of the respondents were in fact Afrikaans-speaking is in line with the demographics of the area, as discussed in sec 4.3.6.3.

A closer examination of the family structure and home language of respondents revealed that although the differences in the percentages were not statistically different, it did appear that persons who have an African language as a home language are slightly more likely to be married with 2 children living at home. On closer examination of the family structure and age groups of respondents, older respondents were significantly more likely to be married/have partners with children living at home.

Hence, the following can be concluded from the demographic profiling:

- *The fact that almost 40% of respondents indicated that they had one or more children at home, would definitely influence the patron's choice of restaurant, as not all restaurants cater for children in areas such as menu selection and baby-care facilities.*
- *A large majority of the respondents are fact Afrikaans-speaking. This implies that while Tshwane-based restaurants in the East should ensure that English and African-language speakers are catered for, management, reception-staff and waitrons should focus on conversing in Afrikaans well, so as to render excellent customer service resulting in customer satisfaction that can serve as a basis for establishing relationships with these patrons.*

6.2.2 Behaviour profile

From the findings of the research, it was interesting to note that the majority of respondents (28.6%) indicated that they visited the particular restaurant more than twice a month, which indicates customer satisfaction and can thus serve as a basis for establishing relationships with these patrons.

Due to the fact that a large majority (79.3%) of respondents visited the restaurants for social reasons, this result indicates that restaurants are visited by a large majority of the respondents for the purpose of relaxing and socialising with family and friends.

There was a fairly even distribution between respondents who ordered dinner while only 3% of the respondents had eaten breakfast at the time of completing the questionnaires. However, it did appear that of the few respondents who had breakfast, 85.7% had visited the same restaurant more than twice a month. Respondents were also more likely to be visiting a restaurant for the first time when they were having lunch (30.2%) as opposed to dinner (16%).

With regard to the question of the percentage of the bill provided as a tip/gratuity, it appears that most respondents tipped more than the minimum required 10%, but less than 15%. The standard deviation of 5% indicates that 66% of respondents tip between 5% and 15%, which indicates that the majority of the respondents were satisfied with the level of service received from the waitrons.

Hence, the following can be concluded from the behavioural profiling conducted:

- *The fact that the majority of respondents had visited the particular restaurant more than twice a month indicates customer satisfaction that can serve as a basis for establishing relationships with these patrons.*
- *Due to the fact that the majority of patrons visited the restaurants in question for social reasons, it can be concluded that they feel relaxed and comfortable enough at the particular restaurant to socialise there.*
- *The fact that the majority of respondents tipped more than 10% indicates that they were satisfied with the level of service received.*

6.2.3 Rating the attributes of the restaurant

Respondents were asked to rate exterior factors of the restaurants such as signage, parking, security, cleanliness and the attractiveness of the exterior.

Cleanliness and attractiveness were the factors of the exterior that were rated the highest, while signage and parking received the lowest relative ratings.

Factors of the interior rated by respondents included atmosphere, décor, lighting, cleanliness of the eating area, comfortability of the furniture and cleanliness of the bathrooms. Once again, cleanliness rated best overall; both the cleanliness of the eating area and the bathrooms were rated very well. Atmosphere, décor and lighting were also rated well, while the furniture at the various restaurants was rated as not being particularly comfortable, receiving a relatively low rating. These factors investigated form part of the servicescape of the restaurant as discussed in sections 3.3.8 and 5.4 of this study. In order to ascertain the respondents overall satisfaction and willingness to do business with the organisation again, the researcher decided to include various service aspects such as friendliness, product knowledge and speed of service to be rated by the respondents, as each is an important event or standard in a restaurant environment. These aspects were included to test patron's experience of various important service encounters or "moments of truth" as discussed in sections 3.3.7 and 5.4.3.

These service aspects were rated consistently high, all achieving above 4 out of 5. The relative weaker rated areas are professionalism and speed of service. Staff were rated as generally friendly, knowledgeable and willing to help. With such consistently high scores, it can therefore be deduced that the respondents were generally satisfied with the service levels experienced. The three food quality related aspects rated (presentation, menu variety and correctness of the order) all received consistently high scores and it can therefore be deduced that the respondents who completed the questionnaire had a favourable interaction with the service provider's products and the various "moments of truth".

As an overall measure of quality of the restaurant, respondents were also asked to rate the overall value for money that the restaurant offers, and most respondents considered the restaurant to be very good value for money, with only 1.1% rated the restaurant as being poor value for money. It can therefore be deduced that customers who view a restaurant as providing good value for money will be more satisfied with the overall service levels than those than do not.

The following can be concluded from the attribute rating of the restaurants:

- *Cleanliness, atmosphere, decór and lighting were aspects of the restaurants' servicescape that were rated the highest. All of these factors would contribute to a patron visiting a restaurant again as cleanliness of the restaurant relates directly to the perception of cleanliness and of the freshness of the food served..*
- *Due to the fact that that the majority of patrons were visiting the restaurant in question for social reasons, the restaurant's atmosphere, decór and lighting would have a large impact on how the patron would enjoy his/her visit to the restaurant in question.*
- *The various service aspects that were rated by the respondents, such as friendliness and product knowledge, were consistently highly rated, and it can therefore be deduced that the respondents were generally satisfied with the service levels encountered.*
- *As the food quality related aspects rated all received consistently high scores it can therefore be deduced that the respondents who had a favourable interaction with the service provider's products.*
- *Customers who view a restaurant as providing good value for money will be more satisfied with the overall service levels than those than do not.*

6.2.4 Attitudes towards the restaurant

In this section of the questionnaire, the researcher included a number of statements related to each step of the relationship ladder of loyalty. From the results, it is clear that the majority of respondents are in fact advocates and supporters when compared to the relationship ladder of loyalty as identified by Christopher et al (2002:48) in section 3.3.9.2. The statement that the author included ("I have visited this restaurant before but will not return again") obtained the lowest mean score of 2.82. One may thus conclude that the majority of respondents were satisfied with the level of service received, and that this level of satisfaction could serve as a basis for establishing relationships with these patrons.

Price also appears to be an important driver of restaurant choice, with only 3.5% of the respondents indicating that price was not an important driver of restaurant choice.

The following can be concluded from the attitudes towards the restaurants:

- *That the majority of respondents are satisfied with the level of service received. The majority of respondents selected statements that indicated that they were advocates and supporters of the restaurant in question, which can be inferred from the options they selected*
- *Price is a very important driver in the choice of restaurant*

6.2.5 Comparison of demographic groups on their rating of the restaurants

It was found that respondents of all ages, language groups and family compositions are equally price sensitive and no significant differences exist between these groups. The different family groups only differ significantly with regard to two factors related to the food of restaurants, namely presentation of the food and menu variety.

It appears from the findings that age shows a strong correlation with many of the restaurant rating aspects. The negative correlation values indicate that younger respondents tend to be more satisfied with aspects of the restaurants. Older respondents are more critical of aspects of the interior and exterior and some of the service attributes of the restaurants in question.

With regard to food presentation, Afrikaans-speaking respondents were more likely to award a better rating, followed by English-speaking respondents and African respondents rating this aspect the worse. In terms of the correctness of the order, the ratings followed a similar pattern.

The following can be concluded from the comparison of demographic groups on their rating of the restaurants:

- *Younger respondents tend to be more satisfied with aspects of the restaurants such as its interior and exterior. Older respondents are more critical of aspects of the interior and exterior and some of the service attributes of the restaurants in question.*

- *Afrikaans-speaking respondents were more likely to award a better rating, to food presentation, followed by English-speaking respondents and African respondents who rated this aspect the worst. In terms of the correctness of the order, the ratings followed a similar pattern.*

6.3   Recommendations

The following recommendations are general recommendations regarding the implications of the results of the research study and will be listed in no particular order.

The management of restaurants in the Eastern Suburbs of the Tshwane Area (as well as any other areas) should take these recommendations into consideration during any future service decision-making processes:

- *That families with children must be catered for by introducing children's menus and facilities such as baby-care stations and children's play-areas*

- *Restaurants should ensure that English and African-language speakers are catered for in terms of Afrikaans menus and waitrons able to converse in Afrikaans as well.*

- *Cleanliness, atmosphere, decór and lighting must be focused on as the majority of patrons visit restaurants for social reasons, therefore the restaurant's atmosphere, decór and lighting will have a large impact on how the patron would enjoy his/her visit to the restaurant in question.*

- *Price is a very important driver in the choice of restaurant for a customer, so a restaurant's management must carefully consider its pricing structures, which is related to the value perception of customers.*

- *Older respondents are more critical of aspects of the interior and exterior and some of the service attributes of the restaurants in question. If a restaurant's customer base consists of mostly older customers, the restaurant must focus on its interior and exterior as discussed in 5.4.1 and 5.4.2.*

In the section that follows, the criteria for excellent customer service, resulting in customer satisfaction, which can be used as a basis for establishing relationships with these customers will be discussed. The application of these criteria would therefore enhance customer retention and loyalty, and ultimate greater profitability.

6.4 Criteria for excellent customer service

The survey results reveal that there are certain criteria that a restaurant should fulfill in order to successfully establish relationships with its customers in the Eastern Suburbs of Tshwane. These criteria can be used to benchmark a particular restaurant towards providing satisfactory levels of customer service, and are listed in Exhibit 6.1:

Exhibit 6.1   Criteria for excellent customer service in restaurants in the East of Tshwane

SUCCESSFUL RESTAURANTS :
- Cater for children in areas such as menu selection and baby-care facilities   - Ensure that English and African-language speakers are catered for, and that management, reception-staff and waitrons should focus on conversing in Afrikaans well, so as to establish a relationship with customers   - Ensure that patrons feel relaxed and comfortable enough at the particular restaurant to socialise there, which is their main reason for eating out   - Focus on cleanliness, atmosphere, decór and lighting. All of these factors contribute to a patron visiting a restaurant again   - Ensure that patrons have a favourable interaction with the restaurant's products   - Ensure that patrons have a positive experience of various important "moments of truth"   - Provide good value for money in terms of the food served   - Charge prices that patrons are willing to pay as price is a very important driver in the choice of restaurant   - Satisfy older respondents who are more critical of aspects of the interior and exterior and some of the service attributes of the restaurants in question.

Although the above list is by no means a complete checklist of the criteria for excellent customer service in restaurants, restaurants in the East of the Tshwane Area should evaluate themselves against these points. This will hopefully provide a benchmark in guiding them towards providing better customer service, higher customer satisfaction and therefore establishing relationships with their customers.

In the section that follows, the objectives of this study will be revisited.

6.5   Objectives of the study revisited

The main objective of the study was to investigate customer service in selected restaurants in the Tshwane Area to establish criteria for excellent customer service as a benchmark for establishing relationships with customers, by means of an exploratory study. This objective was achieved in the study as illustrated in Exhibit 6.1 and discussed in section 6.4 above.

Secondary objectives of the study included the following:

- To investigate the factors contributing to the customer's perceived level of service of the restaurant, including:

  – the servicescape of the restaurant
  – perceived value for money
  – price

This objective was achieved in the study whereby the internal and external elements of the servicescape and value for money and price were investigated. See the findings illustrated in Figures 5.7, 5.8 and 5.11 and discussed in sections 5.4.1, 5.4.2 and 5.4.5 in Chapter 5 in this regard.

- To highlight further areas of study, which will be discussed next.

6.6   Areas of further research

The following areas for further research were identified by the researcher while developing and completing this study:

1   To conduct research to determine the influence of service on other relationships, such as with a restaurant's competitors and suppliers, and not only with customers as investigated in this study.

2   To investigate employee satisfaction and its contribution to customer satisfaction.

3   To investigate the impact of employee training on employee satisfaction.

4   To investigate the reasons advocates (identified as customers that would strongly recommend a restaurant to others in section 5.4.6.1) visit a particular restaurant.

5   To investigate why older respondents are more critical of aspects of the interior and exterior and some of the service attributes of restaurants than younger patrons are, and what the implications of this would be for a restaurant.

6   To investigate criteria for excellent customer service to be used as a benchmark for establishing relationships with customers on a national basis in South Africa, thus to avoid any bias in the generalisation of results.

6.7   Conclusion

The criteria identified for excellent customer service can be used as a benchmark for establishing relationships with customers, by providing customer satisfaction, which leads to customer retention, loyalty and ultimately profitability for an organisation.

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ANNEXURE A: QUESTIONNAIRE

Please answer the following questions by marking the appropriate box with an 'x': Questionnaire nr: [1-3]

1. How often do you visit this particular restaurant?

This is my first visit	Once every 2 months	Once a month	Twice a month	MORE THAN TWICE A MONTH	
1	2	3	4	5	[4]

2. What is the reason for your visit to this restaurant?

Business/work related	Social	
1	2	[5]

3. Which meal have you just eaten?

Lunch	Dinner	
1	2	[6]

4. Rate the following characteristics of the exterior of this restaurant :

Exterior characteristics	Poor	Fair	Average	Good	Very good	
Signage	1	2	3	4	5	[7]
Parking	1	2	3	4	5	[8]
Security	1	2	3	4	5	[9]
Cleanliness	1	2	3	4	5	[10]
Attractiveness of exterior storefront	1	2	3	4	5	[11]

5. Rate the following characteristics of the interior of this restaurant :

Interior characteristics	Poor	Fair	Average	Good	Very good	
Atmosphere	1	2	3	4	5	[12]
Décor	1	2	3	4	5	[13]
Lighting	1	2	3	4	5	[14]
Cleanliness of eating area	1	2	3	4	5	[15]
Comfortability of furniture	1	2	3	4	5	[16]
Cleanliness of bathroom	1	2	3	4	5	[17]

6. Rate the service received from the waiters at this restaurant :

SERVICE RECEIVED FROM WAITERS	POOR	Fair	Average	Good	Very good	
Professionalism	1	2	3	4	5	[18]
Friendliness	1	2	3	4	5	[19]
Speed of service	1	2	3	4	5	[20]
Product knowledge	1	2	3	4	5	[21]
Handling of special requests/orders	1	2	3	4	5	[22]
Reservation details correct	1	2	3	4	5	[23]
Time waited to be seated	1	2	3	4	5	[24]

7. Rate the food served at this restaurant :

QUALITY OF FOOD	Poor	Fair	Average	Good	Very good	
Presentation	1	2	3	4	5	[25]
Menu variety	1	2	3	4	5	[26]
Correctness of orders	1	2	3	4	5	[27]

8. Rate how the following descriptions apply to you by using the following scale:

8.1. I would strongly recommend this restaurant to others

0   1   2   3   4   5   6   7   8   9   10

[28]

8.2. This is not the only restaurant I frequently visit

0   1   2   3   4   5   6   7   8   9   10

[29]

8.3. I have visited this restaurant before, but my experiences have not always been positive, but I will return to this restaurant

0   1   2   3   4   5   6   7   8   9   10

[30]

8.4. I have visited this restaurant before but will not return again

0   1   2   3   4   5   6   7   8   9   10

[31]

8.5. This is the first time that I have visited this restaurant

0   1   2   3   4   5   6   7   8   9   10

[32]

8.6. I would not have chosen this restaurant of my own accord

0   1   2   3   4   5   6   7   8   9   10

[33]

9. How important is price when you make a decision on which restaurant to visit? Please mark your answer on the following 5 point scale where 1 is not important and 5 is very important.

Not important

1	2	3	4	5

Very important

[34]

10. How would you rate this restaurant's products in terms of value for money, where 1 = poor value

for money and 5 = excellent value for money?

Poor value for money

1	2	3	4	5

Excellent value for money

[35]

11. Please indicate what the average total bill was **per head** for this meal (excluding the tip for the waiter):
R ....

[36-39]

12. Please indicate how much you tipped your waiter as a percentage of the bill:
R ....

[40-43]

The following information is required for statistical purposes only:

13.   Please indicate which of the following descriptions best described your family structure: [44]

Single/divorced/widowed	*Partners/married with no children or no children living at home*	*Partner/married with 1 child, or I child living at home*	*Partners/married with 2 children , or 2 children living at home*	*Partners/married with more than 2 children, or 2 children living at home*
1	2	3	4	5

14.   Please indicate your mother tongue

Afrikaans		IsiXhosa		Sesotho		Tsivenda	
English		IsiZulu		Setswana		XitSonga	
IsiNdebele		Northern Sotho		SiSwati		Other (specify)	

[45]

15.   Please indicate your age ....   [46]

Please supply your name and daytime contact number in order to enter the lucky draw win a prize of R750

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