

Empathy and Consumer  
Purchase Intentions:  
An Empirical Investigation  
of Upscale Restaurants



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Doctor of Philosophy

VICTORIA UNIVERSITY OF TECHNOLOGY



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**Empathy and Consumer Purchase Intentions:  
An Empirical Investigation of Upscale Restaurants**

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## ABSTRACT

This study investigates the association between empathy and future purchase intentions (FPI) among customers of high contact services. Empathy is seen as an interpersonal relationship and conceptualised as a communal relationship. In this study, it is theorised as the outcome of restaurant service attributes, the influential force of relationship quality (i.e., overall satisfaction, trust and commitment) and future purchase intentions (FPI) as a form of customer loyalty by using upscale restaurants as service settings. With a view to developing the conceptual framework, the three bodies of theory are incorporated to form the theoretical foundation of the study, from which the constructs are derived and relationships among them are discussed and theorised. These are exchange theory, affect theory and relationship marketing theory. The theoretical framework then provides the underpinning for developing the conceptual model, which leads to the development of the hypotheses and questionnaire.

In order to explore the relationship between empathy and FPI in the service settings of upscale restaurants, other restaurant constructs (restaurant service attributes and relationship quality) are introduced and a conceptual model of Empathy—Future Purchase Intentions is developed. This conceptual model deals with not only the consequences of empathy but also the antecedents of empathy in a hope that this social behaviour can be better understood. In addition, the relational preference by customers toward the restaurant in relation to their service perception and service outcomes is also explored. This study also examines the two main restaurant types with regard to the service perception and service outcomes by their customers.

In consideration of the constraints imposed by the restaurant business such as management's concern about their customers when conducting a survey, and especially the consumers' affinity for online search behaviour, online surveys with target restaurants were undertaken for the purpose of collecting a more generalised sample population and the efficiency of data collection. Two upscale restaurants of a different type were chosen as the participating restaurants and the online

questionnaires were placed on their websites. Respondents were upscale restaurant customers who had dining experiences at either the participating restaurants or at other restaurants of similar standing. A total of 647 responses were collected. In order to deal with the large scope of the study, several methods of statistical analyses are applied including description analysis, t-test, chi-square test, principal component analysis, confirmatory factor analysis, Pearson's product-moment correlation coefficient, and structural equation modelling (SEM). These statistical methods were applied to test hypotheses and therefore the objectives of the study can be achieved.

The empirical results indicated that relationships among restaurant constructs were far more complex than previously thought. The main focus of the study, empathy, has been revealed for its positive relationship with restaurant service attributes. In addition, though empathy did not show a statistically significant relationship with purchase intentions, empathy has been demonstrated to have deep impact on relationship quality with the restaurant from which empathy influenced customers' FPI. In addition to that, restaurant service attributes showed separate and distinctive effects on relationship quality and FPI. Moreover, the underlying meaning of both constructs: restaurant service attributes and relationship quality, and their relationships were thus manifested through their association with empathy. As well, the links between the constructs of relationship quality and FPI were established. Separately, the other two facets of the study regarding the differences and similarities in perception between customer types (regular customers and occasional customers) and between restaurant types (city type and country type) disclosed detailed results that provided additional supporting information for the main body of the study.

The disclosure of empathy and its correlates based on the conceptual model may be applied to services that are not only high in human contact but also relationship focused. The present study should be valuable to both academics and market practitioners in the following ways. Firstly, the interrelationships among restaurant constructs have been identified, among which empathy shows a strong association with long-term relationships with the restaurant and subsequently with FPI. Secondly, the application of structural equation modelling (SEM) and online surveys are essential for studies with multiple constructs to be investigated and where data

collection is restricted by the constraints of business. Thirdly, the examination of relationship orientation (customer types) for its impact on customers' service evaluation and service outcomes is highlighted. Regular (relational orientation) customers and occasional (transactional orientation) customers have shown distinctive differences in service perception namely restaurant service attributes and empathy, and service outcomes in terms of relationship quality and FPI. It is hoped that the study of empathy in upscale restaurants will provide a new understanding of this interpersonal relationship in high contact services.

With the new findings, this study proposes numerous implications in the areas of consumer behaviour, marketing, management and methodology that would be beneficial for both academics and management. In addition, the emergent results of this study also provide a new platform for further study, which could expand the knowledge in the related field of consumer behaviour.

## DECLARATION

“I, Hungchen Hsieh, declare that the PhD thesis entitled *Empathy and Consumer Purchase Intentions: An Empirical Investigation of Upscale Restaurants* is no more than 100,000 words in length including quotes and exclusive of tables, figures, appendices, bibliography, references and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work”.

Signature,

Date 12-06-2008

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## LIST OF PUBLICATIONS FROM THIS THESIS

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# CHAPTER 1

## 1 INTRODUCTION

### 1.1 Background

The restaurant industry is growing at a rapid pace due to the increasing number of people choosing to eat out more frequently (Gustafsson *et al.*, 2006). Take the full service dining restaurants in Asia as an example; the monthly household expenditure in fine dining restaurants has more than doubled since 1988 to 1995 (Lalwani, 2002). According to Gustafsson *et al.* (2006), the increasing trend eating out at restaurants can be attributed to higher income for expenditure and more double income families with less time for cooking. In addition, Lundberg (1984) indicates that another reason for the increase is the shrinkage of households. Small households encourage eating out where dining is perceived as both a social and a culinary experience.

Lundberg (1984) suggests that people select a particular restaurant to meet their psychological needs in the moment. Muller (1999) once said restaurants are the retailers of customer experience. He indicates that restaurants are highly interactive businesses where customers are concerned mostly with how the meal is delivered and feels. As such, regarding the business aspect, restaurants have been thought to sell not only food but also an experience, a multifaceted complex experience (Gustafsson *et al.*, 2006; Romm, 1989; Yuksel and Yuksel, 2002) which represents a type of “people business” that demands high levels of interaction (Parasuraman, Berry and Zeithaml, 1991). Gustafsson *et al.* (2006), for example, maintain that people go to a restaurant for the dining experience (which extends beyond the food itself) and to

socialise. They further indicate that restaurant diners are looking for “the fulfilment of certain desires and mood expectations” (p. 85). Similarly, Romm (1989) suggests that the restaurant is a social environment created by the guest and the service employee whose role is to create desirable social interactions. This echoes to the study by Andersson and Mossberg (2004), suggesting that physiological needs (food and beverage) are not the only needs customers seek to satisfy when dining in restaurants. It is an experience customers want, especially a social experience to be exact, which involves a high degree of human interactions.

In a global perspective, the full-service restaurant segment appears to have been excluded from major chain hotels. O’Mahony (2007) indicates that mainly due to increasing competition globally and lack of knowledge about customers’ needs and wants, most of the fine dining outlets have been abandoned in international chain hotels. Similarly, Walker (1999) indicates that full-service restaurants (e.g., upscale restaurants) are mostly independently owned. He suggests that many five-star hotel chains have sold their hotel restaurants due to low profit margins and strong competition from independent restaurants. However, a new trend is emerging where upscale restaurants are now teaming up with boutique hotels, a luxury type hotel, to provide the unique experience. According to Ruggless (2007), upscale restaurants in boutique hotels have been growing in number and regard by offering tailored menus to meet the personalised needs and wants of higher end restaurant customers who often seek a unique dining experience. This type of restaurants has long been globally regarded as eateries that focus on quality and service that can cater to special requests by customers (Wolkowitz, 2005). Walker (1999) describes these full-service restaurants in a rather technical term as ones where a good selection of menu items is

offered, and with all food prepared on site from fresh ingredients (p. 209). As such, the combination of luxurious rooms and fine food has created a unique package and experience for customers (Ruggless, 2007).

Apparently, in addition to the independent sector, upscale restaurants have again entered the hotel segment. Such business practices of being both within luxury hotels and independent could, from the researcher's point of view, create a more diverse clientele for these restaurants. Similarly, Walker (1999) also suggests that for marketing benefits such as increased public awareness, many upscale full-service restaurants have locations both in the regional areas and major cities. This notion is consistent with the fact that food and wine producing regions such as the Napa valley in U.S.A. feature numerous full-service restaurants whose cuisines are a strong reflection of the local wine culture (Napa Valley, 2007). It seems that in addition to having city locations, upscale restaurants in regional areas are another main stream application for restaurants of this type. However, one common issue facing upscale restaurants is, as Stierand and Sandt (2007) point out, the high uncertainty that persists concerning repeat business in customers of the fine dining segment, which gives rise to the need for strategies to encourage customer loyalty.

It has been suggested that it costs about six times more to gain new customers than to retain loyal customers who purchase the service repeatedly (Simos, 2005). A loyal customer cannot only generate enormous profit for the business but also will not easily switch their custom to competitors (Reichheld and Teal, 1996; Simos, 2005). Traditionally, customer satisfaction has been regarded as an important indicator of customers' future purchase intentions toward an organisation or a service (Hennig-

Thurau, Gwinner and Gremler, 2002). However, satisfaction alone does not translate into real loyalty (Bowen and Shoemaker, 2003; Jones and Sasser, 1995; McDougall and Levesque, 2000; Oliver, 1999) and generating repurchase intentions seems more complex phenomena than previously expected (Jones and Sasser, 1995; Yi and La, 2004). Apparently, in the service context there might be other causes that affect customers' purchase intentions beyond customer satisfaction.

The quality of service delivered by the restaurant staff during the high-contact service encounter with the customer could be the influential factor on which the customer makes the decision whether to return to and possibly form a long-term relationship with the organisation (Bitner, Boom and Tetreault, 1990; Bove and Johnson, 2000; Butcher, Sparks and O'Callaghan, 2001; Scanlan and McPhail, 2000; Wong and Sohal, 2003). More precisely, the results of the interaction in the service encounter between the two parties is said to be the main cause of loyalty intent (Butcher, Sparks and O'Callaghan, 2002; Gremler and Gwinner, 2000). Therefore, the way in which the service is provided could be the sole indicator on which the customer evaluates the whole service organisation (Bitner *et al.*, 1990). Similarly, staff manner in the service interaction is said to be critical for service outcomes (Sweeney, Soutar and Johnson, 1997). Primarily, the service interaction between the customer and the contact employee is mainly social in nature (Czepiel, 1990). Following the discussion, this study will look into a specific social behaviour conveyed by the contact employee that, among others, could determine customers' future purchase intentions (FPI) as loyalty behaviour in a high contact service. Among all the services, restaurants have been suggested as a high contact service where the interaction between the customer and the waiter is frequent (Chase, 1978; Winsted,

1997) and interpersonal service (Bitner, 1992). For the purpose of the study, full-service upscale restaurants are chosen since they represent a high contact service where the interactions between the customer and the contact employee are more frequent of longer duration and potentially richer in quality. This choice was made in the hope it would facilitate a more comprehensive understanding of customers' future purchase intentions (FPI).

In past studies of service quality in restaurants, food quality has been the most important consideration for restaurant selection by customers (Clark and Wood, 1998; Kivela, 1997; Lewis, 1981). However, besides the tangible elements such as food, other intangible elements have emerged as critical factors in determining customers' service perception. For example, research (Sulek and Hensley, 2004) has suggested that good service, among others, is also important besides good food in a full-service restaurant. Other authors (Mattila, 2001; Winsted, 2000) have also found the close relationship between service provided by the contact employee and positive service results. In the same notion, Pratten (2003) summarises that restaurant staff are a major factor for dining success. He argues that waiters and waitresses are the main contact between the customers and the restaurant therefore their service performance will have a major impact on customers' dining enjoyment (see also, Gustafsson *et al.*, 2006). More specifically, Sulek and Hensley (2004) maintain that interpersonal skills of the restaurant staff are essential for customer satisfaction and repurchase intentions in a full-service restaurant. However, the specific nature of the interpersonal behaviour shown by the contact employee in a dining experience that could influence customers' decision to return to the restaurant remains to be identified.

With regard to the interpersonal behaviour, empathy has emerged as the interpersonal relationship that contributes to the relationship closeness between the parties involved (Sharma and Patterson, 1999) as well as favourable service results such as repurchase intentions (Butcher *et al.*, 2002). Empathy has been defined as “the ability to put yourself in the other person’s position, establish rapport and anticipate his reactions, feelings and behaviours” (Kerr and Speroff, 1954, p. 269). This interpersonal element allows one person to understand and anticipate or predict others’ responses emotionally (Redmond, 1989). Further, such human characteristics enable one person to vicariously respond to others emotional reactions and concerns for others (Goleman, 2000), which leads to helping behaviours (Widmier, 2002) displaying genuine emotional concern for customers during the service encounter (Roger, Clow and Kash, 1994). Thus, empathy can be seen as an emotional display. Empathy of such conceptualisation is void in the literature and the knowledge regarding its effect on customers’ FPI in high contact service settings is very limited. Although in the context of service quality in restaurants (Johns *et al.*, 1996; Lee and Hing, 1995; Winsted, 2000) empathy has been studied as one of the dimensions of measuring service quality, the conceptualisation of which varies significantly from that of the current study. Implied by Bitran and Hoech (1990), empathy can be better manifested in high contact services such as upscale restaurants as they involve higher human interactions (Chase, 1978). It is presumed that empathy repetition would be highly expected and desired and hence could generate positive service outcomes. Following from the discussion and to fill the research gap, this study attempts to examine the relationship between empathy and customers’ future purchase intentions (FPI) in the high contact service by using upscale restaurants as the study setting.

Based on Lawrence's (2002) study, this current study also regards empathy as a communal relationship. Two types of exchange have been previously identified and differentiated: communal exchange and economic exchange. The former signifies a close relationship for friends and family members whereas the latter denotes an economic relationship that is more calculative and evaluative in nature (Clark and Mills, 1979). The intrinsic difference between the two lies in the notion that in the communal relationship, exchange partners have concern for others' welfare, respond to their needs, and do not expect a return of the favour, while the exchange relationship keeps track of the proportion of benefits given and returned (Clark and Mills, 1979). The type of behaviours found in a communal relationship has been suggested as strengthening the relationship between the customer and the organisation (Goodwin and Gremler, 1996; Guenzi and Pelloni, 2004).

The positive consequences of the relationship developed through interpersonal interactions, with the organisation, has been confirmed and thought to be markedly meaningful for organisations (Guenzi and Pelloni, 2004). To distinguish the nature of a relationship, relationship quality has been described holistically as the overall depth and climate of a relationship (Johnson, 1999), and referred to as relationships at a higher level, the organisation level (Hennig-Thurau, Gwinner, and Gremler, 2002). A relationship at this level has been found to be highly associated with customers' purchase intentions (Wong and Sohal, 2002; Macintosh and Lockshin, 1997). In a restaurant study, Mattila (2001) also concluded that relationship commitment results from the interpersonal influence of personal bonding and could lead to repurchase decisions. These organisation-level attributes of relationship quality utilised in this

study are overall satisfaction, trust and commitment that describe the level of relationships customers have with the restaurant.

Following from the discussion, this study investigates the relationship between empathy and FPI in high contact service settings of upscale restaurants and to examine how empathy perceived by the customers during service encounters affects their FPI toward the restaurant. In addition, the study sets to reveal the influence of this interpersonal relationship on organisation-level relationships, which could be used to predict FPI. With a view to grasp the comprehensive influence of empathy on FPI and relationship quality, this study introduces a construct relevant to this specific service setting namely restaurant service attributes (food quality, familiarity with the waiter, satisfaction with the waiter and atmosphere) through which the central investigation of empathy is expected to be better manifested. Relationship quality is also regarded as a focal construct due to its close nature with empathy in relationship building and the association with the theories applied in this study. Essentially, this study focuses on the interpersonal relationship namely empathy and its influence on customers' FPI toward the restaurant through two related but distinct lenses: first, the direct relationship with FPI from empathy, the individual-level relationships; and second, the indirect relationship with FPI through relationship quality, the organisation-level relationships.

Along with the investigation of the relationship between empathy and FPI, the other interest of this study relates to the relationship preference of customers. Customers are theorised to either consider themselves as relationship orientation (regular) customers or transactional (occasional) customers toward the restaurant. According

to Dwyer, Schurr and Oh (1987), business exchange can be categorised into transactional exchange and relational exchange. The former refers to exchange that is narrow and short-term in nature whereas the latter involves extended and social exchange. Thus, different types of relationships do exist in business exchanges. In a similar notion, different customers have been thought to prefer different relationships with the service provider or the organisation (Blois, 1998; Goodwin and Gremler, 1996). Some prefer long-term relationships while others like short-term ones.

In addition, long-term or loyal customers have been found to have more access to additional benefits in the service interaction and gain personal attention from the service provider (Hollander, 1985; Zeithaml, 1981). These relational benefits could influence customers' service evaluation and therefore generate more positive service results (Aggarwal and Law, 2005). As such, this current study postulates that regular customers of upscale restaurants compared to occasional customers could be given more service or personalised attention, which could influence their service perception from restaurant service attributes and empathy, and therefore engender favourable service outcomes of relationship quality and FPI.

With regard to the segment of upscale restaurants in Australia, it is obvious that the numbers and importance of full-service upscale restaurants are growing in the city of Melbourne (city type) and also the regional area of Victoria (country type) due to the tourism development by the local government in conjunction with abundant food and wine grown locally. Food and wine, the core product strength of Victoria, therefore have become an important part of tourism in the state ([www.tourism.vic.gov.au](http://www.tourism.vic.gov.au)). Based on Tourism Victoria's *Annual Report 2005-06*, Victoria is recognised as the

leading state offering quality regional food and wine experiences (Tourism Victoria, 2006, p. 17). In addition, the report also shows that Melbourne, compared to other cities in Australia, is the leading city offering quality food experiences and world-class restaurants, among others ([www.tourism.vic.gov.au](http://www.tourism.vic.gov.au)). This is consistent with a study by Sparks Bowen, and Klag (2003), indicating that restaurants in Melbourne have experienced vast growth due to their teamwork with the tourist industry as a destination attraction to tourists domestically and internationally. Sparks *et al.* (2003) further indicate that Melbourne has been considered as a premier tourist destination for culinary experiences as it has a renowned reputation for its dining style and wine experiences (Faulkner, Opperman and Fredline, 1999). Such marketing efforts of promoting food and wine in tourism have further made the city of Melbourne and regional areas become tourist attractions domestically and globally ([www.tourism.vic.gov.au](http://www.tourism.vic.gov.au); [www.visitvictoria.com](http://www.visitvictoria.com)). According to the official website ([www.visitvictoria.com](http://www.visitvictoria.com)), there have been an increasing number of full-service dining establishments in the city of Melbourne that are renowned for among others, their world-class chefs and innovative cuisines, which pair distinctly with local wines. These unique dining experiences are part of the reflection of the multi-cultures of Melbourne.

With regard to country type restaurants, in addition to the great number of wineries throughout the regional areas of Victoria (e.g., Daylesford and Macedon Ranges, Yarra Valley and Dandenong Ranges, and Mornington Peninsula) the fresh, diverse and bountiful local produce also contribute to the growing popularity of fine dining in these regions ([www.visitvictoria.com](http://www.visitvictoria.com)). Therefore, upscale restaurants of the city type and the country type (regional areas) have emerged as two main restaurant groups in

Victoria as a result of the vigorous tourism campaign. Overall, the increasing number and importance of upscale restaurants of both types among all restaurant categories offers an ideal sampling base for the study. Considering the widespread nature and popularity of full-service upscale restaurants in both the city of Melbourne and the regional areas of Victoria, these two types of restaurant are thus suggested to represent the population of upscale restaurants and therefore worthy of examination.

## **1.2 Justification**

### **1.2.1 Nature and Use of Upscale Restaurants**

This study uses upscale restaurants as its setting primarily for the purpose of gaining an understanding of the typically extensive and rich quality of human interactions in relation to empathy between customers and waiters which is one of the hallmarks of the fine dining experience. In the existing literature, restaurants have been selected as representative of high contact services in which contact employees' interpersonal skills are thought to be particularly important (Bitner *et al.*, 1990; Chase, 1978; Lovelock, 1983; Winsted, 1997). In a study of the restaurant context, Yuksel and Yuksel (2002) surveyed tourists for their satisfaction perception of non-fast-food restaurants. They suggest that sit-down table service operations provide more opportunity to examine interaction between customers and employees than a fast-food or cafeteria-type operation. Furthermore, it is maintained that in high contact services, frontline service staff receive feedback on how they relate to other people through empathy. An implication of this is that empathy can be conveyed more readily through high contact services (Bitran and Hoech, 1990).

In addition, another facet of upscale restaurants that is beneficial in a study setting is the longer duration of service time relative to the level of emotional response, which is thought to be higher for the service that lasts longer (Price, Arnould and Deibler, 1995). Wakefield and Blodgett (1994) indicate that customers of leisure services, such as upscale restaurants usually spend significant periods of time in the service environment. In accordance with their assertion, upscale restaurants are generally considered as eateries having longer duration of service due to the level of food and service offered. Wakefield and Blodgett (1994) suggest that visits to upscale restaurants are regarded as driven by emotional or hedonic motives as customers seek more service experience than the core service. Empathy, the focus of this study, is seen as a displayed emotion (Siehl *et al.*, 1992) and therefore fits in well with the study's intentions of exploring how empathy shown by the contact employee influences customer behaviours in this service setting.

The other notion of applying upscale restaurants as the service settings is that service employees in upscale restaurants usually endeavour to accommodate the service needs of their diners (Tucci and Talaga, 1997), as this type of restaurant by definition offers top-quality food and service (Susskind and Chan, 2000). These service characteristics of upscale restaurants are in line with the communal relationship suggested by this study in which the contact employee takes the proactive measure in response to the customer's welfare and needs during the service delivery by showing empathic behaviours. Following the foregoing discussion, upscale restaurants are chosen as the ideal settings for the empirical study. This study, however, is not about restaurants per se but rather about services that are high in human contact where the effect of empathy can be evidenced. Based on those common descriptions and for the

purpose of this study, an upscale restaurant is defined as a restaurant that offers a good selection of food and wine, has an elegant urbane atmosphere, provides high-quality foods, and has high standards of service by contact employees who are relatively concerned with both technical service and people skills.

### **1.2.2 Rationale**

Personal interactions have been thought to constitute a critical aspect in the marketing of services (Bloemer and Ruyter, 1999; Czepiel, 1990; Gremler and Brown, 1999; Surprenant and Solomon, 1987). The unsuccessful outcome of an interaction during a service encounter often leads to switching behaviour (Keaveney, 1995). Conversely, the quality of service perceived from positive personal interaction can help promote a long-term relationship with the organisation (Bitner, 1990). Further, interpersonal relationships strengthened through manifold interactions are advocated as strong determinants of customer loyalty (Czepiel and Gilmore, 1987; Gremler and Brown, 1996). Empathy as an interpersonal relationship, however, has not been identified and studied for its relationship with FPI. Furthermore, there is a lack of studies applying empathy, in service settings characterised as high in human contact and complex services (such as found in upscale restaurants), as a determinant attribute of customer responses such as purchase intentions. This void has prompted the main focus of this study.

This study will focus on, among others, the influence of empathy on FPI as a form of customer loyalty. Specifically, the study investigates how empathy entailing the affective and cognitive components shown by the contact employee during service encounters can affect a customer's subsequent responses namely, relationship quality

and FPI in upscale restaurants. Studies in psychology (Brems, 1989; Davis, 1983a; Krebs, 1975) have suggested that affect is the central component of empathy, and that empathy triggers emotional reactions between the giver and the receiver and promotes helping behaviour (Duan and Hill, 1996; Gladstein, 1983; Roger *et al.*, 1994). Positive emotions have also been identified to influence customer loyalty in a full-service restaurant (Bloemer and Ruyter, 1999). Johnson and Zinkhan, (1991) found that emotional responses are particularly influential in customer evaluations of high contact services. The affective component therefore seems more influential on customer behaviour than the cognitive one. It is believed that the empathic behaviour is especially crucial for service perception in the setting under study. Such conceptualisation of empathy, relative to its effect on relationship quality with the organisation and FPI in services characterised as high in human contact, remains unproven. Such a gap leads to the investigation of empathy as an emotional display along with its cause and influence on customer behaviour.

In services, the literature covering empathy with respect to its origin at the attribute level is scarce and almost non-existent except for its correlation with personal relationships (Sharma and Patterson, 1999) and its measurement for service quality (e.g., Zeithaml, Berry and Parasuraman, 1996). This study conceptualises empathy as a communal relationship, which primarily serves as the consequence of restaurant service attributes in upscale restaurant settings. Such examination provides guidance for management pertaining to the cause of empathy at the very basic and operational level. Little research has investigated the communal relationship namely empathy as the function of service attributes in such a service setting.

In addition, it has been suggested that to achieve long-term relationships there is a need to shift focus from the evaluation of service and goods provided to the relational elements of the exchange between the customer and service provider (Gronroos, 1990). These relational elements are thought to lead to long-term relationships (Gwinner, Gremler and Bitner, 1998), which subsequently determine customer loyalty and repurchase intentions (Hennig-Thurau *et al.*, 2002; Liang and Wang, 2004). As a relational factor, empathy has been examined for long-term relationships with the service provider (Palmer and Bejou, 1994; Sharma *et al.*, 1999). Those relationships, however, are confined at the personal level with the individual service provider such as a service employee rather than at the organisation level.

Overall satisfaction, trust and commitment have been conceptualised as relationship quality that represents the overall depth of a relationship between the customer and the organisation (Hennig-Thurau *et al.*, 2002; Johnson, 1999). However, in relationship marketing and restaurant literature, limited research has explored, from the customers' perspective, the important relational element of empathy for its impact on relationship quality with the organisation in terms of overall satisfaction, trust, commitment and consequently on FPI. This important knowledge gap has given rise to one of the main aims of this study. This investigation should also provide insight into the realm of social exchange and relationship marketing for the understanding of customers' FPI in the service settings of upscale restaurants.

Following from the suggestion by Redmond (1985) and the above discussion, empathy in this study is conceptualised as consisting of aspects of understanding, anticipation, showing emotional consideration, and sensing the non-verbal mainly

emotional cues, to name a few. It is believed that the study of empathy, defined in this manner and combined with the introduction of restaurant service attributes as the determinants of customers' relationship quality and FPI in upscale restaurants, would produce fruitful results. Previously in the service quality context, empathy has been typically defined as caring and personalised service (Bojanic and Rosen, 1994; Mittal and Lassar, 1996; Zeithaml, Berry and Parasuraman, 1996). Such definitions may not capture the subtle nuance of customers particularly in a high contact service, which this study intends to examine. For the purpose of this study, empathy is defined as the interpersonal ability of the contact employee to understand the feelings of another as if they were their own, to anticipate and respond in a manner meaningful to the customer, and to sense the customer's implicit state of mind during the service encounter.

Investigating empathy using upscale restaurants as the service settings raises some questions about other correlates of empathy that could help explain the phenomenon of purchase intentions among customers. Questions that follow are the problems this study attempts to solve. To what extent do restaurant service attributes affect empathy? Does empathy influence FPI? Does empathy affect relationship quality and to what extent? Does empathy determine FPI through relationship quality? Do restaurant service attributes that predict empathy affect relationship quality and FPI? Does relationship quality determine FPI? These questions lead to a disclosure of the phenomena relating to empathy and a broader sense of customer loyalty in upscale restaurants. A rigorous literature search on the issues revealed no study on empathy for its effect on customer behaviour in the studies of high contact services such as upscale restaurants.

Additionally, this study examines the relational preference by customers in respect to their service perception and service outcomes as an aspect of the study. In social exchange, relationship exchange is said to lie on one end of the continuum which is social and involves personal satisfaction (Dwyer *et al.*, 1987) while discrete transactions rest on the other end. This distinction relates closely to empathy as it is associated more with extended encounters (Price, 1995) and relational aspects of relationships (Czepiel, 1990). As such, being relational oriented, regular customers can be seen as customers of relationship exchange. Customers of this type engage in social relationships, such as friendships with the service provider (Goodwin and Gremler, 1996), and therefore are more likely to gain extra benefits that are more exclusive to them (Czepiel, 1990). These benefits available to regular customers could exert a certain influence on their service evaluation. In addition, regular customers are found to process information in a more relaxed manner associated with the halo effect of Goodwin and Gremler (1996), which is related to positive attitudes toward the organisation (Fazio, 1989). As such, regular customers or relationally orientated customers tend to evaluate a service more favourably and generate more positive service outcomes. However, there is very limited research dealing with the perception of restaurant service attributes and empathy relative to relationship quality and FPI as service outcomes based on customers' relational preference as either regular customers (relational orientation) or occasional customers (transactional orientation) toward the upscale restaurant. This specific investigation places the emphasis on empathy to examine how it differs in service perception and service outcomes of customers based on their different relationship types (regular or occasional) in interacting with other restaurant constructs.

Lastly, this study attempts to realise to what extent these types of restaurants vary in terms of their performance on restaurant constructs perceived by their customers. In a study of service quality, Lee and Hing (1995) have compared the performance perceived by their customers of two types of fine-dining restaurants (French and Chinese). Their study showed significant results and generated fruitful implications for different types of target restaurants. However, compared to this current study Lee and Hing's (1995) study applied the rather controversial gap measurement approach to their target restaurants with service quality dimensions. Furthermore, their conceptualisation of empathy differs significantly with that of this study. The aspect of their study of comparing the two restaurant types, however, proved to be particularly effective. In addition to the comparison, these two restaurant types are purposely selected for population generalisation of upscale restaurants. One is generally located in the metropolitan area (city type) whereas the other is typically found in regional areas (country type). Inspired by Lee and Hing's (1995) study, it is presumed that the variation in various aspects of operation between the two types could generate more generalised results representing customers of upscale restaurants and yet present a different angle for the study. A study on customer types and restaurant types could also engender guidance for market segmentation by using the customer profile of social demographic characteristics.

### **1.3 Research Objectives**

Previously, it has been shown that interpersonal relationships exert a great deal of influence on customer behaviour in terms of the attitude, satisfaction, relationship formation and purchase behaviour (Anderson, Fornell and Lehmann, 1994; Dick and Basu, 1994; Gremler and Gwinner, 2000). The interpersonal relationship between the

customer and the contact employee in services, particularly the high contact services appear to contribute to a significant outcome in customer loyalty. Following that, this study primarily examines the influence of empathy on customer loyalty in terms of FPI in upscale restaurant settings. In addition, this study also explores if empathy impacts on FPI through relationship quality. In other words, this study deals with the relationship at the individual level to determine its influence on organisation-level relationships with the restaurant. Among the relationships examined, the study also aims to fill a research gap by examining the relationship between restaurant service attributes and empathy. This specific investigation conceptualises empathy as the consequence of service attributes in which empathy is regarded as a communal relationship. That is, service attributes induce the communal relationship between the waiter and the customer.

To explore the interpersonal relationship context within which the customer and the contact employee dyad operate, a conceptual framework is developed to depict the linkages among the restaurant constructs embodying restaurant service attributes, empathy, relationship quality and FPI. The need to develop an applicable model is critical to such an understanding and is essential to the study. The model brings together the understanding of two theoretical approaches: relational exchange and relationship marketing. The model also provides the foundation from which the hypotheses are developed and the investigation on the interrelationships among the restaurant constructs is conducted.

In addition to examining empathy and FPI, this study also looks into the influence of relationship orientation by customers on service perception and service outcomes.

Specifically, it is postulated that regular customers show more positive service perception in terms of restaurant service attributes and empathy, and express more favourable service outcomes, namely relationship quality and FPI compared to occasional customers. Similarly, it is presumed that due to the difference in some aspects of operation in these two different restaurant types (city type and country type) customers of the two types could have different service perceptions and outcomes.

#### **1.4 Specific Objectives**

To reach the objectives of the study, this research examines the influence of empathy on customers' relationship quality with, and their FPI toward, the restaurant as the focus of the study. In general, it explores the extent to which the interpersonal relationship of empathy affects customer behaviours with respect to relationship quality of overall satisfaction, trust and commitment, and FPI in particular in the high contact service. More specifically, empathy is theorised to affect FPI in a direct path, and also an indirect path through relationship quality.

Additionally, to understand the origin of empathy, restaurant service attributes are incorporated into the research frame to explore the antecedents of empathy. Therefore, the sequential assumptions in the conceptual framework are initiated by the preliminary investigation on the relationship between restaurant service attributes and empathy. Regarding the service mix (Bowen and Basch, 1994) of attributes in the upscale restaurant settings, this research examines the intangible attributes pertaining to interpersonal, social attributes (familiarity with the waiter and satisfaction with the waiter) and tangible attributes (food quality and atmosphere) for their influences on empathy (the communal relationship), relationship quality and

their loyalty behaviour in the form of FPI. These investigations will provide a broader foundation on which empathy can be better understood for its relationships with relationship quality and FPI.

The main objective of this present study is to identify the effect of empathy on FPI in the high contact service setting. That is, will empathy conveyed from the waiter during the service encounter affect the customer's FPI toward the restaurant? Additionally, empathy is also postulated to have influence on relationship quality. Rather than studying relationships at the personal level with the contact employee, relationship quality of overall satisfaction, trust and commitment is studied at the organisational level with the restaurant. It is thus theorised that empathy will have influences on customers' relationship quality with the restaurant. Relationship quality that signals the overall nature of the relationship between the customer and the restaurant will be conceptualised as either a mediating or moderating construct between restaurant service attributes and customers' FPI depicted in the conceptual model depending on the specific relationship investigated.

This study also examines the differences in perception of restaurant service attributes and empathy in forming relationship quality and influencing FPI between different relationship orientation customer groups as another aspect of the study. This investigation will offer insights into the behaviours of different customer groups based on their relational preference toward the restaurant. It is hoped that the results of this specific study will provide a better understanding of customers' relationship orientation with the restaurant in relation to their responses in terms of service perception and service outcomes. Another aspect of the study compares the two

different restaurant types: the city type and the country type. It is with a view to detect whether the two upscale restaurant types from which the population is mainly drawn, differ in any aspects of restaurant constructs perceived and expressed by their customers due to the difference in types in terms of location and styles of operation. The details from this comparison could provide insights into customer behaviour in response to those differences. Along with the examination of customer types and restaurant types, the customer profiles of customer types and restaurant types are also compared to reveal if any differences exist with regard to age, gender, level of education and living arrangements, which could provide more detailed information for market segmentation. Overall, this study aims to extend the understanding of empathy and customers' FPI in the settings of upscale restaurants in the following way:

1. To examine the effect of restaurant service attributes on empathic behaviours shown by the waiter. This is to explore what service attributes if any induce empathy from the waiter or lead to a communal relationship with the customer during the service encounter.
2. To investigate the effect of restaurant service attributes on relationship quality and FPI. This attempts to reveal how service attributes influence relationship quality and subsequently FPI. The direct impact of restaurant service attributes on FPI is also examined. This investigation should facilitate and enhance the understanding of empathy, which is predicted by restaurant service attributes.

3. To explore the influence of empathy on FPI. Specifically, this sets out to examine whether the interpersonal relationship of empathy perceived by customers can affect their FPI toward the restaurant.
4. To discover the impact of empathy on relationship quality. Empathy is examined for its association with relationship quality. In other words, this investigation will reveal if the relationship at the individual level (between customers and the waiter) will evolve to the organisation level (overall satisfaction with, trust in, and commitment to, the restaurant).
5. To reveal the association between relationship quality and FPI. This investigation assists in mapping the linkages between service attributes/empathy and FPI. It also discloses the separate effect of each relationship construct of relationship quality on FPI.
6. To identify the differences between relational orientation customers and transactional orientation customers in the perception of service attributes and empathy in forming service outcomes of relationship quality and FPI. In other words, this specific study attempts to investigate whether customers' relational preference, namely regular customers and occasional customers toward the restaurant, can result in statistically significant results in their service perception particularly on empathy, and the subsequent service outcomes.

7. To reveal the differences between the two types of restaurants both classified as upscale restaurants that vary mainly in geographical area and other aspects of operation. This aspect of the study should indicate whether those differences in types could produce any significant dissimilarity in restaurant constructs perceived by customers of the two. This investigation should offer an understanding of customers' generalised perception of upscale restaurants along with detailed knowledge of the differences in some aspects between the two types.
  
8. To compare the profiles of both customer types and restaurant types with regard to the customers' social demographic characteristics. Such comparisons could reveal detailed information about customer characteristics of both regular and occasional customers and the differences between them, and those of both restaurant types.

Essentially, the research aims to provide an empirical investigation into the effect of empathy on customers' purchase intentions by concurrently examining the interrelationships among restaurant service attributes, empathy, relationship quality and FPI for a broader understanding of empathy in such a service context. By applying the concepts of higher order constructs namely, overall satisfaction, trust and commitment as the functions of restaurant service attributes and empathy, and the notion of FPI as the end result of service attributes, empathy, and relationship quality, the conceptual framework is completed and attempts to identify the causal relationships among all the restaurant constructs. Such a model should present a comprehensive understanding of customer behavioural responses relating to empathy

in a high contact service setting. The results of this research would provide management with a whole new perspective for the understanding of empathy in relation to customers' FPI and therefore the marketing effort can be implemented more accurately and effectively.

## **1.5 Contributions**

Due to increased competition in service across all businesses and more sophisticated consumers with changing needs and wants, the securing of customer loyalty has become the single most important requirement for a successful business operator. In the service businesses such as restaurants, it is essential to understand customers' perception of the restaurant service and to identify the deciding factors that would generate repeat purchase. It is hoped that the incorporation of various concepts such as restaurant service attributes, empathy, relationship quality and FPI into the conceptual framework can provide a more detailed insight into the subtle relationships among the constructs and thus provides a more accurate understanding of empathy and customer loyalty behaviour.

The contribution of this study to the existing literature will be, among others, to provide an insight into the area of social, interpersonal influence on customers' responses during and after service encounters, and consequently to provide different perspectives and notions in forming customer loyalty behaviour in high contact services of upscale restaurants. More specifically, this study focuses on empathy for its influence on customer behaviours in terms of relationship building and FPI through the dyadic interaction between the customer and the contact employee (i.e., the waiter) during restaurant service encounters. The other contribution to knowledge

of the study lies with the linkage between restaurant service attributes and empathy. This permits the communal relationship to be identified and manifested at the attribute level. Additionally, this study also examines the impact of restaurant service attributes on FPI directly and indirectly through the relationship constructs as the mediating variables. The examination of these restaurant constructs would constitute a crucial contribution to the knowledge of customer loyalty that is distinct from the traditional understanding especially in restaurant studies and businesses. More importantly, the very essence of empathy could become apparent with the assistance of those relationships investigated. In addition, customers' relational preference toward the restaurant with regard to restaurant constructs particularly empathy can also provide fresh knowledge to the literature. Moreover, the comparison of two restaurant types could offer detailed information for marketing strategies. Overall, this study will lead to a significant contribution to knowledge in the following manner.

1. The conceptualisation of empathy as embodying both cognitive and principally affective components in the service context in which the concomitance of both components is void in the literature. In addition, the other essence of this empathy lies in its proactive stance that is imperative in such a service context. Such conceptualisation ensures the capture of subtle human behaviour that usually requires intuitive mental sense in addition to physical or conscious reactions so that the service needs of customers are better met especially in a high contact service setting. This conceptualisation is distinct from the one applied in SERVQUAL for measuring service quality in that empathy is treated as one dimension of service quality and conceptualised in a rather technical and cognitive sense such as caring and

individualised attention. The conceptualisation of empathy in this study is suitable for the service setting studied.

2. The conceptualisation of empathy as a communal relationship that serves as a function of restaurant service attributes. That is, restaurant service attributes could determine a communal relationship. This design is essential for comprehensive knowledge about empathy and for realising its stimuli at the attribute level. Such an investigation will provide new knowledge about services in relation to the salient factors that promote the communal relationship, which thus could be facilitated at the more manageable attribute level.
3. The theorisation of empathy as predictor for customers' FPI. This central investigation of the study will lead to a better understanding of interpersonal influence on customer loyalty behaviour in upscale restaurant settings in which empathy is postulated to meet customers' emotional fulfilment and satisfy their social needs, and in turn could result in positive service outcomes. There is no study that deals with the relationship between the two constructs in a high contact service setting. This exploration will contribute to knowledge on the nature of empathy and its effect on customers' purchase behaviour.
4. The conceptualisation of relationship quality with the restaurant as the function of empathy. This linkage will provide insights into the influence of empathy on customers' relationship formation at the organisation level with

the restaurant. This is the first study, to the author's best knowledge, adopting organisation-level relationship constructs as the consequence of empathy and the mediating constructs between empathy and FPI in upscale restaurant settings. The relationship constructs of relationship quality are global constructs that indicate different levels of relationship strength. Therefore, the results could explain the extent to which empathy can determine the restaurant relationships in a holistic manner, which may be strong indications of customers' FPI.

5. The investigation of the relationship between restaurant service attributes and relationship quality. The significance of this examination lies in the revelation and differentiation of the characteristics of these two constructs (restaurant service attributes and relationship quality) through the relationships revealed. Therefore, the contribution will subsequently provide a better understanding of empathy when interacting with the other four restaurant constructs.
6. The theoretical contribution of the development of an FPI model for the high contact services that involves restaurant service attributes, empathy, relationship quality and FPI. This model incorporates and theorises relationship constructs that either mediate or moderate the relationships among restaurant service attributes, empathy, relationship quality and FPI. This model also delineates the antecedents of empathy at the attribute level and its relationship with FPI by introducing relationship quality for a comprehensive understanding of empathy in the consumer behaviour context

of high contact service settings. In sum, the model attempts to capture a broad and atypically holistic view of consumer behaviour under the influence of empathy.

7. The introduction of a model that is grounded on the theories of exchange and relationship marketing. These two theories constitute the theoretical foundation for the relationships among the restaurant constructs. Exchange theory depicts the association between service attributes/empathy and relationship quality whereas relationship marketing theory explains the relationship between relationship quality and FPI. With the main focus on empathy, the theories and the model developed can grasp the nuance of customer behaviours particularly in a high contact service. In addition, affect theory is applied in the recognition of the service nature where affect inevitably occurs when encountering service attributes and empathy. The utilisation of affect theory is to capture the emotional responses from customers during service encounters for their impact on relationship quality.
8. The delineation of customers' service perception and service outcomes based on their relationship orientation (i.e., regular customers and occasional customers) toward the restaurant. This type of study allows a further understanding on the phenomena that there exist customers with different preferences for relationships with the restaurant, and that their relational preferences could bias their service perception and service outcomes. The effect of empathy in particular on customer behaviours can be made more evident in the light of relationship orientation shown by customers. The

marketing strategy resulting from this study will also enable restaurant management to market to their customers according to the types of restaurant relationships (overall satisfaction, trust and commitment) they prefer, for maximising the long-term economic benefits of the restaurant.

9. The comparison of the two types of restaurants that differ in several facets such as location, themes, styles of operation and market segments. These two types represent restaurants of two geographical areas: one in the city and the other in a regional area. The main purpose of such design is to not only achieve a generalised population of upscale restaurant customers but also to examine the differences between the two. This aspect of the study allows the comparison between two upscale restaurants of dissimilar types, which could provide detailed information on how these two restaurant types could vary in performance as perceived by their customers. The findings from this comparison will provide specific marketing strategies for both restaurant types.
  
10. The application of principal component analysis (PCA), confirmatory factor analysis (CFA), and structural equation modelling (SEM). PCA is helpful in reducing the number of variables in the construct of restaurant service attributes and identifying its underlying components in different study settings. While the use of PCA in the study of upscale restaurants may generate distinct components that are unique to this context, the use of CFA tests the dimensionality and validity of the constructs of empathy and relationship quality. The application of SEM promotes a more comprehensive yet precise research in the context of consumer behaviour in the high human contact

setting. Compared to other statistical techniques, SEM is a convincing technique that enables the researcher to link multiple unobserved constructs for their potential relationships simultaneously.

11. The application of an online survey in upscale restaurants. The online survey not only minimises the inconvenience that is associated with surveys in the hospitality industry particularly, but also corresponds squarely to the general characteristics of upscale restaurant customers with respect to online information search behaviour, need specificity, and the high utilisation and accessibility of the internet. The identification of such specific online search behaviour enables the survey to cover the target population in a more generalised manner while enhancing efficiency so long as the survey method fits well the characteristics of the target population. This online approach can pave the way for following research dealing with data collection in such a customer-oriented industry as the hospitality industry and other businesses of a similar nature so that research in this field can be encouraged and therefore generate more fruitful results.

## **1.6 Structure of the Research**

The research is structured to provide a critical review of relevant approaches, models, and definitions, and to present eight main hypotheses associated with objectives of the study. Data gathered from the empirical study is analysed to offer empirical support for these hypotheses. The research findings are then used to suggest implications that are essential for the understanding of customer behaviour in the context of interpersonal influence in upscale restaurants specifically and services

industries in general. The research is composed of eight chapters, and its framework is presented as follows.

Chapter 1 provides an introduction to the background of the study and the issues related to empathy, restaurant service attributes, relationship quality and customer loyalty specific to FPI. The characteristics of upscale restaurants in relation to the utilisation of empathy are discussed. The chapter outlines the general and specific objectives of the study, and provides the context for the research by defining the broad problems related to the issues, which are detailed in the next chapter.

Chapter 2 surveys a wide range of literature with a view to identifying attributes and constructs that are proposed as being critical for the setting of upscale restaurants and their influence on customer behaviour. The chapter also gives an overview of service marketing, relational exchange, relationship marketing and customer satisfaction with regard to overall satisfaction and customer loyalty in terms of FPI. The interpersonal relationship is searched in general and empathy in particular.

Chapter 3 develops the conceptual framework and model. The variables are identified mainly from the literature review. After delineating their important roles in the upscale restaurant setting, they are then incorporated into the conceptual model. Two main theoretical approaches, exchange theory and relationship marketing theory, are embraced to conceptualise the relationships depicted in the model in the context of high contact service. Based on the theoretical framework, a model is developed from which the hypotheses are developed to serve the objectives of the study.

Chapter 4 presents the research methodology. The questionnaire is based primarily on suggestions of earlier studies in related contexts in conjunction with interview results. The finalised questionnaires are administered to the subjects who visit the websites of the two target upscale restaurants of different types for a tightly controlled online survey in Victoria, Australia. The need specificity of consumer online search behaviour is exploited for online surveys for a generalised sample population, particularly for those who did not dine at the target restaurants. Analytical methods are utilised to test the hypotheses. Particular emphasis is placed on the causal relationship between variables by using structural equation modelling (SEM) in order to estimate the fitness of the proposed model. Among others are the statistical methods of t-test, chi-square, Pearson's product-moment correlation coefficient, principal component analysis (PCA) and confirmatory factor analysis (CFA).

Chapter 5 deals with the descriptive analysis of the sample population. Frequency and analysis with SPSS12.0.1 software are utilised for the description of the sample population parameter. The description includes the calculation of means, frequency distributions and percentage distributions to summarise data. The analysis can then be used as a base for further statistical analyses.

Chapter 6 involves the use of principal component analysis (PCA), confirmatory factor analysis (CFA) and t-tests between the two customer groups of different relationship orientation and two types of restaurants, and chi-square for customer profiles on customer types and restaurant types. The purposes of PCA and CFA are to examine whether or not the identified constructs under study have potential

underlying dimensions in the upscale restaurant settings and to ensure the dimensionality and construct validity. These two approaches form the foundation immediately followed by the t-test analyses of this chapter and structural equation modelling (SEM) in the following chapter. For the t-test, customers with different relationship orientation toward the restaurant are compared on all restaurant constructs. Such differences may provide a clear picture of how the different relational preferences influence customers' service perception and service outcomes. Another t-test involves the comparison of the two types of restaurants to determine whether differences between the two types could cause any significant dissimilarity of results in restaurant constructs perceived by the customers of the two. In addition, tests of chi-square are performed to examine if the customer profile of the two types of customers and restaurants in terms of social demographic characteristics is of any significance. These specific tests could generate detailed information surrounding the main study.

Chapter 7 concerns the use of SEM analysis for developing a range of aggregated models, which underline the linkages among restaurant service attributes, empathy, relationship quality and FPI. The hypotheses are tested and the results are reported and discussed.

Chapter 8 highlights the main findings, significance of the research, implications, limitations, areas for further research and the conclusion of the study.

## CHAPTER 2

### 2 LITERATURE REVIEW

#### 2.1 Introduction

This study attempts to link the relationship between empathy and customers' future purchase intentions (FPI) in high contact service settings. In addition, relationship quality consisting of overall satisfaction, trust and commitment is also examined for its relationship with empathy and FPI to signal the different levels of relationships customers have with the organisation. Also, empathy is examined for its causes at the attribute level with service attributes, which are explored for linkages with relationship quality and FPI as well. This present study also attempts to contribute to the knowledge of customer relational preference in relation to service perception and service outcomes in the study settings. As such, in order to reveal the existing knowledge and give a more insightful view surrounding the constructs and the relationships sought after, a review of the literature was conducted and relevant knowledge is discussed to identify the research gaps. Specifically, constructs namely empathy, relationship quality (overall satisfaction, trust and commitment), and FPI are discussed mainly in service contexts and the relations amongst them. Additionally, theories corresponding to the relationships among constructs are also critically reviewed. Through the review of literature, finer research gaps are then clearly identified which lead to the development of the conceptual framework of this study.

#### 2.2 Empathy

##### 2.2.1 Definitions

Based on the existing literature, definitions of empathy can be mainly categorised into cognitive and affective empathy. For the cognitive front, Hogan (1969, p. 312) defines empathy in very global terms as the ability to have an "intellectual or imaginative apprehension of another's condition or state of mind". Kerr and Speroff (1954, p. 269) define empathy as being the "ability to put yourself in the other person's position, establish rapport and anticipate his reactions, feelings and

behaviours". Heilmen (1972) defines empathy as a factor responsible for the accurate prediction of another person's response or states. Louis (1975) gives a simple definition of empathy as the ability to look at things from another person's point of view. The above authors, however, do not provide a detailed view regarding the nature of empathy.

With respect to affective empathy, Gladstein (1983) states that affective empathy refers to responding with the same emotion to another person's emotion. Hoffman (1978, p. 228) defines the empathic response as "a vicarious affective response; that is, the observer responds as if he were experiencing the same affect as the model". Similarly, Lawrence (2002) defines empathy as witnessing someone else's emotional experience. Lastly, Redmond (1985, p. 377) describes empathy as decentring, entailing a reaction to another that reflects recognition and understanding of the other's emotional state. More specifically, Redmond (1989) recognises empathy as an emotional reaction and describes empathy as being able to understand and predict or anticipate others' reactions. Drawing on Redmond's definition of empathy, this current study holds the similar view that empathy is principally an affective phenomenon involving emotional and anticipatory capacities. For the purpose of this current study, empathy is considered as primarily an affective phenomenon and defined as the interpersonal ability of the contact employee to understand the feelings of another emotionally as if those were their own, to anticipate and respond affectively in a manner meaningful to the customer, and to sense the customer's implicit state of mind during the service encounter.

### **2.2.2 Conceptualisation**

There is a general agreement that it is difficult to define or measure empathy as it appears to be a multi-dimensional concept, which has not been fully identified (Price and Archbold, 1997). With the same notion, Cooper (1970) argues that although empathy has been maintained consistently as a crucial interpersonal construct, its conceptualisation is quite ambiguous and needs to be further identified. For instance, Sutherland (1993) indicates that empathy has been termed as ability, an attitude, a feeling, an interpersonal process, a trait, a state, sensitivity and perceptiveness. Similarly, many authors (Cooper, 1970; Davis, 1983a; Duan and Hill, 1996; Kuyuk

and Olson, 2001) have also conceptualised empathy as a multidimensional construct. Specifically, Kuynk and Olson's (2001) study suggests that empathy can be seen as human trait, a professional state, a communication process, caring and a special relationship, In addition, Duan and Hill (1996) contend that empathy has been used to represent divergent constructs that can all be justified by the content and context in which they are studied. It can therefore be deduced from the existing literature that contradicting views still exist on empathy in terms of it being ability or a trait.

Following from that, this current study recognises the existence of different conceptualisations on empathy including those in services and sales contexts. With a view to grasp this human phenomenon in determining customers' behaviours in the high contact, high intangible service context, empathy conceptualised as an anticipatory capacity involving understanding and prediction of the other is adopted. As argued by Redmond (1989) and Vukmir (2006), empathy in this conceptualisation is considered as a proactive, anticipatory quality. Rather than a reactionary process, this anticipatory quality is regarded as a critical element in this study setting where the service mix is complicated with tangible and intangible attributes, and high human contact. Following that, this current study attempts to comprehend the effect of this anticipatory empathy shown by the contact employee to the customer during the service encounter. More importantly, the study of this specific aspect of empathy should fill the research gap particularly in the service settings of upscale restaurants.

Among the studies on empathy, Redmond (1989) conceptualises the functions of empathy in human relations as decentring and treats empathy as an affective phenomenon. He suggests that empathy facilitates a person's understanding of others, and the capability to make predictions about others. These two factors of empathy are thought to enhance relational development between the involved individuals and contribute to communication competence. Decentring is the process of taking into account another person's response to a given situation. It is concerned with "how a person reacts or responds to information they have about another" (p. 594). This phenomenon is portrayed as an emotional consonance between two parties. Redmond (1989) argues that empathy produces an affective response that is consonant with the emotional state of another.

More specifically, empathy is seen as simply an emotional reaction compatible with the subtle information perceived about another person's emotional state. This view also lends support on Alligood's (1992) first type of empathy described as trait, basic, genotypic and raw empathy (Ehmann, 1971), which can occur between people at any time. This type of empathy is also described by Smither (1977) as "involuntary contagion of affect", which is the sharing of emotion with another person by means of body language and facial expressions through which emotional expression and feelings for others are developed. Consistent with that view, empathy has also been referred to as one aspect of analogue communications, which is particularly important in pure service, such as restaurants (Tansik, 1985). Tansik (1985) points out the fact that high-analogue employees are more sensitive and attuned to customers' behaviours and reactions including non-verbal cues, and adjust their behaviours to them. Tansik concludes that effective communication is an essential element for showing empathy.

In this study it is argued that in an upscale restaurant setting, this emotional reaction to the customer's subtle information promotes the customer's emotional well-being, which can lead to multiple positive effects including relationship formation such as, overall customer satisfaction, trust, commitment, and consequently loyalty behaviour toward the restaurant. In addition to affective empathy, this current study theorises that cognitive empathy allows the contact employee to objectively understand the customer's overall subtle information by following the emotional cues. As such, cognitive empathy based on affective aspect should act as a complement to one's natural empathy and these two components then contribute to the wholeness of empathy applied in this present study. These two aspects of empathy will be discussed in the following section.

### **2.2.3 The Cognitive Element**

From a cognitive perspective, Gladstein (1983) views cognitive empathy as intellectually taking the role or perspective of another person. That is, seeing the world as the other person does. Kalliopuska (1986) suggests that cognitive components, such as perspective taking and social role taking augment the genuine experiencing of empathy. He argues that perspective and role taking are prerequisites

for understanding another person's feelings and state of being, as well as for accurate predictions of the thoughts, feelings and actions of another person. Nagano (2000) indicates that empathy is mainly cognitive that involves understanding of the other person. Kalliopuska's (1986) view of empathy being solely cognitive, however, seems to be too technical and lacking the emotional element between people. Further, perspective taking has been suggested as the ability that permits an individual to anticipate the behaviour and reactions of another, thus facilitating interpersonal relationships (Davis, 1983b) and to understand the other's feelings through simple associations or through more complex processes (Hoffman, 1978). Compared to Kalliopuska's (1986) conception, this notion to regard empathy as being able to anticipate and promote relationships between people, however, corresponds to the underlying meaning of empathy adopted by the present study. Overall, these authors appear to suggest that understanding and predicting or anticipating is the focus of cognitive empathy.

Another dimension of cognitive empathy is empathic understanding. Carkhuff (1971) describes empathic understanding as the ability to recognise, sense and understand the feelings that another person has associated with his behavioural and verbal expressions, and to accurately communicate this understanding to him. Empathic understanding is delineated further by Barrett-Lennard (1976) as an "active process of desiring to know the full present and changing awareness of another person, of reaching out to receive his communication and meaning, and of translating his words and signs into experienced meaning that matches at least those aspects of his awareness that are most important to him at the moment" (p. 174). In particular, Barrett-Lennard (1976) suggests, empathy includes sensing the intensity of the other's experience, as well as recognising its particular context. According to Barrett-Lennard (1976), empathic understanding or empathic knowing occurs at the conscious rather than unconscious level. As such, this cognitive aspect of empathy in general appears to be more distant and indirect in nature.

Following the discussion, cognitive empathy emphasises the ability to understand and therefore to predict others' behaviours more accurately with intentional effort. Compared to emotional empathy, cognitive empathy occurs at the conscious level,

which requires the helper to assume role taking of the other in order to comprehend the service receiver's frame of reference. As argued earlier, this line of reasoning suggesting empathy as primarily a cognitive skill is deemed inadequate and ineffective in the restaurant service where customers generally demand attentive service from the contact employee, which requires intuitive and affective sensing. Further, without sufficient affective empathy one may not capture the complete sense of empathy during human interaction particularly in service settings.

#### **2.2.4 The Affective Element**

Empathy has also been identified by some as primarily an affective phenomenon (e.g., Allport, 1961; Bagozzi, 2006; Mehrabian and Epstein, 1972; Stotland, 1969). From this perspective, empathy has sometimes been conceived as "emotional empathy" (Stotland, 1969) or the parallel emotional experience of the observer with the experience of the other (Davis, 1983b). In a similar notion, other researchers (Stotland *et al.*, 1971) have maintained that the observer who actually shares the feelings of another is reflecting empathy. They described the empathic process as the observer recognising the other's emotional state and then reacting subjectively and physiologically to his perception of that state. Essentially, the central argument of Stotland *et al.* (1971) on empathy lies in the notion that it is sharing feelings with others. Moreover, Stotland (1969) describes this process as an individual's vicarious emotional response to perceived emotional experiences of others. In addition, Strayer and Eisenberg (1987) suggest that affect is a central component of empathy wherein empathy is the act of "feeling into" another's affective experience. The above authors all suggest that affect or emotions are the fundamental component of empathy.

With a similar conception, this study considers that empathy can occur naturally and instinctually during human interaction and therefore involves a large proportion of affect. Empathy in this perspective has been identified with concepts such as, empathic concern, empathic emotions, emotional knowing, feeling into, and emotional contagion. Williams (1990) posits that the emotional component of empathy is dependent upon the ability to detect emotional cues in others, receive emotional messages from others, notice changes in body feelings and emotion, and recognise the core of another. Similarly, Goleman (2000) suggests that empathy is a

social awareness of sensing others' emotions beyond merely understanding their perspective and entails the quality of showing concern for other people. This study holds a similar view that empathy is a trait that could vary among people but cannot be learned as a skill. In addition, in the context of a salesperson-customer interaction, Bagozzi (2006) suggests that this social emotion of empathy can promote interpersonal liking and attachment, which the latter refers to as personal bonding. Therefore, it is apparent that this affective aspect of empathy, in comparison with a cognitive one, permits more emotional connection between people.

In addition, the linkage between altruism (a form of helping and pro-social behaviour) and affective empathy has been numerously reported. Davis (1983b) argues that empathic responsiveness resulting in helping behaviour predominantly involves affect. Greenson (1960) argues that in order to help, one has to know another differently—emotionally. He further suggests that one cannot truly grasp subtle and complicated feelings of people except by this 'emotional knowing'. It is 'emotional knowing', the experiencing of another's feelings, that is meant by the term empathy as Greenson (1960) suggests. In practice, affective empathy implies that salespeople are able to sense, process and respond to customers on an intuitive level, picking up information that is important but not stated (Comer and Drollinger, 1999). This lends support to the assertion by Redmond (1989) who maintains that empathy is a type of emotional communication in the forms of understanding and anticipating the other's emotional state. Kalliopuska (1983) also states that the affective elements of empathy are: sensitivity to another person's feelings, ability to share those feelings and momentary identification with another person's role. He further suggests that such sensitivity towards another person is regarded as an essential factor in forming mature human relationships. In summary, the above authors clearly maintain that emotion is the essence of empathy. The current study adopts this view.

Following the discussion of empathy being affective, Siehl, Bowen and Pearson (1992) have implied that the more intangible the service (e.g., restaurants), the more customers will expect to be psychologically involved in the process of service delivery. They maintain that a waiter in a gourmet restaurant, displaying empathy, is more likely to understand the customers' preferred meal experience and in turn the

service process would be evaluated more favourably by the customers. In these high involvement encounters, empathy from the contact employee toward individual customers is acutely expected. This notion signifies that empathy inevitably involves a high degree of emotional aspect in the service encounter and therefore lends strong support to the current study. Extending from this, the present study theorises that empathy entails both cognitive and especially affective aspects that allow the contact employee to perceive the customer's subtle overall information including the physical, non-physical, verbal and non-verbal cues during the service encounter, and respond to the customer in an empathic and meaningful manner. Further, based on the existing marketing literature, empathy shown by the contact employee is thought to induce customers' attitudinal change in terms of relationship quality and loyalty behaviour such as purchase intentions toward the restaurant. This study will highlight the influence of empathy on customers' purchase behaviour in upscale restaurants.

Consistent with the above discussion, the present study conceptualises empathy mainly as an affective phenomenon and as a form of emotional communication in which one is emotionally knowing or understanding the other, and therefore one can instinctively predict or anticipate the other's behaviour and be proactive to customers' service needs. This affective anticipatory empathy highlights the focus of empathy applied in the service setting of the present study that is characterised as high human contact and intangible. More importantly, customers in such a setting generally expect a higher level of service, which usually requires emotional engagement from the contact employee for the customer's emotional fulfilment. As such, empathy characterised as anticipative, sensitive and emotional capacity is deemed essential for, and can be better manifested in, the service setting of an upscale restaurant.

#### **2.2.5 The Trait**

Similar to affect, empathy has also been primarily seen as a trait (Alligood, 1992; Raile, 1983). This empathy is involuntary and cannot be taught (Alligood, 1992). Although seeing empathy as a multi-dimensional construct, Kuyuk and Olson (2001) revealed that trait is one of its dimensions. Morse *et al.* (1992) suggest that emotional empathic responses be seen as culturally conditioned rather than learned, almost reflexive or automatic, and are naturally comforting to the sufferer. Similarly, Davis

(1983a) reveals that individual differences in empathy influence significantly important emotional reactions. Although it is acknowledged that empathy cannot be taught, it is believed that empathy can be identified, reinforced and refined. Empathy of this aspect is conceptualised to “know another person’s inner experience” (Buie, 1981, p. 282) or to “feel (perceive) the feelings (emotions) of other people” (Sawyer, 1975, p. 37). The implicit assumption underlying this view is that some individuals are more empathic than others, either by nature or through development (Duan and Hill, 1996). Kalliopuska (1986) also argues that one person may have this ability, empathy, in abundance, while another has none at all. In search of the origin of empathic concern, Zahn-Waxler and Radke-Yarrow (1990) hold a similar view indicating that certain individuals are more caring in interpersonal relations than others. In a business context, Dolen *et al.* (2002) found that some salespersons may hold traits such as warm and empathy that others may not or to a lesser extent. Eisenberg (1983) also asserts that it is likely that humans are genetically endowed to respond to others in empathic and pro-social ways. This reaffirms that empathy can foster affective bonding between individuals that might not otherwise occur. The foregoing discussion implies that this natural aspect of empathy is highly associated with affective empathy.

Similarly, viewing empathy as a trait, Mehrabian, Young and Sato (1988) classify people as screeners and non-screeners. Non-screeners demonstrate a high degree of empathy and are more sensitive to the emotions of others and to the environment. This notion is consistent with Dymond’s (1949) study suggesting the difference in ability among individuals in picking up subtle cues. Moreover, Clark (1980) maintains that people who are highly empathic are more inclined to others’ emotional situation. He suggests that the needs, experiences and problems of others affect their organism. As such, the highly empathic individuals are compelled to help, advocate, sustain and support others. These studies imply that empathy is an innate quality that varies from one person to another. This current study adopts this view.

Following the discussion, this present study embraces the notion that empathy is a trait that can only be identified and reinforced. Because of that, it is also thought that empathic capacity differs from one person to another. In this light, empathy is mainly

conceived as a trait that occurs pre-consciously and intuitively between people at any time. Extended to the service environment, such as an upscale restaurant, the contact employee is thus considered to either have the ability of empathy or at least have it to a minimum level. Those with the capacity of basic empathy (i.e., a trait) are thought to have the key factor for effective interpersonal relationships and are able to emotionally respond to the customer's gestalt sensing his/her subtle information during the service encounters. This reasoning has some immediate implications on human resource practice regarding recruiting only those who have a high empathic tendency as future employees.

### **2.2.6 Empathy and Communal Relationships**

Kunyk and Olson (2001) suggest that empathy helps form a special relationship between both parties. In this empathic relationship, both parties spend time to know each other as an individual. In addition, Stotland (1969) argues that the social relationships between one person and another influences the amount of empathy, presumably because the form of the social relationship influences the manner of perceiving the other. This empathic relationship echoes a communal relationship, which can be seen as a friendship relationship in a service context (Clark and Mills, 1993; Goodwin and Gremler, 1996; Guenzi and Pelloni, 2004). Aggarwal (2004) suggests that in a communal relationship customers tend to evaluate brand performance positively. Goodwin and Gremler (1996) suggest that communal behaviours such as non-core helping behaviours will affect the relationship between the customer and the service provider, and in turn will affect how the customer interprets the service provider's social behaviours. In another service context, Lawrence (2002) maintains that empathy is a communal relationship with others. Hence, this study subscribes to this notion and proposes that empathy is indicative of a communal relationship at the individual level.

In addition, empathy is thought to be associated with boundary open relationships (Mars and Nicod, 1984; Siehl *et al.*, 1992). Boundary open refers to customers' beliefs that the service provider is interested in them as persons. Unlike boundary open, boundary close transactions enforce the boundaries within the participants (Mars and Nicod, 1984). In a boundary open exchange, the service provider gets

actively involved with the customer, sharing their feelings. Therefore, such a service encounter connotes a relationship between friends rather than merely a transaction (Siehl *et al.*, 1992) in which the former echoes a communal relationship as discussed earlier. Price *et al.* (1995) further suggest that extended encounters are likely to develop into boundary open transactions. It can be thus suggested that empathy relates highly to boundary open transactions and signifies a communal relationship, which could lead to a further relationship with the restaurant.

### **2.2.7 Empathy and Restaurant Service Attributes**

In a broader sense, an individual's positive or negative emotions can produce a corresponding effect in the emotional state of the observer, which is referred to as emotional contagion (Pugh, 2001). Pugh (2001) argues that this contagion effect can be bi-directional and suggests an assumption that customer-displayed emotion could affect employee-displayed emotion, which is thought to alter customer mood and thus affect customer attitudes toward the organisation. Following that, it is plausible that the service employees' empathic behaviour toward the customer can be triggered by the customer's positive emotion arising from the waiter's service, for example. All things being equal, other service factors such as familiarity with the waiter and food could also induce positive emotions from the customer, which in turn influence the service employee's empathic delivery.

In addition, the influences of environmental factors on empathic behaviours are also reported. Juwaheer and Ross (2003) suggest that better customer service through empathy can be achieved if employees are happy with the hotel environment. This notion implies that the service environment mediates the relationship between customer service perception and the employee's empathic behaviours. Tsai and Huang's (2002) findings indicate that store atmosphere plays a significant role in affecting not only the customer's in-store behaviour but also employee affective delivery (EAD) that results in several service perceptions such as positive in-store emotions, and perceived warmth and friendliness with customers. In other words, EAD induced by atmosphere influences the emotional behaviour of the employee and therefore promotes the interpersonal relationship between the employee and the customer. In addition, this EAD also affects customers' repurchase intentions. EAD

of their study refers to an employee's "act of expressing socially desired emotions during service transactions" (p. 1001). In a similar vein, Bitner (1992) suggests that atmosphere or servicescape influences the behaviour of customers and employees, and affects social interactions between them.

External and internal factors influencing the empathiser's empathy toward the receiver have been generally discussed. For the purpose of this current study, empathy from the restaurant customers' perspective rather than the contact employee's will be studied. The centre of this discussion pertains to the antecedents of empathy. In other words, what causes the empathic behaviours from the waiter toward the customer during the service encounter? Following the discussion, it can be presumed that there exists a positive relationship between the waiter's empathic behaviours toward the customer and restaurant service attributes. That is, restaurant service attributes can determine a communal relationship namely, empathy.

### **2.2.8 Empathy and Relationship Quality**

In services, empathy has been described as "the ability to pick up on the subtle clues and cues provided by others in order to accurately assess what they are feeling" (Greenberg, 2003, p. 11). This allows them to "take on" customer problems as their own, as well as to adapt their personality and style to the desires of their customers and to the stage of the relationship. Research indicates that empathy is associated with greater intimacy (Shamasundar, 1999; Durgin, 1990), self-disclosure (Shamasundar, 1999), overall customer satisfaction (Mitchell, 1998), facilitating the service encounter (Vukmir, 2006) and promoting the social aspect of relationships (Beatty *et al.*, 1996). For example, Beatty *et al.* (1996) posit that an empathic salesperson knows what customers want from the relationship and deliver what is expected and desired, taking some relationships to a close, personal level. Their findings indicate that empathic behaviours displayed from the salesperson result in customer satisfaction and thus commitment to the relationship. Palmer and Bejou (1994) and others (e.g., Conway and Swift, 2000; Coulter and Coulter, 2002) have also explicitly suggested that empathy between the involved parties will promote relationships. Specifically, Coulter and Coulter (2002) postulate that empathy among

others is particularly important to the establishment of trust in the early stage of a service relationship.

Those studies, however, only reveal empathy for personal relationships. Although Rashid (2003) implies that empathy concerns liking someone or some organisation, it does not suggest the specific relationship at organisation level, which remains to be identified. An exception is found from the study conducted by Gill, Flaschner and Shachar (2006) in a banking context in that empathy determines customers' trust in the bank. However, that empathy is a replica of the conceptualisation used in the realm of service quality, which differs greatly from the one of the present study. This void also gives rise to the study of the relationship between empathy and relationship quality with the restaurant.

An interpersonal relationship developed from service encounters between the customer and the employee has been confirmed to lead to overall satisfaction with services of the organisation (Bitner and Hubbert, 1994; Crosby and Stephens, 1987; Guenzi and Pelloni, 2004; Mohr and Bitner, 1995). Bitner *et al.* (1990) suggest that the behaviours of the contact employee play an important role in determining customers' satisfaction with the organisation of high contact services such as restaurants and hotels. Furthermore, studies have shown specifically that empathy displayed by the salesperson leads to successful service outcome (e.g., Bergen and Shealy, 1982; Comer and Drollinger, 1999; Greenberg and Greenberg, 1976; Grewal and Sharma, 1991; McBane, 1995; Mitchell, 1998; Widmier, 2002). Grewal and Sharma (1991), for instance, imply that empathic behaviours such as understanding and adaptive behaviour from the salesperson can increase overall customer satisfaction. Widmier (2002) also suggests that a salesperson that is high in empathy will seek to maximise customer satisfaction. Although empathy demonstrates its influence on customer behaviour in a variety of contexts, there exists very limited study conducted in a high human contact service setting in which customers generally expect the contact employee to be empathic during the service encounters beyond the fulfilment of core service. Further, there is no study investigating the influence of empathy on organisation-level relationship quality consisting of overall satisfaction, trust and commitment in a restaurant context. Following the discussion, it can be

theorised that in the current study, empathy conveyed from the waiter during the service encounters will promote the relationship quality the customers have with the restaurant.

In addition, as an emotional component, empathy is also theorised to induce affect among customers and in turn leads to their relationships with the restaurant. According to affect theory (Lawler, 2001), there exists a positive association between feelings or emotions and group affiliation. More precisely, positive emotions generate commitment behaviour such as staying in the relation. These emotions are said to be more evident in an exchange that entails ambiguity and uncertainty. In other words, such conditions can increase the emotional reactions when actors have favourable or unfavourable exchange experiences in dealing with these uncertainties. Similarly, Frank (1988) posits that emotions help individuals foster pro-social tendencies that are reciprocated over time. Frank (1988) further argues the importance of emotional expressions to the development of solidary relations such as trust and commitment. In a broader view of emotions in relation to exchange theory, Lawler and Thye (1999) suggest that lazy information processing improves the solidarity of exchange relations by encouraging relaxed accounting. Individuals who embrace a relaxed accounting system do not keep precise records of benefits or costs to actors. Conversely, restrictive accounting systems are characterised by keeping track of all the benefits or costs in exchange. Lawler and Thye (1999) maintain that positive emotions are positively related to lazy information processing and relaxed accounting systems, which in turn may promote relation strength. The foregoing discussion suggests that positive emotions tend to bias how people process information with a relaxed manner, which may enhance solidity in relations. Therefore, it can be suggested that empathy signalling positive emotions can affect customers' relationship quality with a restaurant.

In addition to empathy, attribute satisfaction is also seen as emotional response to the specific service performance and lead to positive affect (Oliver, 1993). Thus, the performance of restaurant service attributes and perceived empathy in particular during the service encounters in an upscale restaurant between the customer and the waiter can result in positive emotions or feelings for the customer. Based on affect

theory, positive emotions created by empathy and restaurant service attributes are therefore theorised to lead to relationships in terms of overall satisfaction, trust and commitment the customer has with the restaurant. Following the foregoing discussion, this study postulates that empathy conveyed by the waiter during the service encounter determines customers' relationship quality with the restaurant.

### **2.2.9 Empathy and Future Purchase Intentions**

Empathy has been linked with other positive service outcomes such as customer loyalty and repurchase intentions. A study by Butcher *et al.* (2002) indicates that competitive strategies could be developed to increase repeat purchase, using social influence such as empathy. Similarly, in one observational study, the degree of personal warmth displayed by service employees toward customers was related significantly and positively to the likelihood of recommending the service and of repatronage (Lemmink and Mattsson, 2002) in which personal warmth has been conceptualised as one of the dimensions of affective empathy (Toi and Batson, 1982). Beatty *et al.* (1996) found that empathy can promote a close relationship between the customer and the employee, which according to Barnes (1997) could lead to repurchase intentions. However, research about empathy in high contact services such as upscale restaurants for its impact on customers' future purchase intentions (FPI) is still lacking. The above discussion connotes that there could be a positive association between empathy and customers' FPI, and lends theoretical support for the main focus of this study. It is therefore theorised that perceived empathy by the customers from the waiter during the service encounter could determine their FPI toward the restaurant.

The previous discussion paves the way for this current study in establishing the linkages among restaurant service attributes, empathy and positive service outcomes namely relationship quality and FPI. Hence, it is plausible to postulate that empathy displayed by the waiter during the service interactions in an upscale restaurant can be promoted by restaurant service attributes, and affect relationship quality with the restaurant in terms of overall satisfaction, trust, commitment and FPI. It is worth noting that this study is significant in ways that empathy is purposely conceptualised as an anticipatory phenomenon, among others, that thus is distinct from that of

empathy previously studied in the context of service quality, and deemed essential and influential in this high contact service setting.

#### **2.2.10 Empathy and Relational Preference**

From the relationship perspective, Schneider and Bowen (1985) suggest that closeness between the customer and the service employee physically and psychologically can enhance the service delivered by the employee. Jourard (1971) asserts that individuals tend to empathise with whom they feel like associating with. In a social psychological context, Stotland (1969) argues that the social relationships between one person and another influences the amount of empathy. Furthermore, the results of Palmer and Bejou's (1994) study indicate that empathy among salespeople is associated most strongly with longer lasting relationships between both parties. Bagozzi (2006) suggests that empathy enhances an interpersonal relationship. Similarly, Rashid (2003) also implies that empathy can improve social bonding between two parties. This view is also consistent with Price *et al.*'s (1995) assertion that empathy has high association with extended encounters between the customer and the service provider. Inferred from this notion, it can be maintained that customers who have relationships with the service provider are likely to receive more evident empathy than those who do not because the relationship would encourage more empathic behaviours from the waiter. In this present study, regular customers (relational orientation customers) are referred to those who show psychological attachment to, and have a closer relationship with, the restaurant. However, there is no study revealing the perception of empathy in relation to customers with relational preference in a high contact service context. The question relating to whether or not the perceived empathy differs between relational orientation (regular) customers and transactional orientation (occasional) customers remains unanswered. It is therefore postulated that the perceived empathy, among others, differs between regular customers and occasional customers during the service encounter.

#### **2.2.11 Summary**

Based on the preceding discussion and the overview of empathy in the existing literature across various disciplines, some assumptions can be drawn for the purpose of this present study. It is noted that empathy is in line with a communal relationship

in which the helper is concerned with others' welfare and needs. Clark and Mills (1993) argue that communal relationships induce altruistic behaviour directed toward increasing the other's welfare. They state "the norm of communal relationships is to give benefits in response to needs or to demonstrate a general concern for the other person" (p. 684). Similarly, Clark and Finkel (2005) suggest that in a high level of communal relationship people are more likely to express emotions than in a low level one. According to Clark and Mills (1979), a communal relationship involves an anticipation of a long-term relationship due to friendship development in the relationship. In such a relationship, the contact employee generally responds willingly to the customer's needs and is concerned with the welfare of the customer. Hence, it can be summarised that empathy signifies a communal relationship from which a further relationship with the restaurant can be established.

This study explores how empathy is induced by restaurant service attributes, and influences customers' relationship quality with the restaurant. More importantly, this study investigates how empathy perceived by customers can affect their FPI in an upscale restaurant setting. Empathy in this study is treated as an interpersonal construct and conceptualised as anticipatory empathy in that the contact employee fully and emotionally understands the customer's subtle information and anticipates their reaction so that they can be proactive to the customer affectively and spontaneously in a meaningful and empathic manner. This human factor is considered crucial in the service that is typified as intangible and high in human contact. Such conceptualisation of empathy is regarded as unique for this service setting and therefore could result in significant service outcomes.

This study separately assumes that the level of empathy perceived by customers differs between regular customers and occasional customers. For regular customers, their perceived empathy is presumed greater and more positive than that of occasional customers. In other words, the relationship regular customers have with the restaurant helps induce empathic behaviour from the waiter during the service encounters.

In addition, this current study endorses the conceptualisation of empathy as containing both cognitive and affective components that represent the whole essence of this interpersonal element. With the cognitive aspect alone, one is unlikely to emotionally know the other's emotions and feelings. This emotional empathy has been associated with compassion and warmth (Siehl *et al.*, 1992). Without the cognitive aspect, affective empathy is thought to cause empathic contagion and therefore does not fully understand the other's internal state and generate helping behaviour (Lawrence, 2002; McBane, 1995). The distinction between the two aspects of empathy can be made more clearly by comparing a professional relationship (e.g., counselling) with an interpersonal relationship (e.g., restaurant services) with regard to its functions and conceptualisation. The former involves empathy in an arms-length relationship and rather cognitive in nature, whereas the latter engages behavioural warmth and emotional concern stemmed from the waiter's instinct, which is mainly affective. As such, the interaction between the contact employee and the customer is primarily emotionally and psychologically based and involves the fulfilment of the emotional well-being of the customer. It is postulated that the concurrent existence of affective and cognitive empathy in upscale restaurants enhances the quality of the service delivery process through sensing the customer's gestalt including verbal, non-verbal, physical, and non-physical cues, understanding their information, and anticipating their behaviour. Moreover, these two aspects of empathy can result in positive service outcomes such as positive relationship quality and FPI.

Following the insights into empathy with respect to its multiple effects on customer behaviour in services, the following discussion will focus on theories that could help explain the sequential relationships among restaurant constructs of this study. Theories, namely, exchange theory and relationship marketing theory, and affect theory as a supporting theory, will be reviewed for developing the conceptual framework.

### **2.3 Underpinning Theories**

Relationship marketing originates principally from two marketing domains of services marketing and personal selling (Bejou, 1997). The former refers to the

marketing of activities or processes rather than objects (Zeithaml and Bitner, 2003) while the latter is confined to the interaction between the customer and the service provider for a long-term relationship (Bejou, 1997). It is the latter concept that is applied to this current study. The whole concept of relationship marketing, however, derives from a broader domain of social exchange theory (Blau, 1964; Cook and Emerson, 1978) that deals with the structures of mutual dependence in which partners are dependent on each other for valued results (Molm, Takahashi and Peterson, 2000). In the social exchange, Molm *et al.* (2000) conceptualise trust and commitment as emergent phenomena that arise in response to uncertainty and risk. Similarly, Blau (1964) argues that risk and uncertainty, intrinsic in the reciprocal exchanges, are crucial for the development of trust and commitment, which evolve together, beginning with inconsiderable transactions in which little trust is required because of little risk involved, and gradually expanding as they exchange with each other more frequently and partners prove themselves trustworthy. Risk and uncertainty also provide the opportunity for exchange partners to demonstrate their trustworthiness (Molm *et al.*, 2000). Kollock (1994) posits that if the exchanged good is considered high in uncertainty, partners will engage in committed relations with those who have shown themselves to be trustworthy. These authors highlight the intangibility of services in which the relationship between exchange partners becomes desired in hopes of reducing the risk and uncertainty involved in the service exchange.

This study embraces a similar view that trust and commitment emerge from risk and uncertainty that are related to services high in intangibility. Among others, customers pursue relationships with the service provider in the hope that the service they purchase is not below their expectation and is reliable. Given the notion that exchange theory is the foundation of relationship marketing, it will be introduced in the following section for a better understanding of relationship marketing. Relevant to exchange theory, in social exchange positive emotions are experienced when the exchange occurs successfully and vice versa (Lawler and Yoon, 1996). Applied to this current study, social exchange could relate to restaurant service attributes and empathy. Therefore, affect theory will also be briefly reviewed as social exchange inevitably involves affect or emotions (Lawler, 2001), which could determine the success of the exchange and evolve into a relationship. Subsequently, relationship

marketing theory will be discussed for the consequences of a long-term relationship on customer loyalty. Exchange theory and relationship marketing theory constitute the main theories of this study.

### **2.3.1 Exchange Theory**

Fundamentally, exchange theory suggests that people make contributions to the relationship in anticipation of receiving benefits or rewards in return (e.g., Chenet, Tynan and Money, 2000; Goodwin and Gremler, 1996), which are principally economic in nature. This exchange theory is broadened by some authors (Clark and Mills, 1979; Goodwin and Gremler, 1996) to include not only the economic aspect but also the relational aspect. They theorise that in exchange theory, one end of the continuum lies with an exchange relationship that is driven by self-interest, whereas the other end rests with a communal relationship in that one is concerned with others' needs and welfare (Clark and Mills, 1979; Goodwin and Gremler, 1996). Drawn from exchange theory, Clark and Mills (1979) make a distinction between a communal relationship and an exchange relationship in that the former is exemplified by the relationship among family members or close friends while the latter is represented by strangers involved in a business exchange. In an exchange relationship, people keep track of benefits given to the partner and expect a comparable return of those benefits. In other words, exchange relationships can be viewed as economic relationships, which signify relationships between people for economic purposes (Aggarwal, 2004; Clark and Mills, 1979). Unlike an exchange relationship, in a communal relationship parties assume that aid is given out of one's concern for the other's welfare and without the expectation of receiving comparable aid in return. Hence, a communal relationship can be seen as a friendship relationship. Clark (1983) suggests that members of communal relationships aid one another purely to demonstrate their affection and to maintain long-term relationships. Based on Clark and her colleague's (e.g., Clark, 1983; Clark and Mills, 1993; Mills and Clark, 1982) communal relationship, Goodwin and Gremler (1996) refer to service relationships as communality. They describe communality as an indication of social behaviours entailing helping behaviours.

The norms of these two relationship types are distinct in that communal relationships are characterised as more likely to help others, concern for others' welfare, and more responsive to others' emotional states; whereas the opposite characteristics exist in the norm of exchange relationships (Aggarwal, 2004; Clark and Mills, 1993). These characteristics of communal relationships parallel those of empathy. Essentially, empathy has been precisely referred to as a communal relationship (Lawrence, 2002). Once this communal relationship between the customer and the contact employee is established, the customer will become more resistant to price competition, for instance, other marketing tactics from competitors (Goodwin and Gremler, 1996), which suggests the existence of long-term relationships with the organisation. Following the discussion, it is thus theorised that empathy symbolises a communal relationship in that the contact employee is motivated to attend to customers' needs and show empathy to customers during the service encounters. Such relationships can influence customers' relationship quality with the restaurant.

This exchange relationship in exchange theory, however, should be differentiated from the exchange relationship proposed by Czepiel (1990) in which the latter is said to embody both core exchange and relational exchange. According to Czepiel (1990), the two types of exchange are identified by the difference in the proportion of economic as opposed to social content. That is, core exchange is determined when the exchange is mainly economic in nature while it contains a relatively smaller portion of social content and vice versa for relational exchange. Hence, in some exchange relationships, core exchange could be dominant while in others relational exchange may be central. This notion is similar to the concept of exchange ranging from discrete exchange to relational exchange suggested by Dwyer *et al.* (1987) where a discrete transaction is economic while a relational exchange is social. The similarity shared between these authors lies in the acknowledgment of relational exchange being relationally and socially dominant, which constitute the central concept of relationship marketing. Exchange theory, discussed in the previous section entailing exchange relationship and communal relationship, diverges from the exchange concept proposed by Czepiel (1990) and Dwyer *et al.* (1987) although they are related.

With regard to relationship norms, Clark and Mills (1982) further argue that a communal relationship in which the communal norm is followed is regarded as a close relationship, as opposed to a relationship in which the communal norm is not followed. As discussed earlier, the communal norm refers to benefits given to others in response to others' needs or welfare. As such, the greater the motivation to respond to others' needs is, the stronger the communal relationship becomes. An example of that is the communal relationship with one's best friend versus one's other friends (Clark and Mills, 1993). However, it is arguable that a communal relationship could also exist in a service relationship between customers and a service provider beyond the scope for solely friends as has been mentioned by this study. This present study bears the similar notion that this delineation of a communal relationship could manifest the phenomenon of relationship orientation the customers have toward the organisation. Customers who identify themselves as regular customers (relational orientation customers) toward an organisation could be more induced by a stronger communal relationship with the waiter than those who identify themselves as non-regular or occasional customers (transactional orientation customers). This current study theorises that a communal relationship is an expression of a close relationship between the service exchange partners developed through specific social behaviours such as, empathy as has been implied by Goodwin and Gremler (1996). In addition, Clark and Mills (1993) recognise that different people favour different strengths of communal relationships which correspond to the notion suggested in the current study that different customers desire a different relationship orientation or have a different relational preference toward the organisation that could result in a different response to service outcomes.

The assertion by Lawrence (2002) provides a theoretical foundation for the study to treat empathy as a communal relationship. Goodwin and Gremler (1996) imply that people in a communal relationship tend to interpret service behaviours more positively than those in an exchange or transactional relationship. This view connotes that communal relationships could lead to better service results due to a halo effect. Furthermore, empathy has been suggested to help form relationships at the personal level (Coulter and Coulter, 2002; Palmer and Bejou, 1994). More importantly, the interpersonal relationship is related to a long-term relationship (Clark and Mills, 1979)

and argued to form the customers' relationships with the organisation in terms of overall satisfaction (Guenzi and Pelloni, 2004; Hennig-Thurau *et al.*, 2002). Essentially, it is affect involved in the exchange that ties an individual to a group or an organisation for relationship solidarity (Lawler and Thye, 1999; Lawler and Yoon, 1996). The studies by Brems (1989), Davis (1983b) and Krebs (1975) suggest that affect is a central component of empathy, which triggers emotional reactions between the giver and the receiver. Following the foregoing discussion, this study employs exchange theory with respect to a communal relationship to illustrate the relationship between empathy and relationship quality. It is thus suggested that the communal relationship or empathy can lead to customers' relationship quality with the restaurant in terms of overall satisfaction, trust and commitment. In other words, exchange theory depicts the transformation of the relationship from individual level to the relationship at organisation level. In addition, these social behaviours stemming from the communal relationship are posited to induce relationship building between the customer and the service provider and set apart relational encounters as for regular customers from transactional encounters (Goodwin and Gremler, 1996).

### **2.3.2 Affect Theory**

As a supporting theory of this study, affect theory (Lawler, 2001) proposes that positive affect will arise if the exchange is successful and negative affect occurs if the exchange happens otherwise. The affect can be described as feeling good or feeling bad dependent on the exchange (Russell, Weiss, and Mendelsohn, 1989). Similarly, service encounters and service consumption have also been thought to generate either positive or negative feelings or emotions (Liljander and Strandvik, 1997; Mattila and Enz, 2002; Price *et al.*, 1995; Shemwell *et al.*, 1994) and entail an affective component (Oliver, 1993). According to affect theory, feelings or emotions arising from the exchange could influence how the actors feel about their relation with the group (Lawler, 2001). In other words, these emotions can generate powerful affective attachment such as expressing commitment to the social unit. Empathy is perceived primarily as an affective element that can produce positive emotions among customers (Scanlan and McPhail, 2000). In addition, the perception or consumption of a service or product can also engender emotions or feelings such as satisfaction (Derbaix and Pham, 1991). Based on affect theory, this current study posits that the

positive feelings or emotions induced from empathy and restaurant service attributes during service encounters can lead to relationships with an organisation in terms of overall satisfaction, trust and commitment. As such, affect theory will also help describe the relationship between empathy/restaurant service attributes and relationship quality in addition to exchange theory. Subsequently, relationship marketing theory trails exchange theory and the supporting theory, affect theory, in explaining the linkage between relationship quality and FPI.

### **2.3.3 Relationship Marketing Theory**

According to relationship marketing theory, customers favour a stable relationship with the service provider rather than switch to alternatives in the hope that risk and uncertainty can be kept to the minimum especially in services that are characterised as high in intangibility (Zeithmal and Bitner, 2003). Furthermore, this theory suggests that customers remain in the relationship with the organisation because of relationship satisfaction (Liljander and Strandvik, 1995), to reduce risk involved in the service, and to gain benefits beyond the core service from the long-term relationship (Dwyer *et al.*, 1987). Relationship marketing has been defined as “attracting, maintaining, and enhancing customer relationships” (Berry, 1983, p. 25). Morgan and Hunt (1994, p. 22) also describe relationship marketing as “all marketing activities directed toward establishing, developing and maintaining successful relational exchanges.” Berry (1983) posits that the purpose of relationship marketing is to convert indifferent customers into loyal ones. Similarly, Gronroos (1994, p.9) describes the goal of relationship marketing as “to establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the parties involved are met”. These notions entail the ongoing relationship between the customer and the organisation.

Dwyer *et al.* (1987) maintain that discrete transactions involve short-term events and limited relational elements whereas relational exchange deals with not only the economic aspect but also the social aspect, and can lead to a long-term relationship. They imply that the essence of relationship marketing is beyond merely the attainment of core service and includes the benefits and efforts of being in the relationship. They theorise that commitment ultimately signifies the peak stage of

relationship between the customer and the organisation at which stage loyalty is achieved. Moreover, relationship marketing is also suggested to tie the bond between both parties by offering unique services to individuals. In this sense, Geddie *et al.* (2005) suggest that relationship marketing allows customers to feel cared for, to acknowledge their individuality and to provide personal attentions. Similarly, Palmer and Bejou (1994) maintain that the purpose of relationship marketing is to develop loyalty from customers. From the perspective of an organisation, the relational bond through the established relationship with customers is thought to create an exit barrier (Dwyer *et al.*, 1987; Jones *et al.*, 2000) and future intentions (Garbarino and Johnson, 1999). This current study subscribes to these views that established relationships between customers and the organisation could result in customer loyalty.

Hennig-Thurau *et al.* (2002) proposes two approaches for the understanding of the mechanism of relationship marketing theory namely the relational benefits approach and the relationship quality approach. While the former argues that relational benefits are given to relationship-oriented customers for continuing the relationship, the latter assumes that relationship quality, reflected as the degree of appropriateness of a relationship with the organisation, can determine customer loyalty. Both approaches aim to achieve the ultimate goal of relationship marketing outcomes: customer loyalty and positive business referral (Hennig-Thurau *et al.*, 2002). These approaches are in line with the notion suggested by Dwyer *et al.* (1987) that in relationship marketing the relationship includes other relational benefits entailed in the relationship. Based on Hennig-Thurau *et al.* (2002), relationship quality is comprised of some global constructs namely satisfaction, trust and commitment, that from the customers' perspective define the nature of the overall relationship with the organisation. Furthermore, in relationship marketing theory, the utilisation of relationship quality presumes that customer loyalty can be achieved through the appropriateness of a relationship (Hennig-Thurau and Klee, 1997; Hennig-Thurau *et al.*, 2002). It can be therefore argued that a high level of relationship quality allows the restaurant to maintain a long-term relationship with its customers from which the restaurant can establish and strengthen customers' future purchase intentions. Following the discussion, this theory is thought helpful in explaining the consequence of relationship quality in relation to customers' FPI of this study.

#### 2.3.4 Summary

Similar to a long-term relationship, a communal relationship in exchange theory has been suggested as a signal for a close and long-term relationship in which social behaviours are expressed and exchanged between both parties. Unlike the exchange relationship, in the communal relationship, one cares for the other's welfare with no anticipation of compatible reward (Clark and Mills, 1979). Goodwin and Gremler (1996) describe communality as friendship behaviours leading to service loyalty. Thus, it can be argued that empathy conveyed from the contact employee to the customer is a reflection of a communal relationship that leads to the development of customers' trust and commitment among others. Support for this conceptualisation of empathy can be found in Lawrence's (2002) study in which empathy is considered a communal relationship. In the existing marketing literature particularly in relation to restaurants, there are no studies adopting exchange theory and conceptualising empathy as a reflection of a communal relationship in the upscale restaurant setting to determine the customer's trust in and commitment to the restaurant.

Affect theory as suggested by Lawler (2001) argues that one's positive feelings or emotions can be induced from the social exchange if it is perceived successful while negative feelings or emotions arise if the exchange is regarded as unsuccessful. In successful exchange, positive emotions can solidify one's relation with a social unit or a group. According to Lawler (2001), these strong emotions or affect can result in the sense of commitment to the relevant group. As such, it is suggested that in this current study relationship quality such as commitment can be achieved through the social exchange of empathy and restaurant service attributes between the customer and the contact employee.

In addition, relationship marketing theory provides insightful views into the realm of consumer behaviour with respect to relationship quality and relational benefits in relation to customer loyalty in services. This theory is consistent with the assertion by Barnes (1994), suggesting that for a relationship to continue there must be mutual benefits for both the customer and the service provider. For customers, the benefits refer to relational benefits, and reduced risk and uncertainty. For the organisation, they denote long-term business success and customer loyalty including purchase

intentions. Drawn from relationship marketing theory and with a view to comprehend customer purchase behaviour in the service setting of upscale restaurants, relationship quality will be utilised as the predictor for customers' FPI.

This review subsequently centres on trust and commitment in relationship quality and discusses their relationships with restaurant service attributes, empathy and FPI. These two relationship constructs symbolise long-term relationships between customers and the organisation. This review of the literature has provided a better understanding of relationship quality in services that are relevant to and applied in this study.

## **2.4 Trust and Commitment**

Trust and commitment have been thought to serve as the precursors of resisting tempting short-term alternatives in favour of the expected long-term benefits of staying with existing partners (Dwyer *et al.*, 1987; Morgan and Hunt, 1994). Specifically, Wong and Sohal (2002) posit that the higher levels of trust and commitment consequently are related to higher levels of customer retention and, inevitably, organisational profitability. This notion echoes Moller and Wilson's (1988) assertion that trust and commitment represent higher order of bonds as opposed to economic bonds. In other words, these authors consider trust and commitment as relational bonds that tie customers into the relationship. However, there are mixed results reported regarding these two constructs. Some authors maintain that only commitment not trust defines customer loyalty (Dwyer *et al.*, 1987; Macintosh and Lockshin, 1997). Particularly, relationship commitment has been regarded as customers' intentions to stay with the organisation (Kelley and Davis, 1994; Storbacka, Strandvik and Gronroos, 1994; Wetzels, Ruyter and Birgelen, 1998). These two constructs are also seen as the indication of psychological loyalty as implied by Czepiel (1990) and attitudinal loyalty (Foster and Cadogan, 2000). Similarly, Liang and Wang (2004) confirm the positive effects of trust and commitment customers have toward organisations (i.e., banks) on their repurchase intentions. Baloglu's (2002) study also shows that loyal customers demonstrate more trust and commitment. More importantly, Hennig-Thurau *et al.* (2002) suggest that trust and commitment could lead to two key marketing outcomes: customer loyalty

and positive customer referral. They propose that these two relationship constructs be central components of relationship quality.

These authors all recognise customer loyalty as the result of relationship marketing, which entails trust and commitment as the main factors. Obviously, trust and commitment have generated different results in different studies. Based on the notions discussed, trust and commitment in this current study are theorised as the components of relationship quality representing the relationship strength toward the organisation. Therefore, trust and commitment are treated as relationships at the organisation level rather than individual level. They are postulated to have influence on customer loyalty behaviour and future purchase intentions (FPI). In considering Czepiel's (1990) assertion on the existence of various degrees of exchange relationship along with the above discussion, this present study recognise the view that trust and commitment as the constructs in relationship quality could reflect different levels of relationships customers have with the restaurant and therefore could generate different service results.

#### **2.4.1 Commitment**

##### **2.4.1.1 Definition**

As a central construct of relationship marketing, Morgan and Hunt (1994, p. 23) defined commitment as "an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it." Similarly, Moorman, Zaltman and Deshpande (1992, p. 316) describe commitment as "an enduring desire to maintain a valued relationship". In line with Morgan and Hunt (1994), Wulf and Odekerken-Schroder (2003, p. 98) refer to commitment in a retail context as "a consumer's enduring desire to continue a relationship with a retailer accompanied by his willingness to make efforts at maintaining it". In a store loyalty context, Bloemer and Ruyter (1998, p. 500) define store commitment as "the pledging or binding of an individual to his/her store choice". This definition manifests the close relationship between commitment and loyalty. In a leisure service context, Kyle *et al.* (2006) conceptualise commitment as consisting of social bonding, affective attachment, place dependence, value congruence and place identity. Similarly, Garbarino and Johnson (1999) describe commitment as personal

identification with the organisation, psychological attachment, concern for the future welfare of the organisation, and loyalty. Still other authors (Lawler and Yoon, 1996) also consider commitment as affective ties that develop from continual experiences with successful exchanges between the same partners, and as an emotional attachment to the group. In a similar notion, Lawler and Yoon (1996) define commitment as the attachment an individual feels to a relation, group or organisation (p. 90). This conceptualisation of commitment parallels that of the current study in which commitment is seen as an affective or psychological attachment to the service provider, the restaurant. Following this discussion, commitment in this study is defined as the psychological attachment desired by the customer to maintain a long-term relationship with the restaurant.

#### **2.4.1.2 Conceptualisation**

Viewed as an affective aspect, identification has been conceptualised as one of the components of commitment (Bowlby, 1982; Pritchard, Havitz and Howard, 1999; Sheldon, 1971). Bhattacharya, Rao and Glynn (1995) also maintain that organisations aligning themselves with valuable causes or policies permit customers to identify with what the organisation represents. They suggest some positive outcomes of members' identification with the organisation such as satisfaction with the organisation's products and long-term relationship with the organisation, and define identification as the "perceived oneness with or belongingness to an organisation" of which the person is a member (p. 46). In a similar line in a social context, social identification is described as "the perception of belongingness to a group" (Lee, 2004, p. 626). In this type of identification, individuals tend to define themselves as group members. As such, identification links strongly to psychological attachment (Bowlby, 1982; Butcher *et al.*, 2001; Gremler and Gwinner, 2000; O'Reilly and Chatman 1986) and commitment (Wann and Pierce, 2003), and is thought to result in loyalty behaviours, such as brand loyalty and positive referral (Peter and Olson, 1993). Based on social identity theory, Bhattacharya *et al.* (1995) suggest that organisational identification is described in terms of the perception of belonging to a group derived from the identification with the group, in which the individual defines himself in terms of membership. Bhattacharya *et al.* (1995) posit that the greater the person identifies with the organisation, the more likely the

member is satisfied with the organisation's products/services and develops a long-term relationship with the organisation. Although the general precursors have been mentioned in those studies, the causes for personal identification with the group or organisation in service settings such as restaurants are still void. Extending to the present study, when customers identify themselves with the restaurant as regular customers, they tend to regard the service more positively than occasional customers therefore the regular customers are more likely to develop long-term relationships with the restaurant than those occasional customers. Specifically, identifying oneself as a regular customer of the restaurant is viewed as one element of commitment used in this present study.

In addition, the brand or the image of an organisation has been thought to create commitment among customers. For example, Pritchard *et al.* (1999) maintain that people can evaluate their position involvement to determine whether their public association with the brand in question is consistent with certain values and self-images, which are in line with the value congruence conceptualised by Kyle *et al.* (2006). Salancik (1977) argues that commitment is maximised when that sense of consistency is driven by the public persona (publicness). That is, the more public or well known our association is, the greater one's desire is to remain consistent and resist changing that relationship. In addition, Assael (1987) contends that purchasing or repurchasing in consumer behaviour contexts is frequently based on symbolic rather than utilitarian value. Symbolic purchasing indicates that the product is purchased not for what it is but for what it means as a subjective symbol (Solomon, 1983). Merging with the concept of identification, it can therefore be argued that when a customer establishes a preference due to personal value or self-image matching that of an organisation, or the reputation of the organisation, they will tend to identify with that organisation toward which they develop a consistent and continuing behaviour. Along a similar line, Lawler and Yoon (1996) propose a concept of relational cohesion to express the customers' definition of their relationship with the organisation resulting from successful repeated exchanges. They further suggest that commitment is the result of relational cohesion (see also, Lawler, Thye and Yoon, 2006). Following the discussion, self-identification as

regular customers is therefore seen as an expression of relationship commitment toward the organisation.

This present study identifies customers with different relational preference toward the restaurant namely relational orientation (regular customers) and transactional orientation (occasional customers) based on their level of psychological attachment toward the service organisation. This research design is twofold. In addition to treating the sample population as a whole, this customer categorisation allows this study to examine the influence of relational preference by customers on the perception of restaurant service attributes and empathy, and the service outcomes of relationship quality and their FPI toward the restaurant.

## **2.4.2 Trust**

### **2.4.2.1 Definition**

Trust, another essential construct for relationship marketing, is defined as a generalised expectancy held by an individual or a group that the word, promise, verbal or written statement of another individual or group can be relied upon (Rotter, 1967, p. 651). Following that, it has been variously defined as one party has confidence in an exchange partner's reliability and integrity (Morgan and Hunt, 1994, p. 23), a willingness to rely on an exchange partner in whom one has confidence (Moorman, Deshpande and Zaltman, 1993, p. 82), a consumer's confidence in a retailer's reliability and integrity (Wulf and Odekerken-Schroder, 2003, p. 98), customer confidence in the quality and reliability of the services offered by the organisation (Garbarino and Johnson, 1999, p. 73), and a willingness of a party to rely on the behaviours of others (Andaleeb, 1996, p. 79). In the hotel context, Scanlan and McPhail (2000, p. 499) describe trust in terms of sincerity, courteousness, and feeling confident that one's interests will be served by the other party, thus creating a sense of security. Based on these definitions, confidence and reliability become the most common and central essence of trust.

### **2.4.2.2 Conceptualisation**

Consistent with the above definitions, Gwinner *et al.* (1998) conclude that among the relationship benefits for long-term customers, confidence benefits are the most

important to customers. They suggest that the sense of reduced anxiety, faith in the trustworthiness of the service provider, reduced perception of risk, and knowing what to expect are the most essential benefits of service relationships. Coulter and Coulter (2002) argue that there is a strong association between the reduction of risk and the establishment of trust. Berry (1995) also suggests that trust reduces uncertainty especially in black-box-type services that are difficult to assess due mainly to their intangible nature. In addition, trust is related to customers' needs or expectation. Holmes and Rempel (1989, p. 199) maintain that, "trust is strengthened if partners are responsive in ways that acknowledge an individual's particular needs and affirm their sense of worth". Further, a study by Earle and Siegrist (2006) found that confidence contributes to trust. Therefore, it can be positively stated that feeling confident and knowing what to expect in the service encounters are important aspects for trust in a long-term relationship especially in services that are high in intangibility. This current study embraces similar determinants of trust such as, performance meets my expectation, service can be counted on, and quality of service is consistently high, for measuring customers' trust in the overall service offered by the restaurant. For the purpose of the study, trust is defined as the customer's confidence in the quality and reliability of the goods and services delivered by the restaurant.

#### **2.4.3 Relational Benefits**

To predicting relationship marketing outcomes, Hennig-Thurau *et al.* (2002) propose the relational benefit approach, which argues that both parties in a relationship are motivated to benefit each other for it to last over time. These benefits are thought to relate to core services or the relationship itself. According to Hennig-Thurau *et al.* (2002), relational benefits comprise: confidence benefits that pertain to perceptions of reduced anxiety and comfort with regard to expectations in the service encounters; social benefits, which refer to the emotional aspect of the relationship and are described by personal recognition by employees, the customers' own familiarity with the employees, and the formation of friendships between customers and employees; and special treatment benefits, which are reflected in the forms of receiving price discount, or personalised services received by the customers. The discussion above suggests that multiple benefits are involved and available as the relationship forms between the customers and the service provider. For definition, Gwinner *et al.* (1998,

p. 102) define relational benefits as “those benefits customers receive from long-term relationships above and beyond the core service performance”, which signifies the advantage of having relationships and the core essence of relationship marketing. The relational benefits are further manifested by Zeithaml (1981) suggesting that customers obtain optimum satisfaction by staying in a relationship with a service provider. The foregoing discussion offers the foundation for incorporating relationship marketing concepts in services, in that both the customer and the organisation are seeking long-term benefits. Following the discussion, it is postulated that relational orientation customers (regular customers) are likely to attain more benefits than transactional orientation customers (occasional customers) during service delivery. As such, regular customers are apt to develop more positive relationships with the restaurant compared to occasional customers. These relational benefits are thus suggested to have close association with trust and commitment.

#### **2.4.4 Trust, Commitment and Restaurant Service Attributes**

Attribute performance of an organisation has been found to influence customers' trust and commitment at the organisation level (Kennedy, Ferrel and LeClair, 2001; Liang and Wang 2004; Foster and Cadogan, 2000). Kennedy *et al.* (2001) posit that since trust can be based on an assessment of the product's quality, they propose that individuals who perceive higher levels of product quality will show higher levels of trust in the organisation. Thus, consumers who believe the product is of high quality will be more likely to trust the general behaviour of both salespeople and the organisation. In a financial service, Liang and Wang (2004) confirm that both non-product-related attributes (e.g., courtesy) and product-related attributes (e.g., credit card and loan) can lead to trust and commitment. In addition, Foster and Cadogan (2000) argue that trust in a firm is the function of trust in the salesperson through the exchange experience in which the customer feels familiarity with the salesperson. Similarly, Guenzi and Pelloni (2004) suggest that the degree of familiarity with the service employee can lead to trust in an organisation. Drawing from that, this current study proposes that restaurant service attributes will also have major effects on customers' trust and commitment toward the restaurant. Therefore, this study postulates that food quality, atmosphere, satisfaction with the waiter, and familiarity with the waiter affect on customers' trust in and commitment to the restaurant.

#### **2.4.5 Trust, Commitment and FPI**

Aside from the attitudinal element, loyalty is argued to exist exclusively in relationships. Dwyer *et al.* (1987) suggest that loyalty is a disposition strengthened by, among others, the components of commitment, trust and positive attitudes. That is, loyalty can only be created in a relationship. In addition, Pritchard *et al.* (1999) developed a conceptual model of commitment and its link with loyalty using a sample of airline and hotel patrons, and found evidence that clients' resistance to change is best considered as an integral part of psychological commitment and that is a key precursor to the development of their loyalty. Thus, commitment is a necessary condition for true loyalty to occur. In the similar line, Yi and La (2004) conclude that loyal customers tend to show certain behaviours, such as preference, attachment and commitment, toward the organisation among others. In addition to commitment, the other relationship construct, trust in firm, can also lead to attitudinal loyalty and future intentions to purchase (Foster and Cadogan, 2000; Kennedy *et al.*, 2001). The above discussion connotes the notion that relationships with the service provider with respect to trust and commitment are intrinsically related to customer loyalty. Several studies (Bettencourt, 1997; Bloemer and Ruyter, 1998; Garbarino and Johnson, 1999; Liang and Wang, 2004; Hennig-Thurau *et al.*, 2002; Macintosh and Lockshin, 1997) have also empirically confirmed the linkage between trust/commitment and customer loyalty behaviour. For instance, Garbarino and Johnson (1999) suggest that relational customers are driven by trust and commitment for their purchase intentions. Liang and Wang (2004) also suggest that trust and commitment lead to repurchase intention. In a store loyalty context, Bloemer and Ruyter (1998) posit that store commitment is the precursor for store loyalty. Similarly, Hennig-Thurau *et al.* (2002) maintain that there exists a direct relationship between commitment and customer loyalty. Macintosh and Lockshin's (1997) empirical study suggests that store trust and store commitment determine FPI. Following from that, this current study theorises that customers' FPI are based on their relationships of trust and commitment toward the restaurant.

#### **2.4.6 Summary**

Some notions can be generalised for the application of trust and commitment in this present study. Trust and commitment have been strongly supported as the determined

dispositions one bears toward the organisation during a long-term relationship. This study considers trust and commitment as indicators of the level of relationship strength shown by the customer as a generalised mental state, from the perception of empathy and restaurant service attributes, for the prediction of FPI. To extend this notion, this present study adopts the view that trust and commitment signifies there is a relationship of the customer toward the restaurant and that these two relationship constructs are an indication of the relationship quality existing between the customer and the restaurant in determining their FPI.

One of the motivations underlying the relationship development in terms of trust and commitment is caused by service intangibility (e.g., Berry, 1983). Due to the intangibility or black-box-type services as Berry (1983) describes, customers are encouraged to engage in a stable and longer-term relationship in an effort to minimise the risk and uncertainty during the exchange by trusting the exchange partner and consequently committing to the relationship. The reduction of uncertainty is seen as one of the relational benefits that are exclusive only in long-term relationships (Hennig-Thurau *et al.*, 2002). This reasoning lends support to the utilisation of trust and commitment in the service setting of this study in which the service mix (Bowen and Basch, 1994) of upscale restaurants comprises tangible and intangible components and is characterised as complex and highly intangibility in nature. The upscale restaurant as a researched setting in this study has also been categorised as a high contact service within which the social interactions between the contact employee and the customer are deemed frequent and are often desired in most cases. In practice, empathy allows one to emotionally understand and anticipate the other's feelings and behave in a proactive and empathic manner, and induces helping behaviours from the empathiser to the help receiver. This interpersonal relationship of empathy is therefore theorised to influence the customer's trust in and commitment to the restaurant among others. Additionally, restaurant service attributes are also postulated to affect customer's trust and commitment. Consequently, these relationships are suggested to predict FPI toward the restaurant.

In addition to service intangibility, it has also been noted that relational benefits are highly associated with relationship building. From the earlier discussion, relational

benefits are reserved merely for customers who have developed a relationship with the service provider. These benefits can vary in nature and range from social (e.g., friendship), confidence (e.g., reduced risk and anxiety), and special treatment benefits (e.g., price discount and additional service). In social benefit, for example, Gwinner *et al.* (1998) maintain that regular customers often obtain personal recognition from patronising the same service provider. In other words, this treatment is less available for non-regular customers. In this present study, regular customers are considered as long-term customers who show stronger psychological attachment to the organisation whereas occasional customers are seen as short-term customers who conversely demonstrate weaker psychological attachment. There are studies supporting the notion that customers recognise themselves as long-term customers because they show affective commitment to the organisation (Garbarino and Johnson, 1999; Wulf and Odekerken-Schroder, 2003). Based on the aforementioned studies, commitment in this current study is also regarded as an affective perspective that involves one's emotional state in a relationship.

Overall, trust and commitment are essential constructs for relationships. This study attempts to fill the gap in the literature by theorising trust and commitment as relationship quality that is affected by empathy and restaurant service attributes, and can influence customers' FPI. The significance of the study lies in part in the research setting of upscale restaurants that involve a high level of human interaction and intangibility due to its complex service components. In addition, the application of relationship marketing in terms of trust and commitment in relation to restaurant service attributes and empathy is adopted in the hope that it can capture more accurate FPI in the high contact service setting from the perspective of relationship development.

Following from the current discussion on trust and commitment with regard to their correlates and consequences, a review of overall satisfaction will be introduced with respect to its antecedents and subsequent outcomes. The discussion of overall satisfaction will provide an insight into another relationship construct of relationship quality in addition to trust and commitment and therefore offer a more complete view of relationship quality in the current study settings.

## 2.5 Overall Satisfaction

Overall satisfaction has been described as an individual's emotional response to his or her appraisal of the total set of experiences realised from patronising a service organisation (Westbrook, 1981). In a similar notion, Sulek and Hensley (2004) suggest that the perception of multiple service attributes can contribute to overall satisfaction in dining. Treated as one component of relationship quality, overall satisfaction in this study will be initially discussed in the context of customer satisfaction for a better understanding of this consumption phenomenon. Customer satisfaction, in general, has been seen as an indicator of whether customers will return to an organisation (Dube, Renaghan and Miller, 1994; Sulek and Hensley, 2004; Zin, 2001) and of an organisation's future profit (Kotler, 2003). For organisations, high customer satisfaction denotes, among other things, increased loyalty, safeguard of customer switching and positive word of mouth (Bearden and Teel, 1983; Fornell, 1992). From the customer's perspective, satisfaction reflects a positive outcome of fulfilment of needs (Bearden and Teel, 1983). Although some studies (e.g., Bowen and Shoemaker, 1998; Jones and Sassar, 1995) did not support the linkage between overall satisfaction and customer loyalty, this phenomenon in general plays a major role in affecting customers' loyalty behaviours such as future purchase intentions.

### 2.5.1 Definitions

In general, two types of definitions of customer satisfaction (CS) in terms either as an outcome of consumption experience or as a process, have been identified. As a process, customer satisfaction has been defined as: "the consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product as perceived after its consumption" (Tse and Wilton, 1988, p.204); and "the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience" (Oliver, 1981, p.27). Similarly, Yi and La (2004) also hold a view that CS relates to expectation and thus see it as a process. These definitions suggest that an evaluative process is an important element underlying CS. Some definitions, interpret CS as an outcome resulting from the consumption experience (Parker and Mathews, 2001). To name a few, these definitions include:

“an affective or emotional response to a specific consumption experience” (Swan and Oliver, 1989, p. 518); and “an emotional response to the experiences associated with particular products or services purchased” (Westbrook and Reilly, 1983, p. 256).

As an outcome, satisfaction is perceived as a feeling, including emotion and fulfilment. On the contrary, the expectation-disconfirmation paradigm represents the process aspect (Oliver, 1981) in which disconfirmation refers to the consumer’s comparison of the service performance to an expectation (Hunt, 1977). Negative disconfirmation refers to the negative discrepancy that occurs when performance is below standard whereas positive disconfirmation occurs when performance is better than expected. When performance is equal to expectations, a confirmation of expectations exists. Thus, it can be generalised that satisfaction as an outcome involves more emotions and treats overall service consumption as a generalised experience, while satisfaction as a process mainly relates to cognition engaging the calculative difference between what is expected and experienced, that is, the disconfirmation paradigm. In accordance with the conceptualisation of overall satisfaction adopted, this current study therefore holds the notion that overall satisfaction is primarily a generalised outcome judged from performance while recognising the existence of assessment from disconfirmation of expectation.

### **2.5.2 Components**

Customer satisfaction has also been described as either a cognitive or affective response to the consumption experience (Oliver, 1997; Yi, 1990; Yi and La, 2004). The cognitive component refers to a customer’s evaluation of the perceived performance in terms of its adequacy in comparison to some kind of expectation standards (Howard and Sheth, 1969; Labarbera and Mazursky, 1983; Liljander and Strandvik, 1997; Oliver, 1980; Sawmong and Omar, 2004), whereas the emotional component consists of various emotions, such as happiness, surprise and disappointment (Cronin, Brady and Hult, 2000; Liljander and Strandvik, 1997). Westbrook (1987) posits that satisfaction judgments should be determined at least in part by the existence of product/consumption-related affective responses besides the effects of cognitive belief variables. Thus past affective responses, according to Westbrook (1987), may be available to exert effects on the evaluative processes

yielding satisfaction judgments. Satisfaction has also been described as a momentary assessment of feelings about a particular phenomenon (Lloyd, Cate and Henton, 1984). The foregoing discussion suggests that satisfaction is mainly an affective phenomenon that may be attained through cognitive evaluation of an object. In addition, Dube-Rioux (1990) asserts that affective responses are more powerful indicators of customer satisfaction than cognitive evaluations. Following from the discussion, this current study subscribes to the view that satisfaction such as overall satisfaction is an affective state gained from the consumption experience through cognitive appraisal of service or product performance. This delineation of satisfaction by cognitive and affective component is similar to that discussed by process and outcome in the last section.

### **2.5.3 Satisfaction Evaluation: Performance**

Satisfaction has been approached with different theories for its evaluation. The above specific judgemental approach of performance is closely relevant to this current study and deemed especially appropriate for the concept of overall satisfaction. Theoretical studies support the use of perceived performance as a direct determinant of customer satisfaction/dissatisfaction (CS/D) rather than through the intermediate process of confirmation/disconfirmation of expectation. LaTour and Peat (1979) and Anderson and Sullivan (1993), for example, posit that a consumer's evaluation of the product's attributes count more towards one's belief about the product's performance, in comparison to going through the confirmation/disconfirmation of expectations. This notion indicates that one's belief serves as one's frame of reference when evaluating the product's performance. Apparently, performance influences CS/D directly via consumer observation of the product performance and indirectly through disconfirmation comparison (Bolton and Drew, 1991).

In a similar view, Spreng, MacKenzie and Olshavsky (1996) also maintain that performance compared to disconfirmation of expectation has a stronger effect on satisfaction. More importantly, Anderson *et al.* (1994) suggest that disconfirmation of expectation has a weaker effect on organisation-level satisfaction (i.e., overall satisfaction) than perceived performance. Wirtz and Mattila (2001) also posit that the measures of perceived performance have robust evaluative components in judging

satisfaction. In a restaurant study, Yuksel and Rimmington (1998) argue that the performance-only approach is the most reliable framework in measuring customer satisfaction. Further, it is the customer's general sentiment of the dining service as the result of service attributes and empathy that is pursued and treated to predict FPI in this current study. The precise satisfaction evaluation by confirmation/disconfirmation is not the end goal of this study. The process approach is therefore deemed inappropriate. Following the discussion, this current study is in an agreement with the conception that the perceived performance rather than disconfirmation should be ideal for overall satisfaction judgement.

#### **2.5.4 Attribute Satisfaction and Overall Satisfaction**

Customer satisfaction has been investigated in various levels and aspects including: satisfaction with a product (Churchill and Surprenant, 1982; Swan and Trawick, 1981; Tse and Wilton, 1988); with a salesperson (Crewal and Sharma, 1991; Mohr and Bitner, 1995; Swan and Oliver, 1991); with a store (Bloemer and Ruyter, 1998; Miller, 1976; Oliver, 1981); with attributes (Bettman, 1974; Oliver, 1993; Spreng *et al.*, 1996); and with overall services (Anderson *et al.*, 1994; Bitner and Hubbert, 1994; Danaher and Mattsson, 1994; Jones and Suh, 2000; Spreng *et al.*, 1996; Sulek and Hensley, 2004). Those levels and aspects of satisfaction studies can be summarised and classified into two general conceptualisations of satisfaction that exist in the literature, attribute satisfaction and overall satisfaction (Anderson and Fornell, 1994; Bitner and Hubbert, 1994; Boulding *et al.*, 1993; Busacca and Padula, 2005; Mohr and Bitner, 1995).

At the attribute level, satisfaction is seen as the psychological fulfilment response the consumer makes about the specific service performance, whereas overall satisfaction is regarded as a psychological construct describing the subjective emotional state that occurs in response to an evaluation of a set of experiences (Locke, 1969). When a consumer has multiple encounters with an organisation, including for example satisfaction with the contact person and satisfaction with the core service, they are combined to influence overall satisfaction (Mohr and Bitner, 1995), which has been viewed as a moving average that is relatively stable and more similar to an overall attitude (Parasuraman, Zeithaml, and Berry, 1994). Similarly, Bitner and Hubbert

(1994) posit that evaluation of one distinguished encounter, among many others, can perfectly correlate with overall satisfaction judgement. One single unsatisfactory encounter with a firm, however, is thought to have only minimal effect on overall satisfaction after numerous good encounters. Hence, the foregoing discussion suggests that overall satisfaction can be better arrived at from the consumption experience toward the organisation based on the overall perception of service offerings (e.g., a visit to a restaurant) rather than on a single transaction (e.g., satisfaction with food).

#### **2.5.4.1 Attribute Satisfaction**

Attribute satisfaction has been viewed as one component of customer satisfaction along with the global level of satisfaction (Petrick and Backman, 2000; Spreng *et al.*, 1996) and defined as “the consumer’s subjective satisfaction judgment resulting from observations of attribute performance” (Oliver, 1993, p. 421). With respect to the attribute performance in relation to overall satisfaction evaluation, researchers (Bolton and Drew, 1991; LaTour and Peat, 1979) suggest that different weightings of attribute performance may be ascribed to overall service evaluation. For example, Bolton and Drew (1991) suggest that customers place different weights on attributes based on their importance in customers’ mind in arriving at overall satisfaction. Similarly, Danahar and Mattsson (1994) hold the notion that overall customer satisfaction is influenced by the service aspects that are most important to the customer. In addition, negative and positive attribute performances are thought to have separate effects on overall satisfaction as well. In this line, Peeters and Czapinski (1990) and Yi (1990) indicate that negative information is more perceptually salient than positive information, takes more weight than positive information, and induces a stronger psychological response than positive information. Thus, with a given set of attributes, the relative impact of each attribute will be asymmetric (see also, Busacca and Padula, 2005; Woo and Fock, 2004). In general, however, overall satisfaction is said to mitigate the negative effect of a single, less than satisfactory service encounter (Jones and Suh, 2000).

Following the above discussion, this current study holds a similar view that customers place different weights on restaurant service attributes based on the importance of

those attributes for them in arriving at the feelings of overall satisfaction with the restaurant. That is, the more important the service attribute for the customer, the more influential it is for the formation of overall satisfaction. For instance, some customers may consider food quality being the most important attribute when evaluating their overall satisfaction, whereas others may view atmosphere to be the most critical attribute. Satisfaction with restaurant service attributes of this study is regarded as attribute satisfaction.

#### **2.5.4.2 Overall Satisfaction**

Many authors (Anderson *et al.*, 1994; Fornell *et al.*, 1996; Wilton and Nicosia, 1986) have claimed that satisfaction should be viewed as a judgment based on cumulative experience made with a certain product or service rather than on a specific transaction. Especially with regard to the relationship between customer satisfaction and loyalty, conceptualising satisfaction as the outcome of one single transaction is deemed too restrictive (Fornell *et al.*, 1996) and unlikely to lead to long-term loyalty (Homburg and Giering, 2001). While an attribute view of satisfaction provides valuable insight into the short-run outcome of service encounters, cumulative or overall satisfaction is a fundamental indicator of a firm's current and long-run performance, which is of great interest to management (Johnson, Anderson and Fornell, 1995). Furthermore, the overall measure has been shown to be a better predictor of repurchase intentions (Jones and Suh, 2000; Rust, Zahorik and Keiningham, 1995; Yi, 2004). This type of satisfaction is defined as the consumer's overall dis/satisfaction with the organisation based on all encounters and experiences with that particular organisation (Bitner and Hubbert, 1994, p. 76-77).

In the context of customer relationship in services, research by Liljander and Strandvik (1995) suggests that overall satisfaction of several interactions is referred to as relationship satisfaction with the service provider. Andaleeb (1996) also views overall satisfaction as an indication of a long-term relationship. This notion embodies the underlying phenomenon of relationship building derived from overall customer satisfaction with the organisation. Consistent with this view, satisfaction along with trust and commitment has been incorporated to represent relationship quality between the customers and the organisation (Hennig-Thurau *et al.*, 2002). As such, this study

conceptualises overall satisfaction as one component of relationship quality that symbolises the overall relationship quality between the customers and the restaurant. Satisfaction of this aspect is described as overall evaluation of total consumption of products and services of an organisation. Similar to trust and commitment, overall satisfaction is theorised as the function of restaurant service attributes and empathy. This global evaluation of satisfaction will be of interest to this study. For the purpose of the study, overall satisfaction is defined as the customers' global evaluation with all aspects of restaurant dining experiences derived from a restaurant visit.

### **2.5.5 Relationships among Attribute Satisfaction, Overall Satisfaction and FPI**

With respect to the influence of attribute-level performance on overall satisfaction and repurchase intentions, attribute-level performance is said to affect these two factors differently (Mittal *et al.*, 1994). Mittal *et al.* (1994) argue that any level of performance maximising goal fulfilment of salient attributes should produce higher satisfaction. They posit, however, that based on the consumer's intended goals, performance of a certain attribute may become essential for repurchase intentions but not for satisfaction. In other words, an attribute's salience in purchase decisions differs from its salience for satisfaction evaluations. In line with this view, the findings of Mittal, Ross and Baldasares (1998) and Oliver (1993) show that attribute level performance may have a direct impact on repurchase intentions and is not necessarily mediated by overall satisfaction. Similarly, Mittal, Katrichis and Kumar (2001) also imply that attribute performance may lead directly to purchase intentions. This highlights the fact that some attributes determine FPI directly independent of the influence from overall satisfaction. By the same token, it can be construed that restaurant service attributes of this current study may produce different effects in influencing overall satisfaction and FPI depending on the performance of goal fulfilment of salient attributes. Informed by this discussion, this current study postulates that some restaurant service attributes can influence FPI directly while others do so through overall satisfaction.

### **2.5.5.1 Overall Satisfaction and Restaurant Service Attributes**

With respect to the relationship between attributes and overall satisfaction, studies have shown that the performance of service attributes contributes to overall satisfaction (Bitner and Hubbert, 1994; Bolton and Lemon, 1999; Bou-Liusar, Camison-Zornoza and Escrig-Tena, 2001; Oliver, 1993; Sulek and Hensley, 2004). Bolton and Lemon (1999) suggest that the performance of goods or services can determine overall customer satisfaction. Similarly, Oliver (1993) asserts that attribute performance influences overall satisfaction, where attribute performance is referred to as the consumer's perception of a product or service feature. In a restaurant context, food and atmosphere among others have been shown to affect overall satisfaction with the restaurant (Heung, 2000; Sulek and Hensley, 2004). Heung (2000) suggests that food and beverage quality is the most important factor contributing to the overall satisfaction. Following the above discussion, this current study theorises that service attributes of the upscale restaurant can contribute significantly to overall customer satisfaction of relationship quality. Restaurant service attributes of this study include familiarity with the waiter, food quality, atmosphere and satisfaction with the waiter.

### **2.5.5.2 Overall Satisfaction and FPI**

This global construct of overall satisfaction is treated as another dimension of relationship quality in this study besides trust and commitment. Conceptually, overall satisfaction represents the global impression and general experiences with the organisation (Jones and Suh, 2000, p. 148) and has been found to have a positive relationship with purchase intentions or loyalty (Hennig-Thurau *et al.*, 2002; Jones and Suh, 2000; Labarbera and Mazursky, 1983; McDougall and Levesque, 2000; Preis, 2003). McDougall and Levesque (2000) suggest that customer satisfaction with the service provider is the strong predictor of repurchase intentions, and entails the essence of overall satisfaction. Similarly, Labarbera and Mazursky's (1983) study suggests that overall satisfaction plays an important role in determining the repurchase intentions, indicating that a high level of satisfaction results in a positive effect on intention level, while dissatisfaction leads to a negative impact on intention level. Further, Jones and Suh (2000) and Yi and La (2004) maintain that overall satisfaction with the organisation is the determinant of repurchase intentions. Following from the foregoing discussion, this current study postulates that overall

customer satisfaction with the restaurant is indicative of relationship satisfaction and will have a positive association with customers' FPI.

### 2.5.6 Summary

With respect to satisfaction judgments, there exist numerous theories for the evaluation of satisfaction. Among them, the confirmation/disconfirmation paradigm appears to be widely accepted among scholars, in which satisfaction is realised by the discrepancy between a customer's service or product expectation, and perceived performance. This mathematical approach, however, is argued unnecessary as performance alone can reach a similar result of satisfaction judgments. Also, using expectation as the satisfaction evaluation process will be problematic for customers who do not have that consumption experience. Essentially, Anderson *et al.* (1994) have suggested that for overall satisfaction judgment the actual perceived performance should outperform the effect of the perceived gap between quality and expectations. Hence, overall satisfaction evaluation should be better judged by performance of service attributes. Rather than a satisfaction study, this current study places emphasis on empathy and investigates its relationships with overall satisfaction, trust and commitment, conceptualised as relationship quality, which is theorised to affect FPI. As such, the approach toward the overall satisfaction judgment should not be a discrepancy measure (e.g., disconfirmation of expectation), but rather a direct assessment (as with other relationship constructs, i.e., trust and commitment) based on the observation of all service perception entailing restaurant service attributes and empathy.

Overall satisfaction is conceptualised beyond the mere evaluation of all service perception to represent a component of relationship quality that indicates the level of a relationship with the restaurant. This restaurant relationship or organisation-level relationship is theorised as the consequence of restaurant service attributes and empathy, and as the determinant of FPI. Although regarded as relationship quality, it should be recognised that overall satisfaction, trust, and commitment represent different mental constructs influenced differently by service attributes and empathy, and exerting dissimilar effects on FPI.

In the existing literature, overall satisfaction has been conceptualised as cumulative satisfaction either over time or in a single visit (Jones and Suh, 2000; Sulek and Hensley, 2004; Yi and La, 2004). The former deals with the ongoing satisfaction evaluation to date, whereas the latter concerns the satisfaction judgment of all service encounters based on a one-time visit. To this end, Spreng *et al.* (1996) and Sulek and Hensley (2004) adopt the concept of a single experience in their empirical study, which is different from Fornell's (1992) discussion of cumulative satisfaction. This study subscribes to the approach that overall satisfaction is measured with a single visit. Extending that view to this study, overall satisfaction serves as a reflection of the relationship with the restaurant and a component of relationship quality for the prediction of customers' FPI.

The discussion of overall satisfaction offers a better understanding toward the nature and antecedents of satisfaction, and its correlations with FPI. The following literature review will provide an insight into FPI in terms of its conceptualisation and potential relationships with restaurant constructs.

## **2.6 Future Purchase Intentions**

Future purchase intentions (FPI) has been seen as an attitudinal loyalty, which is operationalised as emotional commitment (Anderson and Sullivan, 1993; Cronin and Taylor, 1992; Yi and La, 2004), and is distinct from the behavioural sense, which is not based on preferential disposition (Bloemer and Ruyter, 1999). FPI has also been suggested as one of the measurements for customer loyalty (Barsky, 1992; Butcher *et al.*, 2002; Foster and Cadogan, 2000; Jones and Sasser, 1995; Wakefield and Blodgett, 1994) and described as the stated likelihood of returning to the service provider (McDougall and Levesque, 2000). In addition, FPI is also regarded as a customer's anticipation of future behaviour toward a store (Swan and Trawick, 1981). This study will apply FPI as the customers' stated likelihood of returning to the restaurant in the future and as a loyalty measure.

In the discipline of consumer behaviour, intentions have been seen as the function of attitudes. In attitude theory, Fishbein and Ajzen (1975, p. 288) argue that intentions are determined by one's attitude toward the behaviour and define intentions as "a

person's subjective probability that he will perform some behaviour". In other words, attitudes determine intentions to act. In services, many authors (Darden, Erdem and Darden, 1983; Kim and Park, 2006; Oliver, 1980) suggest that purchase intentions are the function of an individual's attitude toward a service. These authors maintain that attitude and intentions play important roles in determining loyalty. Although numerous researchers (Baloglu, 2002; Bloemer, Ruyter and Wetzels, 1999; Day, 1969; Jones and Farquhar, 2003) have suggested the measure of loyalty with both aspects of behaviour (e.g., repeat purchase and attitude), Jones and Sasser (1995) posit that repurchase intentions alone can be utilised as the measurement for customer loyalty for an organisation's services or products, and represents a strong indicator of future behaviour. Following from the foregoing discussion, this current study measures FPI as the loyalty behaviour directly influenced by the sentiment from restaurant service attributes, empathy and relationship quality with the restaurant.

With a close hierarchical relationship with purchase intentions, behavioural intentions are defined as the degree to which a person has formulated conscious plans to perform or not to perform some specified future behaviour (Washaw and Davis, 1985). Washaw and Davis (1985) further suggest that behavioural intentions involve making a behavioural commitment to perform or not perform an action. In a study by Boulding *et al.* (1993), repurchase intentions and willingness to recommend are the two dimensions of behavioural intentions (see also, Tsai and Huang, 2002). Zeithaml *et al.* (1996) propose more comprehensive dimensions for customer behavioural intentions in which the framework is comprised of four dimensions: word of mouth communications, purchase intentions, price sensitivity and complaining behaviour. Similar to that of Washaw and Davis (1985), they posit that behavioural intentions can be viewed as indicators that signal whether customers will remain with or defect from the company. Apparently, behavioural intentions are a higher order of construct and contain four dimensions including purchase intentions. In Zeithaml *et al.*'s (1996) study, five dimensions were identified, with loyalty being the prime dimension of behavioural intentions in which repurchase intentions is confined to a loyalty dimension. Purchase intentions under this framework are operationalised as the intention to repurchase from, and preference for, the specific organisation (Zeithaml

*et al.*, 1996). In order to gain a better insight of FPI, there is a need to identify the underlying meaning of loyalty, which entails FPI as one of its dimensions.

### **2.6.1 Conceptualisation of FPI**

Loyalty has been generally expressed as a preference for a specific organisation and continuing to purchase from it (Zeithaml *et al.*, 1996). Loyalty has also been defined in various ways with two main approaches for this phenomenon: behavioural (Gwinner *et al.*, 1998; Soderlund, 1998) and attitudinal (Czepiel and Gilmore, 1987; Day, 1969; Dick and Basu, 1994; Jones and Sasser, 1995; Oliver, 1997; Yi and La, 2004). In the behavioural sense, loyalty has been described as observed behaviour (Liljander and Strandvik, 1995) and defined as repeat purchasing frequency or relative volume of same-brand purchasing (e.g., Tellis, 1988). This repeat purchase behaviour is said to be spurious loyalty with a non-attitudinal component and thus fails to translate into true loyalty (Dick and Basu, 1994). With a similar view, this study views that repeat purchase alone cannot translate into real loyalty as the decision to purchase could be externally affected by low prices or convenience of the choice.

In addition to a behavioural component, loyalty has also been defined from the attitudinal perspective as well (Czepiel and Gilmore, 1987; Day, 1969; Dick and Basu, 1994; Jones and Sasser, 1995; Oliver, 1997; Yi and La, 2004). For example, Oliver (1997, p. 392) defines loyalty of this aspect as “a deeply held commitment to rebuy or repatronise a preferred product/service consistently in the future.” Further, he also (p. 392) describes the loyal consumer as one who “fervently desires to rebuy a product or service and will have no other”. In this sense, customer loyalty has also been defined as “the feeling of attachment to or affection for a company’s people, products or services” (Jones and Sasser, 1995, p. 94), which entails a strong attitude. In a brand loyalty context, Day (1969) argues that once the attitudinal aspect is established, loyalty becomes a brand-specific phenomenon. This highlights the close relationship between attitude and loyalty. Similarly, Dick and Basu (1994) refer to loyalty as relationship strength between customers’ attitude and repurchase intention. In addition, the attitudinal aspect of loyalty is regarded as similar in concept to trust and commitment (Foster and Cadogan, 2000; Morgan and Hunt, 1994) and a strong

predictor for behaviour (Huddleston *et al.*, 2004; Ajzen and Fishbein, 1977). Thus, the individual's dispositional basis for repeated purchase is seen as inseparable from the notion of loyalty (Jacoby and Kyner, 1973). Hence, FPI of this study can be seen as an attitudinal loyalty that parallels to commitment and that reflects loyalty toward the restaurant. The relationship of empathy with FPI has been vigorously discussed in an earlier section. In addition, the relationships between FPI and other restaurant constructs namely overall satisfaction, trust and commitment have also been discussed, with very limited studies conducted in the current service settings. Following this, there is a need to add the determinants of FPI in relation to restaurant service attributes into the framework of the study.

### **2.6.2 Restaurant Service Attributes and FPI**

In addition to the traditional relationship of service attributes leading to overall satisfaction with the service provider, the relationship between service attributes and FPI have also been established (Dube *et al.*, 1994; Mattila, 2001; Mittal *et al.*, 1998; Otani *et al.*, 2003; Sulek and Hensley, 2004; Swan, 1988). In a restaurant context, for example, Sulek and Hensley (2004) found that among the dining variables, food quality has the influential force of determining customers' repeat patronage. This situation is consistent with Mittal *et al.*'s (1998) study suggesting that attributes do not necessarily influence repurchase intentions through the mediation of overall satisfaction. That is, attributes could determine repurchase intentions directly. Following the discussion, this study proposes that restaurant service attributes can have a direct impact on FPI.

### **2.6.3 Summary**

FPI is one of the measures of loyalty, which has been considered as one component of behavioural intentions. FPI is also regarded as an indication of attitudinal loyalty, which is correspondent to psychological commitment. According to the review of literature, these three concepts (FPI, attitudinal loyalty and commitment) are fundamentally related and influence customer loyalty as shown from the discussion. FPI in this study is viewed as an evaluation of loyalty expressed as the intent to repurchase from the same service provider. As such, rather than measuring actual purchase, this study specifies the intentions toward the purchase of the restaurant

service indicated by the customers as the outcome of restaurant service attributes, empathy and relationship quality with the restaurant, which together are theorised to affect customers' FPI either directly or indirectly dependent on the specific relationship examined in the framework.

Further, this aspect of loyalty is also supported by research (Fishbein and Ajzen, 1975; Jones and Sasser, 1995; Gopi and Ramayah, 2007) indicating that FPI enables the close prediction of actual behaviour. Ajzen, Brown and Carvajal (2004) also suggest that with attitudes, among others, one's intentions are close to his/her actual behaviour. According to attitude theory (Fishbein and Ajzen, 1975), one's behavioural intentions are the direct determinants of the corresponding overt behaviours. In other words, this theory suggests that the best predictor of a person's behaviour is his intention to perform the behaviour. Drawn from this notion, this current study applies FPI to capture customer intentions regarding their loyalty behaviour which is the expression of their encounter with restaurant service attributes, relationship quality and empathy in particular in an upscale restaurant setting. By reason of there being limited studies investigating FPI in relation to empathy in the high contact service setting this specific examination will be promoted as the centre of this study.

#### **2.6.4 Summary of Literature Review**

The end outcome of this study, FPI, has been shown to have multiple antecedents in services. This study focuses on the relationship between empathy and FPI with the incorporation of relationship quality namely overall satisfaction, trust, commitment and restaurant service attributes to provide a broader picture. Through the review of the literature, previous studies clearly suggest that attribute performance, interpersonal relationships, and relationship quality with the organisation are all interrelated and therefore not independent of each others' influence. These interrelationships provide the theoretical foundation for this study in constructing the conceptual framework.

In the preliminary investigation on empathy in the framework, the relationship between interpersonal relationships and positive service outcomes has been well

established. However, investigation of interpersonal relationships as a cause of empathy in high contact services appears to be lacking. It remains unclear as to what motivates empathy from the contact employee toward the customer in the high contact service settings. To this end, some studies bring to light the influences of service attributes on interpersonal relationships. A study by Tsai and Huang (2002) found that store atmosphere influences employee affective delivery (EAD) that affects the customer's loyalty behaviour. Bitner (1990) also posits that servicescape can influence the social interaction in a customer-employee dyad particularly in interpersonal services such as restaurants. Although empathy is not explicitly discussed, the above studies lend empirical support to this present study to the assumption that empathy from service employees can be affected by the service attribute, atmosphere. Above all, service environment has been posited to affect the relationship between customers and service employees; a communal relationship to be exact (Goodwin, 1996). This particular discussion lends support on this current study in theorising that customers' perceived empathy from the waiter is the function of restaurant service attributes. That is, restaurant service attributes (i.e., food quality, atmosphere, familiarity with the waiter, and satisfaction with the waiter) can influence the relationship such as the communal relationship proposed in this study between the customer and the employee. The foregoing discussion thus provides the underpinning for the relationship between restaurant service attributes and empathy in this study.

In addition, although perceived empathy and satisfaction with the service attributes could generate specific emotions and feelings that could help establish customers' relationships with the organisation, the literature search reveals very limited studies that examine the relationship between service perception with respect to service attributes and empathy, and relationship quality from the perspective of affective responses. According to affect theory (Lawler, 2001), emotions or feelings created from the social exchange can consequently be attributed to groups, relations or organisations. Empathy has been seen as an emotional component that induces close relationships (Beatty *et al.*, 1996; Brems, 1989). In addition, attribute satisfaction is also seen as an affective response in which positive feelings arise if attributes are perceived favourable (Derbaix and Pham, 1991). Affect theory thus provides the

theoretical support in explaining the phenomenon that through service encounters the expression of empathy from the waiter and the perception of restaurant service attributes can generate a specific emotion toward the relationship with the restaurant with regard to overall satisfaction, trust and commitment. Apart from exchange theory and relationship marketing theory, this supporting theory provides the empirical foundation for the proposition of this current study that empathy and restaurant service attributes could lead to relationship quality.

Although interpersonal relationships have been confirmed to determine customer loyalty and repurchase intention, the effect of empathy on FPI is still void in the existing literature. Even though researchers (Butcher *et al.*, 2002) imply that empathy among others as a social force could lead to repurchase intentions, there was no empirical study conducted. Furthermore, empathy theorised as a communal relationship has never been studied in high contact service settings of upscale restaurants where it could be more evidenced through service encounters between the customer and the contact employee. This void encourages this study to investigate the relationship between empathy and FPI by using upscale restaurants as the service setting. By applying exchange theory and relationship marketing theory along with affect theory, it is hoped that the association between empathy and the outcome variable, FPI can be revealed.

As the focus of this study, empathy has been viewed as a social element that motivates close, long-term relationships. This interpersonal element allows emotional understanding and anticipating or predicting the customer's responses. It also enables the service employee to discern the customer's non-verbal cues in order to respond in a meaningful manner to the customer. This anticipatory empathy has been found to be associated with helping behaviour such as showing concern for others' welfare, which according to exchange theory symbolises a communal relationship. Exchange theory classifies relationships based on the rule of reciprocity. On one end, the relationship is motivated by self-interest and highly economic in nature. This relationship is referred to as an exchange relationship. In such a relationship, members expect to receive benefits in return for those given. Thus, members assume that equity in terms of giving and receiving benefits is essential in

exchange. Conversely, on the other end of these relationships lies a communal relationship. In a communal relationship, the norm is to give benefits when the other has the need for them. People in this relationship show concern for others' welfare and attend to others' needs. This type of relationship signifies a close relationship. Extending from the studies by Clark and her colleagues (Clark, 1983; Mills and Clark, 1982) and others (Goodwin and Gremler, 1996; Lawrence, 2002), empathy in this study is theorised as a communal behaviour that denotes a communal relationship between the customer and the waiter, which is postulated to lead to relationship quality with the restaurant and FPI. This communal relationship refers to a relationship at individual level. Such conceptualisation of empathy in relation to service attributes, relationship quality with the organisation and customers' FPI, is non-existent in the body of literature as has been discussed earlier.

In addition to exchange theory, this study applies relationship marketing theory to describe the relationship between relationship quality and customer loyalty behaviour, FPI. Relationship marketing theory presumes that customers tend to develop relationships with the service provider to reduce the risk and uncertainty especially in services of high intangibility (Zeithaml and Bitner, 2003). This theory involves the long-term relationships with the organisation from the customers' perspective, and relational benefits that serve as a safeguard against switching and as the rewards for long-term relationships (Hennig-Thurau *et al.*, 2002). Different from traditional marketing that centres on product promotion, relationship marketing has been labelled as a marriage between the customer and the service provider that goes beyond the attainment of core service (Dwyer *et al.*, 1987). The underlying concept of this theory is to retain the existing customers and achieve customer loyalty as the relationship marketing outcome through the relationship ties (Hennig-Thurau *et al.*, 2002). Drawn on relationship marketing theory, this study theorises that through the relationship building between the customer and the organisation, customer loyalty such as FPI can be better achieved and sustained.

With respect to relationship quality with the organisation, research (Garbarino and Johnson, 1999) has confirmed the notion that overall satisfaction, trust and commitment are positively associated with a long-term relationship with, and

customer loyalty behaviour toward, the organisation. Conventionally, trust and commitment constitute the central constructs of relationship marketing, which suggests that rather than build customer loyalty through core service it is more productive to do so through a strengthened relational tie with the customer. Some studies (Palmer and Bejou, 1994; Liljander and Strandvik, 1995) also suggest that overall satisfaction with the service offerings of an organisation is seen as relationship satisfaction and a reflection of a long-term relationship. Still other authors (Hennig-Thurau *et al.*, 2002) maintain that satisfaction, trust and commitment represent relationship quality with the organisation in which satisfaction and commitment are found to have a direct relationship with customer loyalty. Deduced from the research findings, relationship building between the customer and the organisation is generally advocated as an effective marketing strategy for long-term business success. Following that, this current study therefore suggests that relationship quality with the organisation also embodies overall satisfaction in addition to trust and commitment. Relationship quality in this study is a function of ongoing, long-term relationships between the customer and the restaurant, and could lead to customers' FPI.

Concerning relationships, business exchange has been thought to range from discrete transactions to relational exchange, which is analogous to relationism characterised as expectations of continuity of a relationship (Dwyer *et al.*, 1987). According to Dwyer *et al.* (1987), in discrete transactions, there is low probability of future interaction whereas in relational exchange, there is high probability of future interaction. Relational orientation proposed in this study goes beyond the mere probability for future interaction. Essentially, this relational orientation also includes customers' desire for a long-term relationship with the specific organisation, as longevity in itself is not sufficient to capture customers' long-term orientation (Kelley, 1983). As such, relational orientation reflects the desire for a long-term relationship while transactional orientation indicates the inclination for a short-term relationship. However, factors that induce relational orientation from the customer toward the organisation remain unclear especially in high contact service settings. Nevertheless, this phenomenon of relational orientation has been generally discussed in the domain of sociology. According to the concept of relational cohesion by Lawler and Yoon

(1996), exchange partners tend to define their relationship with the organisation based on the emotion produced from the successful exchange. This notion sheds light on this study with regard to the effect of perceived empathy by the customer on the customer's relational orientation toward the restaurant. In addition, customers' relational preference (relational orientation and transactional orientation) is also considered as a factor that biases the service perception of restaurant service attributes and empathy, and service outcomes of relationship quality and FPI.

The overview of the literature has provided both significant theoretical and empirical support for this study. However, some gaps remain to be empirically examined. Although the outcome of the interpersonal relationship has been well identified, the antecedents of empathy and its consequences in relation to relationship quality and FPI in services are still untapped. As such, this study intends to unfold the inducible factors of empathy by investigating its possible causes at attribute level. Specifically, the question relates to whether the restaurant service attributes affect the waiter's empathic behaviour toward the customer during the service encounter. Further, although earlier discussion has shown that interpersonal relationships have significant effects on customers' relationship quality with the organisation, there is a lack of research linking the relationship between empathy and those three relationship constructs of relationship quality. As suggested from the literature, empathy could be vital in affecting customer behaviour particularly in an upscale restaurant setting characterised with high human contact and high intangibility. The utilisation of relationship constructs (i.e., overall satisfaction, trust and commitment) in upscale restaurants in relation to empathy remains absent. This study therefore attempts to provide an understanding of the influence of empathy on relationship quality in such a service setting. In addition, there exists very limited research conceptualising together overall satisfaction, trust, and commitment as the relationship quality with the restaurant for their influences on FPI toward the restaurant. Moreover, the relationship between empathy and FPI is still indeterminate. The investigation of this relationship will make empathy manifested with regard to customers' purchase behaviour in the high contact service.

As the purpose of this study is to fill the research gaps, it attempts to examine the relationship between restaurant service attributes and empathy; that is, the influence of restaurant service attributes on the waiter's empathic behaviours perceived by the customer during a service encounter in upscale restaurants. Such investigation is mainly based on the notion that service attributes could trigger a communal relationship, empathy. This study then subsequently theorises overall satisfaction, trust and commitment as the function of empathy and restaurant service attributes. Drawn mainly on two theories, namely, exchange theory and relationship marketing theory, it is theorised that according to exchange theory, empathy as a social element will have an impact on relationship quality. In accordance with relationship marketing theory, relationships that tie the customers to the organisation could consequently lead to FPI. These two theories progressively describe the relationships at the individual level and at the organisation level from which FPI is predicted. Under such framework, this relationship bonding on the individual level through empathy is considered more important than the core service and can lead to relationships with the organisation and FPI. As such, the contact employee is the focal point and the building bridge for relationship building between the customer and the restaurant. Additionally, affect theory is applied to describe the association between service perception of restaurant service attributes and empathy, and relationship quality as the reflection of affect arisen in the service encounter. More importantly, empathy is proposed to have an impact on FPI, which constitutes the focus of this study and fills the gap in the literature. Following this linkage, this study subsequently examines the relationship between relationship quality and FPI, which is also postulated to have a direct association with restaurant service attributes. These sequential investigations comprise the conceptual framework, which will be discussed in the next chapter.

## CHAPTER 3.

### 3 CONCEPTUAL FRAMEWORK AND HYPOTHESES

#### 3.1 Introduction

In reviewing the voluminous literature on future purchase intentions (FPI) of the service industry, no study was found that has fully investigated the relationship between empathy and customers' FPI with the inclusion of restaurant service attributes and relationship quality namely, overall satisfaction, trust and commitment. Although interpersonal relationships have been explored in separate studies on relationship quality (Crosby *et al.*, 1990; Hennig-Thurau *et al.*, 2002; Wong and Sohal, 2002), loyalty (e.g., Hennig-Thurau *et al.*, 2002; Liang and Wang, 2004), and purchase behaviour (Macintosh and Lockshin, 1997; Preis, 2003), as an interpersonal relationship empathy remains unexplored particularly in a high contact, complex service setting. Even though the study by Palmer and Bejou (1994) identifies empathy as one of the determinants of relationship quality, their conceptualisation of empathy however is rather technical (e.g., problem solving and object achievement) than affective, which has been thought to be the essence of empathy (Chiu, 2002; Duan and Hill, 1996; Gladstein, 1983; Roger *et al.*, 1994; Scanlan and McPhail, 2000). In addition, their relationship quality refers only to the relationship at the personal level namely trust in, and satisfaction with, the salesperson. Conversely, empathy in this study entails primarily the affective components in addition to its cognitive aspect for its influence on relationship quality at the organisation level and FPI, which have not been explored in the proposed service settings.

The phenomenon of customer loyalty in terms of FPI is among the most discussed in previous studies (Bloemer *et al.*, 1999; Jones and Suh, 2000; Mattila, 2001; Mittal *et al.*, 1998) on consumption behaviour in the service industry. Therefore, it raises some questions as to what are the motives behind this phenomenon other than customer satisfaction, amongst others. What are the other influencing factors that have not been dealt with in predicting customers' loyalty behaviour? How do interpersonal skills, particularly empathy in a high contact, high intangibility service

setting affect customers' overall satisfaction with, trust in, and commitment to, the restaurant, and consequently their FPI toward the restaurant as an expression of loyalty behaviour? Is there a direct relationship between empathy and FPI in such proposed service settings? Further, what are the antecedents of empathy in relation to service attributes in services? In an effort to understand these phenomena, this study aims to develop a conceptual framework containing empathy, restaurant service attributes, relationship quality (i.e., overall satisfaction, trust, and commitment), and future purchase intentions (FPI) with a view to fill the gap with regard to the relationship between empathy and customers' FPI.

Inspired in part by a study by Butcher *et al.* (2002), implying that social influence such as empathy can determine customers' repurchase intentions, the primary objective of this study is to investigate whether empathy can influence customers' loyalty behaviour and FPI directly or indirectly through relationship quality in the high contact and complex service setting of upscale restaurants. The relationship between empathy and FPI is believed to be better comprehended by introducing other service factors and relationship constructs into the investigation. This study will draw upon two theoretical approaches, namely exchange theory and relationship marketing theory, which will provide a foundation for the study. The theoretical framework will be used to underpin a proposed model and subsequently to develop the hypotheses. The following section will therefore focus on the discussion of how the conceptual framework is developed.

## **3.2 Development of the Conceptual Framework**

### **3.2.1 Incorporation of the Theories**

In a broader sense, this study is about the service perception in a high contact service environment and its subsequent effects on customers. More specifically, this study investigates the influences of restaurant service attributes and empathy on customers' relationship quality and their FPI. Principally, exchange theory and relationship marketing theory are proposed to portray the causal relationships within the framework. Affect theory is also incorporated in conceptualising the framework to depict the causal relationship between restaurant service attributes/empathy and relationship quality.

Informed from the review of literature, exchanges have been classified into economic and relational exchange (Clark and Mills, 1979; Czepiel, 1990) or discrete transactions and relational exchange (Dwyer *et al.*, 1987). Therefore, an exchange generally involves both an economic (core) and social (relational) exchange (Czepiel, 1990) and at times the social exchange can be the principal component of the exchange, which could evolve into a relationship (Czepiel, 1990). In exchange theory, a communal relationship is thought to lead to a service relationship between the customer and the service provider (Goodwin and Gremler, 1996). In achieving those goals, the service employee is projected to play an essential role in creating bonds with customers both at the individual and organisation level (Berry, 1995; Jones *et al.*, 2000; Hocutt, 1998) through the expression of empathy among others. Derived from exchange theory, this communal relationship between the waiter and the customer is hence assumed to evolve into customers' relationships with the restaurant. This assumption is supported by a number of studies including Berry (1995), Guenzi and Pelloni (2004) and Hennig-Thurau *et al.* (2002) suggesting that interpersonal relationships between the customer and the employee can lead to relationships with the organisation.

Relationship marketing theory is adopted chiefly for the purpose of achieving customer loyalty through relationship building with the organisation. With relationship marketing theory, relationships with the restaurant such as overall satisfaction, trust and commitment, are suggested to lead to more determined loyalty behaviour namely FPI in which these relationships are seen as organisation-level relationships, that is, restaurant relationships. For customers, having long-term relationships with the service provider can reduce risk associated with the service and achieve relational benefits (Dwyer *et al.*, 1987). For organisations, ongoing relationships indicate long-term profits (Berry, 1995). Following the discussion, this theory is utilised to portray the linkage between relationship quality and FPI.

Additionally, this study also contains affect theory as part of the theoretical foundation used in the conceptual framework. This theory mainly explains how affect or emotions from a successful social encounter can enhance one's relation with the group. As discussed in the previous chapter, the interaction with empathy and service

can generate positive emotions if the encounter is successful (Derbaix and Pham, 1991; Scanlan and McPhail, 2000). Extending to this study, affect theory can assist in establishing the relationships between restaurant service attributes empathy and customers' relationship quality with the restaurant.

This study primarily incorporates the theories of exchange and relationship marketing for developing the conceptual framework and explaining the sequential causal relationships of the restaurant constructs between empathy and the final outcome of customers' FPI. Specifically, the theories of exchange and relationship marketing proposed are to provide the theoretical underpinning for two sequential paths, that is, the linkage between the relationship at an individual level (communal relationship) and the relationships at an organisation level (relationship quality), and the linkage between the relationship at the organisation level (relationship quality) and FPI respectively.

Following the foregoing discussion, it is the intention of this study to investigate the relationship between empathy and a customer's FPI among others in upscale restaurants by applying exchange theory and relationship marketing theory. It is anticipated that with the application of the two theories, the interrelationships among restaurant service attributes, empathy, relationship quality and future purchase intentions can become manifest. Of the constructs investigated, empathy corresponds to the underlying meaning of a communal relationship where one party shows one's concern through the efforts of understanding and anticipating customers' behaviours, and sensing their non-verbal cues. Those empathic and helping behaviours conveyed from the waiter during service encounters denote a relationship at the individual level. Inferred from theories of exchange and relationship marketing, empathy presumably plays a determining role in influencing the perception of service, and therefore is postulated to impact customers' relationship quality with, and their FPI toward, the restaurant.

There is a lack of research predicting customer loyalty behaviour such as FPI by theorising the relationship constructs namely overall satisfaction, trust and commitment as indicators of relationship quality at an organisation level that is

derived from the perception of restaurant service attributes and particularly empathy in upscale restaurants. In addition, there is no study conceptualising empathy as a communal relationship between the customer and the waiter for its effect on customers' FPI in such restaurant settings. As such, it is hoped that by studying upscale restaurant settings that are characterised as high human contact services and complex services through the adoption of theories, the role of empathy in relation to restaurant service attributes, relationship quality and FPI can become apparent, and therefore be comprehended. In addition, customer loyalty behaviour expressed in the form of FPI that is secured by relationship quality can be better realised in such high contact and complex service settings. The theories discussed here elucidate the following discussion on constructs development and constructs relationships within the theoretical framework.

### **3.2.2 Constructs Development**

#### **3.2.2.1 Restaurant Service Attributes**

Attribute evaluations reflect satisfaction with a number of types of encounters within the same organisation (Bitner and Hubbert, 1994). An attribute-based approach enables researchers to conceptualise commonly observed phenomena, such as consumers experiencing mixed feelings toward a product or service (Mittal *et al.*, 1998). Mittal *et al.* (1998) suggest that a consumer can be both satisfied and dissatisfied with different aspects of their purchase. For example, in a restaurant, a customer may be highly satisfied with the food but highly dissatisfied with the service at the same time. In the theatre context, Garbarino and Johnson (1999) identify some component attributes namely actor satisfaction, preference for familiar actors, play satisfaction and theatre facility satisfaction as factors for influencing overall customer satisfaction, trust, commitment, and future intentions among theatre subscribers. Additionally, in a restaurant context, Rys, Fredericks and Luery (1987) conclude their findings by suggesting that restaurant variables, such as atmosphere, friendliness of staff and service (waiter/waitress service) are accounted heavily in judging value and quality in the restaurant perception. In addition, Mattila (2001) suggests that food quality, service and atmosphere are the most decisive factor in influencing customers' restaurant repatronage. Drawn from previous studies (Garbarino and Johnson, 1999; Kivela, 1997; Mattila, 2001; Rys *et al.*, 1987) and in consideration of upscale

restaurant settings, restaurant service attributes of this study namely food quality, satisfaction with the waiter, familiarity with the waiter, and atmosphere that comprise both tangibles and intangibles, represent the four dimensions of service attributes. These service attributes are theorised to be the antecedents of empathy, and determinants of relationship quality and FPI. The application of these service attributes facilitates the relationship revelation in the conceptual framework to be discussed in Section 3.2.2.2.

### **3.2.2.2 Empathy**

In studying empathy in the service context, researchers support the notion that empathy allows for greater intimacy (Durgin, 1990) and promotes the social aspect of relationships (Beatty *et al.*, 1996; Goodwin and Gremler, 1996). Further, Butcher *et al.* (2002) contend that social influences such as customer relationship and empathy are all thought to contribute positively to service outcomes. Consistent with that notion, contact personnel are often expected to frequently look for cues that inform them how their services are received by customers so that they can adjust their behaviour for improving customer satisfaction (Schneider, 1980), and empathise with customers for better sales performance (Weitz, 1981). In a simple statement, Greenberg and Greenberg (1989, p. 29) indicate that empathic skills are “the ability to sense the reactions of another person”. They contend that this allows them to deal with customer problems as their own, as well as to adapt their behaviour to the desires of their customers and to the stage of the relationship.

Furthermore, understanding and prediction are thought to be the central components of empathy for motivating effective communication and an effective relationship between employees and customers (Redmond, 1989). They allow one to emotionally understand the other better, leading to better predictions of the other’s actions. These two aspects of empathy are part of the central concepts of empathy in this present study. More importantly, empathy in this study embodies a cognitive component (Gladstein, 1983; Kalliopuska, 1986) and primarily an affective component (Mehrabian and Epstein, 1972; Stotland, 1969), with the latter leading to pro-social and helping behaviours (Gladstein, 1983). Affective empathy has also been posited to form human relationships (Kalliopuska, 1983). In addition, as has been suggested

by some authors (Goodwin and Gremler, 1996; Lawrence, 2002), empathy is also viewed as a communal relationship in this study. This empathy will serve as the function of restaurant service attributes and as the determinant of relationship quality and FPI. Empathy is defined in this study as the interpersonal ability of the contact employee to understand the feelings of another as if they were of their own, to anticipate and respond in a manner meaningful to the individual, and to sense the individual's implicit state of mind during the service encounter.

### **3.2.2.3 Relationship Quality**

Berry (1995) argues that relationship quality positively affects customers' future interaction with the service provider. This suggestion lends support to the linkage between relationship quality and FPI. In addition, Hennig-Thurau *et al.* (2002) conceptualise word-of-mouth communication and customer loyalty as the outcomes of relationship quality comprising satisfaction, trust and commitment. Their results demonstrate that satisfaction and commitment have a significant influence on both business referral and loyalty. In addition, Liang and Wang (2004) also conclude that relationship quality affects customer loyalty and repurchase intentions, wherein satisfaction, trust and commitment indirectly or directly influence loyalty. This study expands the central constructs of relationship marketing as including not only trust and commitment, but also overall satisfaction to reflect the general relationship quality customers have with the restaurant.

#### **3.2.2.3.1 Overall Satisfaction**

Overall satisfaction is described typically as an overall judgment based on several transactions with a product or service (Mittal *et al.*, 1998) and viewed as a cumulative construct, summing satisfaction with specific products and services of the organisation and satisfaction with various facets of the firm (Garbarino and Johnson, 1999; Sulek and Hensely, 2004; Swan and Trawick, 1981). Specifically, overall satisfaction has been posited to comprise satisfaction with the product, the supplier's performance and the relationship with the individual salesperson (i.e., interpersonal satisfaction) (Preis, 2003). Rather than being cumulative satisfaction over time (Johnson *et al.*, 1995), it is viewed as a summary evaluation of the entire product use experience for a single experience (Spreng *et al.*, 1996). This aspect of satisfaction

has been considered as relationship satisfaction with the organisation (Liljander and Strandvik, 1995; Palmer and Bejou (1994). As such, overall satisfaction of this study is conceptualised as one component of relationship quality in which overall satisfaction refers to the customers' global evaluation with all aspects of restaurant dining experiences derived from a restaurant visit.

#### **3.2.2.3.2 Trust**

Trust generally is viewed as an essential ingredient for successful relationships (Berry, 1995; Coulter and Coulter, 2002; Dwyer *et al.*, 1987; Moorman *et al.*, 1993; Morgan and Hunt, 1994; Wong and Sohal, 2002) and as a central construct of a long-term relationship (Morgan and Hunt, 1994). Morgan and Hunt (1994, p. 23) define trust as the perception of "confidence in the exchange partner's reliability and integrity". This definition highlights the importance of confidence and reliability. Research (Gwinner *et al.*, 1998) also shows that the psychological benefit of confidence and trust are more important than special treatment in consumer relationships with service organisations. Drawn from Garbarino and Johnson (1999), this study conceptualises trust as customer confidence in the quality and reliability of the services offered by the organisation. In this study, trust is treated as one component of relationship quality and defined as the customer's confidence in the quality and reliability of the goods and services delivered by the restaurant.

#### **3.2.2.3.3 Commitment**

Commitment has been perceived as an essential ingredient for successful long-term relationships (e.g., Garbarino and Johnson, 1999; Morgan and Hunt, 1994). Moorman *et al.* (1992, p. 316) define commitment as "an enduring desire to maintain a valued relationship". Hennig-Thurau *et al.* (2002) postulate that a high level of satisfaction provides the customer with repeated positive reinforcement, thus creating commitment-inducing emotional bonds. This view appears to connote that satisfaction is the foundation of relationship commitment. Garbarino and Johnson's (1999) study of the New York off-Broadway theatre company with respect to customer relationships suggests several facets of commitment described as "customer psychological attachment, loyalty, concern for future welfare, identification, and pride in being associated with the organisation" (p. 73). In line with their

conceptualisation on commitment, this study adopts identification with the organisation, psychological attachment, and loyalty as the aspects, which describe the commitment of customers toward the restaurant. As one of the components of relationship quality, commitment refers to the psychological attachment desired by the customer to maintain a long-term relationship with the restaurant.

Overall satisfaction, trust and commitment in this study are indicative of the relationship quality customers have with the restaurant. The underlying dimensions of this relationship quality are in line with the assertion by Barnes (1994), suggesting that the most successful buyer-seller relationships are characterised by satisfactory performance by, mutual trust between, and commitment to, exchange partners. These three relationship constructs have been previously studied for their influences on future intentions based on theatre subscribers' relationship orientation (Garbarino and Johnson, 1999). Similarly, satisfaction, trust and commitment have been seen as defining relationship quality (Hennig-Thurau *et al.*, 2002), which signifies the overall nature of the relationship with the organisation (Garbarino and Johnson, 1999; Hennig-Thurau *et al.*, 2002; Liang and Wang, 2004). These three constructs are therefore referred to as organisation-level relationships or more precisely restaurant relationships in this study. Following this discussion, these three relationship constructs are thus suggested to symbolise relationship quality and serve as the function of restaurant service attributes and empathy. Relationship quality is also postulated to determine FPI.

#### **3.2.2.4 Future Purchase Intentions (FPI)**

Repurchase intentions has been conceptualised as one of the components of behavioural intentions (Parasuraman *et al.*, 1994), which assess customers' potential to remain with or leave the organisation (Zeithaml *et al.*, 1996). In addition, Jones and Farquhar (2003) view repurchase intentions as a behavioural element, which is regarded as a measure for store loyalty (Macintosh and Lockshin, 1997) and one of the measures of intentional loyalty (Wong and Sohal, 2003). Another term, future intentions, is also used to describe "the stated likelihood of returning to the service provider" (McDougall and Levesque, 2000, p. 393). This aspect of loyalty has been considered an important indicator of actual purchase (Chang and Wildt, 1994).

Summarised from previous studies, this study adopts future purchase intentions as a reflection of customer loyalty. In the restaurant context, future purchase intentions are defined as the customers' stated likelihood of returning to the restaurant, and conceptualised as the function of restaurant service attributes, empathy and relationship quality. The preceding discussion of the construct development within this study is followed by a discussion of the relationships among constructs that set the path for hypotheses development.

### **3.2.3 Constructs Relationships**

The development of the conceptual framework has been initially based on the retained knowledge implying the existence of a relationship between restaurant service attributes and empathy between the contact employee and the customer. That is, service attributes affect empathy. Further, restaurant service attributes and empathy have both been confirmed to affect relationship quality with the restaurant, which subsequently has been suggested to affect customers' FPI. Furthermore, restaurant service attributes and empathy all have been thought to separately influence customers' FPI directly. The following discussion is centred on the relationship between constructs.

#### **3.2.3.1 Empathy, Relationship Quality and FPI**

Interpersonal relationships have been confirmed to create multiple effects on customer behaviours such as relationship development (e.g., Barnes, 1994; Bove and Johnson, 2000; Crosby *et al.*, 1990; Gremler and Brown, 1999; Moorman *et al.*, 1993) and repurchase intentions (e.g., Guenzi and Pelloni, 2004; Jones *et al.*, 2000; Macintosh and Lockshin, 1997). Initially, these interpersonal relationships are thought to create personal bonds between the customer and the contact employee (Jones *et al.*, 2000). Particularly, Palmer and Bejou (1994) maintain that empathy is a critical social skill particularly manifested in the unpredicted environment, which has been supported by Bowen and Basch (1994) suggesting that the service mix for an upscale restaurant is high in uncertainty where face-to-face interactions are frequent and unspoken needs of the customers are expected by them to be perceived and effectively acknowledged (Bitran and Hoeh, 1990; Tansik, 1985). Interpersonal interactions involving components of empathy in high contact services are posited as

critical for a positive service outcome (e.g., Bitran and Hoech, 1990; Tansik 1985). A study (Grewal and Sharma, 1991) has established the linkage between interpersonal relationships and overall satisfaction. In addition, interpersonal relationships are confirmed to influence organisation-level relationships (Berry, 1995; Geunzi and Pelloni, 2004; Hennig-Thurau *et al.*, 2002; Rashid, 2003). This study therefore postulates that empathy can affect relationship quality, which entails overall satisfaction, trust and commitment. As discussed previously, this causal relationship is portrayed by exchange theory within which empathy symbolises the communal relationship.

Subsequently, empathy has been shown to be an important interpersonal factor in influencing customers' perception of service (Roger *et al.*, 1994; Winsted, 2000; Verma, 2003) and purchase behaviours (e.g., Beatty *et al.*, 1996; Goodwin and Gremler, 1996). Empathy is also posited as a social influence that is associated positively with repurchase intentions (Barnes, 1997; Butcher *et al.*, 2002), which further shed light on the investigation of the effect of empathy on FPI in an upscale restaurant setting. As such, empathy is considered particularly evident in the service setting of an upscale restaurant where a high level of service interaction is usually expected. Therefore, this study proposes that empathy conveyed from the waiter can determine customers' FPI. This relationship is the central investigation of the study.

### **3.2.3.2 Empathy and Restaurant Service Attributes**

Based on the review of literature, there is a lack of empirical and theoretical studies revealing the precursors of empathy in relation to service attributes in high contact and highly intangible services. More specifically, the question of interest relates to what are the antecedents of empathic behaviours from the contact employee? Informed by some studies (Bitner, 1992; Tsai and Huang, 2002) on the influence of service factors on service employees' affective behaviour, this study attempts to investigate the relationship between restaurant service attributes and empathy where the latter is seen as a function of the former. The theoretical underpinning is based on the notion that attributes can lead to a relationship such as a communal relationship, which has been regarded as empathy (Lawrence, 2002). A study by Tsai and Huang (2002) has shown that attributes can affect a service employee's affective behaviours

toward the customer. For example, a service attribute such as atmosphere has been demonstrated to affect the interpersonal interaction between the contact employee and the customer in a restaurant context (Bitner, 1990, 1992). More importantly, Goodwin (1996) posits that the service environment facilitates communal relationships. To this end, empathy is seen as a communal relationship, which resembles a close relationship between the parties involved. Following the discussion, it is therefore proposed that restaurant service attributes can influence empathy.

### **3.2.3.3 Relationship Quality and FPI**

Relationship quality is conceptualised for this study as including overall satisfaction, trust and commitment that act as both mediators and moderators between restaurant service attributes, empathy and FPI, dependent on the relationships proposed. It is theorised as the function of empathy and restaurant service attributes. In addition, relational quality indicative of long-term relationships with the organisation (Hennig-Thurau *et al.*, 2002) has been found to lead to loyalty (Hennig-Thurau *et al.*, 2002; Liang and Wang, 2004; Liljander and Strandvik, 1995). Moreover, the three relationship constructs of overall satisfaction, trust and commitment are suggested to be the customers' summarised knowledge and experience with the organisation, which can direct customers' subsequent behaviours such as future intentions (Garbarino and Johnson, 1999). Based on Garbarino and Johnson (1999) and Hennig-Thurau *et al.* (2002), this current study conceptualises overall satisfaction, trust and commitment as the three relationship constructs of relationship quality with the restaurant in that they play different roles in influencing customers' future purchase intentions. The important distinction of this study with others lies in the notion that these constructs refer to relationship quality at the organisation level (restaurant) rather than at the individual level, the contact employees. As for customers' loyalty behaviour, FPI has been adopted as: the expression to remain or to leave the organisation (Garbarino and Johnson, 1999); a strong predictor of future behaviour (Jones and Sasser, 1995); one dimension of behavioural intentions (Zeithaml *et al.*, 1996); and a measurement of customer loyalty (Barsky, 1992; Butcher *et al.*, 2002; Foster and Cadogan, 2000). Within the upscale restaurant context, FPI refers to customers' purchase intentions toward the restaurant in the future and serves as a function of restaurant service attributes, empathy, and

relationship quality. Generalised from the previous discussion, this causal linkage between relationship quality and FPI is depicted by relationship marketing theory.

#### **3.2.3.4 Restaurant Service Attributes, Relationship Quality and FPI**

Service attributes have been suggested to provide the information to evaluate a specific performance in various aspects of the service offering of an organisation (Anderson *et al.*, 1994; Johnson *et al.*, 1995; Jones and Suh, 2000; Oliver, 1989). These attributes can cause relatively different effects dependent on the functions they serve for the customers. For example, attributes have been categorised into product-related attributes and non-product-related attributes depending on the relation strength to the evaluation of the service or product performance (Liang and Wang, 2004), and therefore can account for different weight in the customer's service experience (Dube *et al.*, 1994). In addition, attributes have also been theorised to cause separate effects on relationships, namely overall satisfaction, trust and commitment between consistent and non-consistent theatre subscribers (Garbarino and Johnson, 1999) in which those relationships were projected to influence future intentions. Similarly, satisfaction derived from an individual attribute is also found to determine long-term relationship quality (Liang and Wang, 2004; Parasuraman *et al.*, 1994; Yi and La, 2004). Attributes have also been confirmed to have direct linkage with purchase intentions (e.g., Dube *et al.*, 1994; Mattila, 2001; Mittal *et al.*, 1998; Otani *et al.*, 2003; Swan, 1988). In other words, attributes not only affect purchase intentions through relationship quality, but also lead directly to customer loyalty behaviour. This evidence lends empirical support for the conceptual framework of this study in which restaurant service attributes are theorised as the determinants of both relationship quality and FPI in addition to the communal relationship (i.e., empathy) as discussed previously. Partly inspired by Garbarino and Johnson's study and drawn from other restaurant work (Auty, 1992; Cadotte and Turgeon, 1988; Clark and Wood, 1998; Johns and Kivela, 2001; Johns *et al.*, 1996; Sulek and Hensley, 2004), this study adopts attributes namely food quality, satisfaction with the waiter, atmosphere and familiarity with the waiter as the restaurant service attributes reflective of a service mix in restaurant settings to act as the predictors of empathy, relationship quality and FPI.

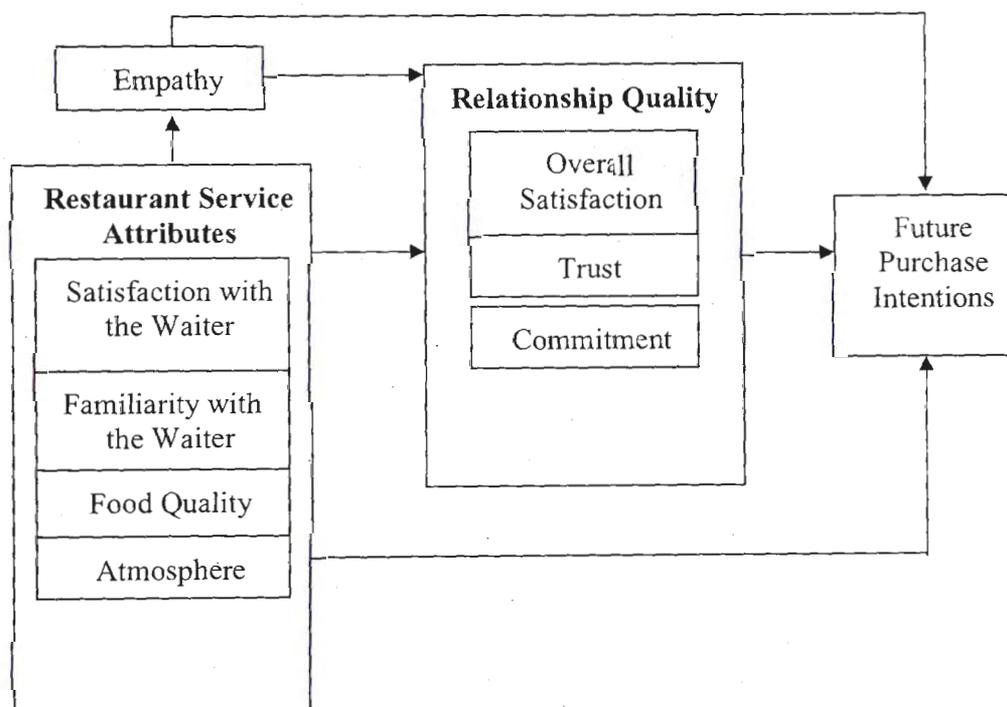
In summary, exchange theory and relationship marketing theory have served as the theoretical foundation from which the conceptual framework is developed. Exchange theory depicts the relationship between empathy and relationship quality whereas relationship marketing theory portrays the linkage between relationship quality and FPI. In addition, with the assistance of affect theory, the causal relationship between restaurant service attributes/empathy and relationship quality becomes more evident. In general, this study is concerned with the effect of the interpersonal interaction during service encounters on customers' behavioural responses. More specifically, the study chiefly attempts to investigate the influence of empathy on customers' FPI in upscale restaurant settings. The interrelationships among restaurant service attributes, empathy, relationship quality and FPI are also explored to reveal what their relationships are and how they are associated, with a view to better understand customers' loyalty behaviour relating to empathy. The foregoing discussion has provided the conceptual foundation for the development of a conceptual framework in which the theories will be applied and from which the conceptual model will be developed.

### **3.3 Development of the Conceptual Model**

Based on the foregoing discussion, the two theoretical approaches provide the theoretical framework for the development of the model called the Empathy-Future Purchase Intentions Model. Causality in the model is indicated by arrows, which specify the causal path of possible links. The model explains the relationships among the restaurant constructs. Figure 1 presents a summary diagram of the proposed conceptual model, including the restaurant service attributes (i.e., satisfaction with the waiter, familiarity with the waiter, food quality and atmosphere), empathy, relationship quality (i.e., overall satisfaction, trust and commitment), and FPI. The general focus is to investigate how the perception of restaurant service attributes embodying tangible and intangible aspects influences the waiter's empathic behaviours toward customers, which could directly affect customers' FPI or indirectly affect the mediation of relationship quality. Essentially, the main focus is twofold. This study examines the relationship between empathy and FPI directly and indirectly through relationship quality in the service setting of upscale restaurants.

Related to empathy and other restaurant constructs, restaurant service attributes are comprised of both tangibles (i.e., food quality and atmosphere) and intangibles (i.e., satisfaction with the waiter and familiarity with the waiter) to represent the service offered to the customers. These attributes based on the framework play several roles in influencing empathy, relationship quality and future purchase intentions. Initially, restaurant service attributes are theorised to be the antecedents of empathy. This postulation suggests that the performance of service attributes can determine empathy conveyed from the waiter during service encounters.

In addition, restaurant service attributes are theorised as predictors of both relationship quality and FPI. Specifically, relationship quality acts as the mediator between the attributes and FPI. The attributes are also posited to be influential on FPI directly.



**Figure 3-1 Empathy-Future Purchase Intentions Model**

*Source: Developed by the researcher.*

In the conceptual model, FPI is the major dependent variable, and empathy and restaurant service attributes are treated as independent variables. Relationship quality acts as both mediator and moderator dependent on the hypothesised relationships with

other variables. Appropriate analytical methods will be applied to test the relationships between variables. Causality between components in the model is depicted by the use of arrows, which indicate the direction of likely influence. The model shows the relationships between restaurant service attributes and empathy, both of which have an impact on relationship quality, which in turn affect FPI. In addition, restaurant service attributes and empathy are also proposed to affect FPI directly.

### **3.4 Development of Hypotheses**

To test the validity of the model, it is necessary that the individual relationships between variables are statistically significant, in the predicted direction and of a magnitude warranting further interest. The empirical study cannot deal with all of the variables and possible combinations of relationships contained in the model. Only those relationships tested in this thesis are presented as hypotheses. The analytical methods chosen to test the hypotheses proposed are discussed in detail in the next chapter.

The development of hypotheses helps to facilitate the process of testing the relationships with respect to all the linkages within the framework between restaurant service attributes and FPI. Fundamentally, the aim is to examine whether significant relationships exist between empathy and customer loyalty behaviour among upscale restaurant customers. The hypotheses are presented in general terms in order to guide the statistical analysis. They are applied to lead the testing of general causal relationships between restaurant service attributes and FPI with the major mediation of empathy and relationship quality. In addition, the hypotheses for the service perception in regard to relationship quality and FPI between regular customers and occasional customers are formulated. The hypotheses for the comparison of the two restaurant types relative to restaurant constructs are also proposed. Furthermore, social demographic characteristics between the customer types and between restaurant types are hypothesised. The following section will focus on the development of the hypotheses based on the review of the literature.

### **3.4.1 Restaurant Service Attributes and Empathy**

In a service setting, an employee's emotional display such as empathy is thought to be influenced by external factors such as the customer's emotion, in addition to internal ones such as the employee's own personality (Pugh, 2001). Similarly, some authors (Schenider and Bowen, 1985) have also confirmed that in high contact services, the physical and psychological closeness between the customer and the contact employee can influence the service performance of the employee. This notion leads to the assumption that restaurant service attributes, which are social in nature, could affect the empathic behaviours delivered from the waiter to the customer or form a relationship between them. Tsai and Huang's (2002) findings, for example, suggest that atmosphere is associated with employee affective delivery (EAD) that shapes the service perception of the customer. In other words, the service attribute affects the social interaction between the service employee and the customer by inducing the employee's affective service delivery. This notion indicates that this service attribute can affect the behaviour of the contact employee toward the customer. Primarily, empathy is theorised as a communal relationship with another in this study. Following the discussion, the theoretical background of this investigation therefore lies in the notion that restaurant service attributes determine a relationship, a communal relationship to be exact. Based on this view, empathy can be determined or predicted by restaurant service attributes. This discussion therefore leads to propose the following hypothesis.

H1. There is a statistically significant relationship between restaurant service attributes and empathy.

### **3.4.2 Restaurant Service Attributes and Relationship Quality**

Service attributes have been shown to determine relationship quality with the organisation in terms of overall satisfaction, trust and commitment (Hennig-Thurau and Klee, 1997; Liang and Wang, 2004). For example, familiarity with the waiter, one of the restaurant service attributes of this study, has been found to affect long-term relationships (Gwinner *et al.*, 1998). Butcher *et al.* (2002) also suggest that familiarity between the customer and the employee can lead to commitment through the formation of friendship. In a restaurant context, Mattila (2001) maintains that the

social factor, such as the feeling of familiarity, is associated with committed customers. An empirical study of a repertory theatre company by Garbarino and Johnson (1999) suggests that theatre attributes have different influences on overall satisfaction, trust and commitment. Their study shows that actor satisfaction is the most influential attribute on overall satisfaction and trust, while commitment is most affected by actor familiarity. In addition, Swan and Trawick (1981) indicate that the perception of store attributes predicts the overall satisfaction that the customer has with the store. Similarly, Oliver (1993) asserts that attribute satisfaction affects overall satisfaction directly. Following the discussion, this study proposes the following hypotheses.

- H2. There is a statistically significant relationship between restaurant service attributes and relationship quality.
  - H2a. There is a statistically significant relationship between restaurant service attributes and overall satisfaction.
  - H2b. There is a statistically significant relationship between restaurant service attributes and trust.
  - H2c. There is a statistically significant relationship between restaurant service attributes and commitment.

### **3.4.3 Restaurant Service Attributes and FPI**

Studies have established the causal relationship between attributes and customers' purchase intentions in service industries (Dube *et al.*, 1994; Mattila, 2001; Mittal *et al.*, 1998; Otani *et al.*, 2003; Sulek and Hensley, 2004; Swan, 1988; Wakefield and Blodgett, 1996). For instance, Mittal *et al.* (1998) found that attribute performance predicts repurchase intentions directly and is not necessarily mediated by overall satisfaction. Mattila (2001) also reports that food quality, service and atmosphere are the core attributes that determine customers' intention to return to a restaurant. In addition, in another study of restaurant context, food quality has been shown to have a direct effect on purchase intentions (Sulek and Hensley, 2004). Similarly, atmosphere has been confirmed to influence customers' repurchase intentions in leisure services where service atmosphere is thought to be a critical feature of service

offering (Wakefield and Blodgett, 1996). The above discussion hence leads to the following hypothesis.

H3. There is a statistically significant relationship between restaurant service attributes and FPI.

#### **3.4.4 Empathy and Relationship Quality**

Empathy as an interpersonal relationship has been posited as one prominent aspect of social influence between exchange partners (Butcher *et al.*, 2002). Essentially, interpersonal relationships between the contact employees and the customers are imperative in achieving a high level of relationship quality. Some studies (Foster and Cadogan, 2000; Guenzi and Pelloni, 2004; Hennig-Thurau *et al.*, 2002; Mitchell, 1998; Wong and Sohal, 2003) support this particular linkage between interpersonal relationships at the personal level and organisation-level relationships. Specifically, Guenzi and Pelloni (2004), for example, maintain that the interpersonal relationship in terms of closeness leads to overall customer satisfaction toward the organisation. Hennig-Thurau *et al.*'s (2002) study also demonstrates that interpersonal relationships can determine relationships with the organisation in terms of overall satisfaction and commitment. In addition, in the health care context, Mitchell (1998) shows that there is a positive relationship between the client's perceptions of empathy and the overall client satisfaction with the mental health services they received. Mitchell (1998) further indicates that clients place a high value on a social worker's expressions of empathy and that clients are more satisfied when empathy is conveyed. Wong and Sohal (2003) also conclude that the interpersonal relationship positively affects customers' trust in and commitment to the organisation. Based on the foregoing discussion, it is expected that empathy will have an impact on relationship quality in terms of overall satisfaction, trust and commitment with the restaurant.

The following hypotheses are thus proposed.

- H4. Empathy has a statistically significant relationship with customers' relationship quality with the restaurant.
  - H4a. Empathy has a statistically significant relationship with customers' overall satisfaction with the restaurant.
  - H4b. Empathy has a statistically significant relationship with customers' trust in the restaurant.
  - H4c. Empathy has a statistically significant relationship with customers' commitment to the restaurant.

### **3.4.5 Empathy and FPI**

A positive interpersonal relationship between the customer and the salesperson has been found to be associated with store loyalty expressed in terms of repurchase intentions (Macintosh and Lockshin, 1997). In a similar line, Gremler and Gwinner (2000) argue that interaction between the customer and the service employee can guide customers' loyalty intent. Empathy has been viewed as a social factor in interpersonal exchange (Durgin, 1990; Beatty *et al.*, 1996) in which empathy is posited to be one of the determinants of loyalty beyond the influence of satisfaction (Oliver, 1999). Similarly, this social influence is thought to contribute positively to repurchase intentions (Butcher *et al.*, 2002). In addition, Wong and Sohal's (2003) findings suggest that empathy emerged as the most significant predictor of customer loyalty at an employee level. In a service quality context, Klemz's (1999) study shows that the contact employees in a downtown retail district focus primarily on empathy to influence willingness-to-buy. Above all, Preis (2003) argues that a positive linkage exists between interpersonal satisfaction (e.g., salesperson's understanding of customers) and customers' repurchase decisions in that understanding has been seen as one component of empathy. Following the discussion, it is proposed that in the upscale restaurant setting, empathy conveyed from the waiter toward the customer during the service encounter would have a positive impact on the customer and in turn could lead directly to the customer's FPI. The following hypothesis is therefore proposed.

H5. Empathy has a statistically significant relationship with customers' FPI.

### 3.4.6 Relationship Quality and FPI

Studies have found trust and commitment to be positively related to a variety of constructive behaviours, including retention and propensity to stay (e.g., Crutchfield, 2002; Morgan and Hunt, 1994; Mowday, Porter and Steers, 1982) and repurchase intentions (Delgado-Ballester and Munuera-Alemau, 2001; Gabarino and Johnson, 1999; Liang and Wang, 2004; Macintosh and Lockshin, 1997). In a financial service context, Liang and Wang's (2004) findings show that customers' trust in and commitment to the bank leads to their repurchase intentions. In the context of relational exchange in services, Shemwell *et al.* (1994) found that for the industries studied (physicians, car mechanics and hairstylists), increasing the level of trust and affective commitment results in greater intentions to continue the customer-service provider relationship. In addition, Foster and Cadogan (2000) confirm that trust in the organisation can determine customers' FPI. A study by Pritchard *et al.* (1999) found commitment to be strongly correlated with customer loyalty. They found that commitment; among others in particular, has a significant and strong direct impact on both customer loyalty and word-of-mouth communication. This causal linkage is further advocated by Odekerken-Schroder *et al.* (2001) who suggest that commitment influences purchase behaviour in their study of store loyalty (described as intended future purchase behaviour).

In addition, overall satisfaction is also found to have a positive relationship with FPI. For example, Zin (2001) revealed that overall satisfaction with airlines has a significant effect on customers' repurchase intentions. Some other authors (Jones and Suh, 2000; McDougall and Levesque, 2000; Sulek and Hensley, 2004) also indicate that overall satisfaction with the organisation's or personal services leads to repeat purchase intentions. For example, Jones and Suh (2000) indicate that overall satisfaction with a hairstylist determines customers' FPI. More importantly, Hennig-Thurau *et al.* (2002) suggest that relationship quality in terms of satisfaction and commitment determines customer loyalty. Following this discussion, the following hypotheses are proposed.

H6. Customers' relationship quality with the restaurant has a statistically significant relationship with their FPI.

H6a. Customers' overall satisfaction with the restaurant has a statistically significant relationship with their FPI.

H6b. Customers' trust in the restaurant has a statistically significant relationship with their FPI.

H6c. Customers' commitment to the restaurant has a statistically significant relationship with their FPI.

#### **3.4.7 Differences in Service Perception and Service Outcomes between Regular Customers and Occasional Customers**

Relational exchange differs from a transactional one in that the former signifies a long-term relationship, whereas the latter reflects a short-term relationship (Dwyer *et al.*, 1987). Goodwin and Gremler (1996) suggest that relational exchanges made between the regular customer and the organisation motivate the formation of friendship, which involves trust and commitment. This notion points to the fact that regular customers are associated with relationship building or long-term relationships. Further, Parasuraman *et al.* (1994) and Sharma *et al.* (1999) imply that overall satisfaction with the organisation is the precursor for a long-term relationship. The three constructs of overall satisfaction, trust and commitment have been recognised as global constructs that represent attitudes (Czepiel and Gilmore, 1987; Jones and Suh, 2000) and relationship quality (Hennig-Thurau *et al.*, 2002). Inspired from the discussion, this present study theorises that relational orientation customers (regular customers) tend to show their evident relationship quality toward the restaurant in a significantly different manner from that of transactional orientation customers (occasional customers), particularly in the case of a high contact service that involves interpersonal relationships between the contact employees and customers.

In the current marketing literature, there exists the notion that long-term customers show more favourable relationships toward the organisation that signify long duration of service relationships. Garbarino and Johnson (1999) suggest that consistent theatre subscribers show more apparent trust and commitment resulting from the different aspects of theatre performance compared to non-consistent subscribers who

demonstrate otherwise obvious overall satisfaction with the theatre. Garbarino and Johnsons's (1999) study shows that different customer relationships (consistent subscribers versus non-consistent subscribers) result in different service performance outcomes. Their results appear to suggest that different relationship customers could lead to different service outcomes. Their study, however, involves little human interaction between the theatre employees and the subscribers. Yet human interaction has been shown to be critical in influencing customers' attitudes and purchase behaviour (e.g., Macintosh and Lockshin, 1997). Gwinner *et al.* (1998) imply that a relationship is prevalent in services with a high level of interpersonal contact between a customer and an employee. In other words, through human social interactions, relationships are likely to be formed, which can induce double bonds at the personal level and organisation level (Czepiel and Gilmore, 1987). Therefore, it is assumed that compared to occasional customers regular customers could show a more positive relationship quality with the restaurant, which involves a higher level of human interactions.

A previous study (Woodside and Trappey, 1996) indicates that loyal customers show more positive attitude accessibility than non-customers (or occasional customers) and therefore evaluate service offering more positively than do other customer segments. Similarly, customers' relationships with the brand (i.e., communal relationships and exchange relationships) tend to affect their brand evaluation in relation to their attitudinal and behavioural responses (Aggarwal, 2004; Aggarwal and Law, 2005). That is, in a communal relationship, customers show more halo effect in processing the brand performance compared to those in an exchange relationship. In relation to the attitude-to-behaviour process, Wright (1975) proposes affect referral defining decision-making strategy in which the individual solely adopts their previous global affective judgment for current attribute appraisal. These notions imply that once the relationship, attitude or affect toward the object is formed the evaluation of an object can be influenced by the individual's predisposition. This discussion lends theoretical support for this investigation in examining the differences in perception of restaurant constructs between regular customers and occasional customers. It is expected that regular customers show distinctive and positive responses toward restaurant constructs compared to their counterpart occasional customers.

In addition, regular customers are generally regarded as being more loyal than non-regular customers (or occasional customers) (Bowen and Shoemaker, 2003). They usually attain: more recognition, and personal attention (Hollander, 1985; Czepiel, 1990); and better treatment from the service provider (Zeithaml, 1981); tend to interpret verbal and non-verbal gestures more positively (Goodwin and Gremler, 1996); receive more relational benefits (Gwinner *et al.*, 1998); and evaluate service more positively (Turner and Collison, 1988). These phenomena can contribute to a positive marketing outcome. In principle, regular customers tend to purchase more from the organisation than non-regular customers (Reichheld and Sasser, 1990). This specific investigation therefore attempts to fill these gaps in high contact service settings by examining the effect of relational preference on the service perception with respect to restaurant service attributes and empathy, and their subsequent influences on customers' relationship quality and FPI. It is thus postulated that compared to occasional customers, regular customers would show more favourable service perception and positive service outcomes in upscale restaurants. In addition, social demographic characteristics in terms of age, gender, level of education and living arrangements between these two customer groups are postulated to vary to a certain extent. Based on the foregoing discussion, the following hypotheses are proposed.

- H7. There are statistically significant differences in restaurant constructs (service attributes, empathy, relationship quality and FPI) between regular customers and occasional customers.
  - H7a. There are statistically significant differences in perception of restaurant service attributes between regular customers and occasional customers.
  - H7b. There are statistically significant differences in perception of empathy between regular customers and occasional customers.
  - H7c. There are statistically significant differences in relationship quality between regular customers and occasional customers.
  - H7d. There are statistically significant differences in FPI between regular customers and occasional customers.
- H8. There are statistically significant differences in social demographic characteristics between regular customers and occasional customers.

### **3.4.8 City Restaurant Type Versus Country Restaurant Type**

For the purpose of this study, two different types of restaurants (city and country) are intentionally chosen from different geographical locations to represent the population of upscale restaurant customers. Based on the subjective observation, these two restaurant types vary in some aspects such as location, themes, styles of operation and market segments. Therefore, the performance of restaurant constructs between the two expressed by their customers is suggested to be different. As has been discussed earlier, a previous study on restaurants (Lee and Hing, 1995) generated fruitful results by comparing two types of fine-dining restaurants. It is therefore presumed that these variations between the two types of restaurants can result in some interesting yet useful discoveries. Social demographic characteristics between the two restaurant types are also believed to differ due to those differences. Therefore, the following hypotheses are proposed.

- H9. There are statistically significant differences in restaurant constructs between a city restaurant type and country restaurant type.
  - H9a. There are statistically significant differences in perception of restaurant service attributes by customers between a city type restaurant and country restaurant type.
  - H9b. There are statistically significant differences in perception of empathy by customers between a city restaurant type and country restaurant type.
  - H9c. There are statistically significant differences in relationship quality shown by customers between a city restaurant type and country restaurant type.
  - H9d. There are statistically significant differences in FPI shown by customers between a city restaurant type and country restaurant type.
- H10. There are statistically significant differences in customers' social demographic characteristics between a city restaurant type and country restaurant type.

## **3.5 Summary**

The main aim of this chapter is to propose a conceptual framework, which is to identify the linkage between empathy and customers' FPI by simultaneously investigating the mediation of relationship quality between empathy and FPI in an upscale restaurant setting. In addition, the influences of restaurant service attributes

on empathy, relationship quality and FPI are also explored to reveal the broader picture of customer loyalty behaviour in relation to empathy. This chapter has revealed some possible links among restaurant constructs that are essentially explained by exchange theory and relationship marketing theory. The integration of these two theories forms the theoretical foundation of the study, which shall cast light on the phenomena of customer loyalty with respect to FPI in the upscale restaurant settings. Specifically, this study focuses on the interpersonal relationship (i.e., empathy) in an attempt to realise its antecedents relative to restaurant service attributes and its following consequences namely relationship quality and FPI in the high contact service setting.

Following the discussion on theories, exchange theory is applied to explain the relationship between empathy and relationship quality whereas relationship marketing theory describes the subsequent association between relationship quality and FPI. These two theories also act as the key theoretical foundation for the development of both the conceptual framework and the model. Moreover, affect theory is also utilised as a supporting theory portraying the association between restaurant service attributes/empathy and relationship quality. In addition, another aspect of the study intends to reveal the phenomenon of relational preference in response to restaurant constructs. The relational preference by customers is expressed as either regular customers or occasional customers. Another aspect of the study relating to the two restaurant types in terms of their performance perceived by their customers has been proposed.

The development of the conceptual framework is based on an understanding of how empathy is derived and what influences it will exert on subsequent customer behaviours. This Empathy-Future Purchase Intentions Model incorporates variables that are identified from previous studies in services. To verify the corresponding patterns of customers' perception of empathy and restaurant service attributes in relation to relationship quality and FPI, multiple techniques of data analysis will be used to test the proposed hypotheses, which are based on the discussion of the literature review and the conceptual framework developed. The research methods to

be applied for achieving the study's objectives and the discussion of the results will be provided in the following chapters.

## **CHAPTER 4.**

### **4 RESEARCH METHODS**

#### **4.1 Introduction**

Following the conceptual model proposed in the previous chapter, the objective of this chapter is to assess customers' future purchase intentions (FPI) in upscale restaurant settings based on their perceptions of restaurant service attributes (particularly empathy), and the relationship quality between customers and the restaurant by testing the hypotheses. As indicated in the model, restaurant service attributes and empathy are also separately assumed to have direct relationships with relationship quality and FPI. Part of the research is to investigate the precursors of empathy in relation to restaurant service attributes, which will provide a better understanding of how empathy can be predicted at attribute level. Above all, the focus of this study centres on the relationship between empathy and FPI. The mediating effect of relationship quality between empathy and FPI is also examined. In addition, this study proposes that customers with relational orientation will perceive empathy and restaurant service attributes differently from those with transactional orientation and therefore result in different relationship quality and purchase behaviour of FPI. Another aspect of the study involves a comparison of two restaurant types in regards to restaurant constructs perceived by the customers. The social demographic characteristics between the two customer groups and the two restaurant types are also compared. This chapter discusses the methodology applied to achieve the study's objectives and specifically to test the research hypotheses and the conceptual model presented in the previous chapter.

This study was conducted primarily using a quantitative approach based on an instrument developed in previous studies, and the theories that were applied in the context of upscale restaurants for the theoretical foundation of this study also apply in other disciplines. In addition, a qualitative method was also adopted to provide insights into the relationship between empathy and FPI and the other constructs. In-

depth interviews were conducted where results were used for the design and requirements of the questionnaire.

## **4.2 On-Line Survey Method**

### **4.2.1 Evaluation of Survey Methods**

In order to integrate together the questionnaire and the survey method for effective and valid data collection, some measures were taken to evaluate the potential survey method prior to questionnaire design. In considering the complex nature of the upscale restaurant environment, some extra cautions that a previous study (Yuksel and Yuksel, 2002) mentioned were noted and alternative approaches for the survey method were considered and attempted before the online approach was chosen. Firstly, following the evaluation of the dining environment in person, intercepting the customers during dining was excluded as a means of surveying. Customers are usually unwilling to be interrupted during dining and lights are often dimmed during the dinnertime, making reading and writing difficult. Additionally, the restaurant management also regarded a paper survey inconvenient to their customers and therefore were reluctant to cooperate. Secondly, the possibility of a mail survey was assessed and led to the conclusion that the management were highly concerned for their customers and therefore would not release their customers' contact information. Thirdly, difficulties concerning a telephone survey also arose from the managements' reluctance in releasing their customers' contact information.

Further, limitations and unpromising results have been identified in using a telephone survey (Curtin, Presser and Singer, 2005), which was therefore excluded as a potential survey method. Conversely, a study found that responses to electronic surveys such as an online survey reflected more candour (Kiesler and Sproull, 1986). Coderre, Mathieu and St-Laurent's (2004) study also suggests that the quality of information gathered through an email survey, a form of online survey, is similar to that gathered through mail or telephone surveys. Their results further suggest that when the issue under investigation is of equal interest to internet users and the overall target population, it can be shown that the quality (i.e., the level of measurement error) of the information gathered by an email survey is similar to that for data gathered through other forms of survey (e.g., mail or telephone surveys). Following the

appraisal of potential alternatives, a web survey was preferred to minimise the inconvenience caused to customers and management, and thus deemed as a valid method.

#### **4.2.2 Consumer Online Behaviour and Internet Accessibility**

It has been shown that consumers search more information online relative to offline (Constantinides, 2004; Kulviwat, Guo and Engchanil, 2004; Rachford, Lee and Talukdar, 2003) and substitute online information sources for offline ones (Klein and Ford, 2003). In addition, online searching is thought to relate to perceived benefits in a purchase decision. According to Kulviwat *et al.* (2004), one critical benefit associated with online searching is the access to a greater amount of information on which the purchase decision can be made. In a similar line, Ratchford *et al.* (2003) also maintain that consumers are increasingly using the internet not only for general information but also for specific information on goods and services such as cars, travel and education. Extending to restaurant information searching, consumers are hence highly likely to search for specific information regarding food and services that fit their need specificity, particularly for the upscale restaurant category, which is perceived high in intangibility and risk. Consumer need specificity has been described as “the number of attributes, with a fixed or limited range of values, that the customer uses in searching for a product” (Koufaris, Kambil and LaBarbera, 2002, p. 121). Koufaris *et al.* (2002) suggest that with high need specificity; customers know exactly what they want. They search for information that matches their need specificity for potential purchase decisions. Supported by that notion, customers are likely to search online based on their need specificity for desired aspects such as location, food offered, price and level of service performed prior to their actual behaviour, such as placing the reservation with, or visiting, the restaurant to reduce uncertainty, physical strain and effort (Kulviwat *et al.*, 2004).

Furthermore, the findings of Kulviwat *et al.* (2004) and Ratchford *et al.* (2003) show that the information searching activity is associated with higher levels of education. As the level of education increases, consumers gain more knowledge, which can serve as the base to generate an ability to search (Kulviwat *et al.*, 2004). Mafe and Blas (2006) also found that internet dependency in consumers with a higher education

is greater than consumers with a lower education. In other words, internet dependent users tend to have a higher educational level. Internet dependency in their study refers to “a relation where the individual’s capacity to reach his or her objectives, depends to a certain extent on the Internet information resources” (p. 382). Based on a study by Reynolds and Beatty (1999) in the setting of an upscale retailing store, it can be inferred that upscale restaurant customers also tend to have a higher level of education relative to those in other restaurant categories. Further, in a restaurant study, DeFranco *et al.* (2005) found that customers in full service restaurants have higher degree such as university and postgraduate degree. Upscale restaurants are in the category of full service restaurants. This evidence indicates that upscale restaurant customers are generally highly educated. In addition, studies (Schonland and Williams, 1996; Shannon *et al.*, 2002; Solomon, 2001; Teo, 2001) have suggested a concept of internet accessibility that is highly associated with people with a higher education. For example, Shannon *et al.*’s (2002) study found that internet accessibility is higher and more frequent among those with higher incomes and a higher level of education. Teo’s (2001) study also indicates that the majority of the online survey respondents have at least a diploma or a Bachelor degree. Based on this notion, it is thus presumed that prospective customers of upscale restaurants are competent in internet information searching and more importantly they have high internet accessibility compared to customers of other restaurant types. Therefore, customers of upscale restaurants are highly likely to do online information searching before they commit themselves to the purchase decision of visiting an upscale restaurant. That is, they tend to search information online with regard to their need specificity. These characteristics of upscale customers and online consumer behaviour lend solid methodological support to the population sampling of this study with web surveys on upscale restaurant customers. Following from the foregoing discussion, it is the objective of this study to purposely incorporate the use of web surveys at target restaurants’ websites based on the notion that internet accessibility is high, and online information searching for need specificity is prevalent and effective in assisting purchase decisions of this target population.

### 4.2.3 Website Links for Diners and Non-diners

In addition, the web designer of a particular restaurant with whom the researcher consulted for the web design and online survey of this study suggested that by residing the URL (Universal Resource Locator) link at the potential restaurant website would increase the exposure of the survey when people visited the restaurant website for dining information. The restaurant managers interviewed also indicated that their websites had numerous hits each day from people other than those who made the dining reservations. In other words, there were visitors who visited their websites for information of the restaurants for their potential dining experience. They further indicated that “Citysearch” (<http://melbourne.citysearch.com.au>), a popular search engine in Melbourne, was a useful source for the exposure of their restaurants. Such a search engine allows users to search and browse the related information produced by selecting categories (e.g., Food and Wine) or by entering keywords for the exact restaurant. This would bring out, for example, restaurants of the similar category, the results of which would refer them to the particular site of a restaurant for more specific information needed. Such mechanism of information search is also supported by Thelwall (2001a), suggesting that with a search engine the query results would generate web pages with links to the specific site. Thelwall (2001a) further maintains that most of the page visits are generated from search engine queries.

Furthermore, similar to the web survey approach of this study, researchers (Mason, Field and Sawilowsky, 2004; Teo, 2001) conducted online surveys with an announcement and questionnaire posted on the home page of an organisation for potential respondents in which incentives were offered. Particularly, Mason *et al.* (2004) posted their online questionnaire on the website of an educational organisation for an education-related study in which the responses received included those from others outside of that organisation. Those “non-member” respondents who fit in the qualification of being educators and visited the Website were taken as respondents of the survey. The foregoing discussion also provided methodological support for using online surveys with respect to residing the online questionnaire at restaurant website visited by people (non-diners) other than the customers of that restaurant as long as they were familiar with an upscale restaurant experience. Of great note is the notion that the visit to a specific site usually is the result of information searching that

potentially generates a vast amount of links referring visitors to related websites for detailed enquiries. Such a function publicises the websites to the general public for information access also.

Primarily, this methodological approach of an online survey could specifically deal with the sample population of a broader base categorised as non-diners who had the experience of upscale restaurants and were not the customers of the target restaurants but showed potential interest in visiting them following their online search. The other group, diners, refers to those customers of target restaurants. In considering the general characteristics of customers of upscale types and circumstances relating to internet technology, the web survey was thus intentionally applied and programmed as the method of data collection for perspective customers of upscale restaurants. With this online approach, the non-diner group would be introduced and encouraged to participate in the survey when they searched upscale restaurant dining online. This view is supported by Kulviwat *et al.* (2004), suggesting that online information searching is the initial step for a purchase decision process. As such, online surveys at the restaurants' websites surveyed not only diners of those perspective restaurants but also non-diners, and therefore the population generalisation could be better satisfied. For non-diners, their participation in the web survey would require their memory recall of their dining experiences in a similar restaurant category. Researchers (Yuksel and Yuksel, 2002) adopt a recall-based approach for measuring customer satisfaction in restaurant services to reflect the permission-related difficulties in implementing the surveys in restaurants. With this survey technique, it is imperative to confine the respondents within the target population. To screen the respondents who did not have upscale restaurant experience, the message in the introduction section (see Appendix I, Part A and B) of the online questionnaire stated clearly the qualification for participating the survey. For the purpose of identifying customer types (diners versus non-diners), one additional question was added to classify those visiting the participating restaurants' websites when commencing the survey. This question stated, "Have you dined at this restaurant before? Yes \_\_\_ No \_\_\_" in the online survey questionnaire. This specific question allowed the researcher to classify the types of customers who responded to the online

questionnaire. At this stage, online surveys were thus chosen as the methods of data collection and determined to reside on the websites of target restaurants.

#### **4.2.4 Web Survey Design**

Although the online survey has its strength including flexibility, speed, convenience, controlled sample and required completion of answers among other, there are also some criticism (Evan and Mathur, 2005), which contains technological variations, respondent lack of online experience, unclear answering instructions, questions about sample selection and implementation and skewed attributes of internet population being the ones that are more obvious. With regard to sampling, generalisability is said to be a main issue in conducting an online survey (Herington and Weaven, 2007). In addition, McDonald and Adam (2003) found that response level for online survey is relatively low compared to postal data collection method. More specifically, they suggest that non-delivered questionnaire or non-response can occur with online survey. This is, however, not the case in this current study. To minimise the possible drawbacks of using an online survey, they will be taken into account when designing the online survey, which will be subsequently discussed in the following section.

Web-based surveys offer several advantages over traditional paper-and-pencil surveys (Dillman, 2000; Sax, Gilmartin and Bryant, 2003). For example, web surveys provide a time and cost-saving option for data collection (Dillman, 2000). In addition, the interactive nature of web surveys is said to be appealing to respondents. Web surveys also are convenient for participants, since they usually can be completed at the respondent's leisure (Sax *et al.*, 2003). A study (Roster *et al.*, 2004) shows that responses given by web participants had a greater reliability than those from a telephone survey. Further, its findings support the notion that web surveys are equally as accurate as telephone surveys in predicting behaviours. Ray and Tabor (2003) also argue that web surveys are as valid as other forms of data collection and can surpass other types because they help eliminate data entry errors. With this type of survey results are also less affected by social desirability effects than those of a telephone survey. Moreover, the interactive feature could lead the respondents to disclose more and make fewer mistakes, and therefore produce higher response quality than a self-administered paper survey (Gunter *et al.*, 2002).

In addition, a web survey has been advocated as an effective survey method as the internet becomes more popular. For instance, Solomon (2001, p. 2) suggests that as the World Wide Web (WWW) has grown in popularity, the use of Hypertext Markup Language (HTML) forms or web-based surveys are becoming the dominant method of gathering survey data. These forms streamline the data collection process, formatting and entering responses directly into a database for analysis. Although the major concern in internet surveying is coverage bias or bias due to sampled people not having access to the Internet. Kaye and Johnson (1999), researchers Schmidt, (1997) and Solomon (2001) argue that coverage bias and familiarity with the internet tool will be less and less of an issue over time, and the survey result will become easier to project to the general population when the internet becomes more popular. One study (Scholl, Mulders and Drent, 2002) suggests that the issue of population representativeness disappears when most of the society has internet access.

Some technical designs suggested in the following studies were incorporated into this web survey for survey success. For example, for ease of use for the respondents, the radio button click technique, pull-down selection menu (Schonland and Williams, 1996), and open-ended text boxes were designed and utilised in the survey. According to Couper, Traugott and Lamias (2001), radio buttons are preferred for most web survey items because this allows mouse-only entry. They suggest that the radio button version would take less time to complete than the entry box version and it would produce lower item non-response than the entry box version. As suggested by Dillman, Tortora and Bowker (1999), several features of a web survey, such as introduction, simple design, allowing moving back and forth between the questions, and using the scrolling function, which allows the respondents to browse the entire questionnaire, were incorporated into the design in this study for better response results. Additionally, Dillman *et al.* (1998) found that relatively simple web surveys that load quickly result in higher response rates than “fancier” surveys that take longer to load. Therefore, the questionnaire design of this study was simple and used a scrollbar allowing respondents to move back and forth during the completion of the questionnaire. Moreover, one study (Bowker and Dillman, 2000) found that the placement of the electronic survey on the page (i.e., left-aligned, right-aligned) affected the respondents’ reaction to the survey, with some who received the left-

aligned survey rating the design unfavourably. For this reason, online questionnaire of this study was right-aligned on the page for reading comfort. Lastly, Javascript programming was used to check for missing questions and prompt users to answer them. This feature ensures responses without missing data (Teo, 2001).

In addition, other studies (Couper, 2000; Cobanoglu and Cobanoglu, 2003) suggest using an incentive with online surveys to increase the response rate. Schonland and Williams (1996), however, argue that it is possible for one respondent to enter incentive contests more than once to increase their chances of winning. To prevent this, “cookies”, a program to identify users from a database held (Cole, 1997), were utilised in this study to refrain participants from filling in the web survey more than once. For the purpose of increasing the responses, a short message regarding the incentive for completing the questionnaire was shown in the introductory section of the online questionnaire alongside time spent to finish (Appendix I, Part C).

The previous discussion provided the foundation for using a web survey based on the notion that an online survey is valid and efficient due to its advanced design and the popularity of the internet. Moreover, any specific website can be easily located and visited by search engine enquiry from which the website could be referred to visitors with a specific intent. Applied to this study, this means that not only diners of the restaurant, but also non-diners, could access the website for participating in the survey as long as they had a similar dining experience of upscale restaurants. More importantly, the adoption of the online survey corresponds squarely with the characteristics of general upscale restaurant customers with regards to need specificity and internet accessibility. The above evidence firmly supported the use of a web survey in this study. Following the discussion, a questionnaire survey with an online approach was considered as most appropriate and therefore was chosen for this study.

### **4.3 Questionnaire Development**

Following the discussion on the selection of a survey method, the next step was related to questionnaire development. The use of a questionnaire has been supported over other research methods such as interviews for some advantages: the results from

the questionnaire survey are consistent; can be easily quantified; and can provide suggestive data for hypothesis testing (Gillham, 2000). Therefore, this study adopted the use of a questionnaire for data collection and subsequent hypothesis testing. Initially, based on the literature review, related variables deemed suitable for this study were identified with the necessary modification to fit in the study context and meet its purpose. Interviews were also conducted as a supplementary method for identifying additional measuring items that were more context specific so that they could assist to achieve the objectives of this study. Incorporating the results of the literature review and the interviews, a questionnaire design was then conducted. Each item was carefully checked for its relevance and suitability for this study.

To increase the response rate, an introductory announcement was arranged to introduce perspective respondents to the purpose of the study. In the announcement, it also explained that the study was a research project of Victoria University, Melbourne, Australia and that all information obtained would be treated as confidential and used for research purposes only.

#### **4.3.1 Interviews**

Following the vigorous literature review, in order to identify instrument items considered suitable for the study context in addition to those previously identified from the literature review, in-depth interviews were conducted with ten of the researcher's colleagues who had been customers and had dining experiences in upscale restaurants, and three managers of the potential target restaurants. Previous studies (Gourlay, Ricciardelle and Ridge, 2005; Li, 2005; Ramjan, 2004) considered it was sufficient to have in-depth interviews with 10 participants. In addition, numerous studies (e.g., Butcher *et al.*, 2003; Chang and Chen, 2007; Parker and Mathews, 2001) have adopted in-depth interviews for the investigation of viewpoints of their target participants. With in-depth interviews, the respondent's position and behaviour can be better understood. The respondents are also free to answer the open-ended questions according to their own thinking. In addition, the interviewer can ask for further expansion of answers and attitudes (Ghauri and Gronhaug, 2005). Therefore, this method was preferred and adopted.

More specifically, the primary aim of these interviews was to gather information from both customers' and managers' perspectives with respect to service experiences and to identify extra critical factors particularly with regard to empathy that were considered most influential to the restaurant customers in affecting relationship quality and FPI. Initially, the customer informants were approached with questions concerning the service attributes that were valued the most for dining in a restaurant of its type. In general, the most common comments from informants were centred on service, food and atmosphere. In regard to service, the informants indicated that the waiter's service was crucial for the restaurant experience especially in an upscale restaurant and was expected to outperform that of others types of restaurants. Their comments about the waiter's service performance were about the service being smooth, attentive, friendly and personalised. Some informants mentioned that personal friendship such as liking or personally getting to know the waiter was the motivation for their following visits. They suggested that personally knowing the waiter mirrored the fact that the services received were satisfying and could be more assured, therefore the experience could be more pleasant. The results of the interviews revealed that food was highly expected to be of the best quality especially in terms of taste, portion size, and dish selections among others. The majority of the informants expressed high expectations of food quality in a restaurant of such type in which food was claimed to be one of the elements setting it apart from other restaurant types. In addition to food being advocated as a deciding factor for dining at the restaurant, atmosphere was considered equally important by other informants who stated that the service environment was part of the reason they chose to dine at a particular upscale restaurant, which had a unique ambience.

Additionally, it was noteworthy that the waiter's responsive behaviours to the customer's unspoken needs were essential for the customer's satisfaction and revisit, and that the waiter's behaviour such as comprehending the customers' nuances during the dining service was highly regarded in an upscale restaurant. Those mentioned behaviours fit the underlying meaning of empathy (Plank, Minton and Reid, 1996). The interview proceeded with the question regarding those "empathic behaviours" shown by the waiter. At first, the concept of empathy in the restaurant context was interpreted and examples were given to informants so that they could relate them to

what they experienced during previous service encounters. Following that, some informants emphasised the effect of empathy on customers' desire to have long-term relationships on a personal level with the waiter. They indicated that the empathic behaviours projected the atmosphere of high quality service from the restaurant. Informants were further asked if any specific empathic behaviour from the waiter was desired during service encounters. Some informants indicated that they favoured some behaviour from the waiter during the dining service particularly with regard to the waiter's instant sensing of their service needs without the need to make requests. This view corresponded to the main element of anticipation of empathy. In particular, the service was perceived favourably, as one informant pointed out, when the waiter endeavoured to understand patiently and comprehend the whole information to assist the customer in the service encounter where a language barrier existed in understanding the menu and communicating with the waiter.

The interviews with the managers of upscale restaurants revealed that the aspects of empathy intended by this study were highly relevant to the daily operation of the restaurant with respect to the interaction between customers and the waiter. The interview suggested that service by the waiter in relation to his delivery style or manner, and the skill were essential for the restaurant. In addition, food was indicated as the main selling point, and as one of the managers emphasised, the food at his restaurant was unique with its combination of a local Australian core and Asian influence. Similarly, as expressed by another manager, the importance and an uniqueness of the food rested on the fact that it was prepared from the ingredients available in season and produced locally. In other words, their food, according to her comments, was distinctive from other restaurants in the way that they offered seasonal dishes. Further, atmosphere was described as the exclusive offering of the restaurant because it was highly expected and should match with other service provided by the restaurant. Service was also indicated as a favourable factor by its customers because of the waiter's professional skills and customer relationships collected from long working experience due to low waiter turnover. One manager acknowledged that the empathic behaviour shown by the waiter during service delivery was imperative as part of the service offering after the explanation of empathy by the researcher. Especially, the skill of the waiter to discriminate or sense

the unspoken needs of the customers was regarded as the important behaviour, which was also mentioned in the interview with a few other customer informants. The manager further commented that empathy could result in a closer relationship between the waiter and customers, and influence the service result if it did occur. When explained and asked about familiarity preference of customers, one manager suggested that it might be related to the mutual consensus between the waiter and the customers themselves, implying that some customers may have different attitudes toward this service element. One manager pointed out that this service factor might not be favoured by some customers due to the likeability and the performance of the waiter. The feedback from the managers offered a different insight into the roles of those identified service attributes from another angle dissimilar to the customers.

The valuable information collected from these interviews informed the questionnaire design with respect to the preliminary conditions customers considered important for dining in an upscale restaurant. These interviews helped identify critical elements in service encounters in upscale restaurants and also provided the opportunity for refining the questionnaire by adding in any relevant items as a result of the interviews. The combination of the literature review and in-depth interviews completed the initial stage of the questionnaire development process and provided the foundation for the subsequent step of questionnaire design.

#### **4.3.2 Questionnaire Design**

The measuring items of this study mainly drawn from previous studies, constituted the major body of the questionnaire. With regard to the questionnaire design, this study contains four constructs under study namely restaurant service attributes, empathy, relationship quality and FPI. All the research constructs except for FPI were operationalised by multi-item measures and all of them were measured with five-point Likert scales, ranging from 1 being strongly agree to 5 being strongly disagree. As suggested by Yuksel and Yuksel (2002), a Likert-type scale can be employed for the purpose of judging experiences with services because they are effective in evaluating consumer attitudes and are easy to manage. All other questions about demographics such as age, living arrangement and education were concrete and their answers had measurable properties.

For restaurant service attributes, the items were based on previous studies (Garbarino and Johnson, 1999; Johns *et al.*, 1996; Kivela, Reece and Inbakaran, 1999) with some modifications to reflect the study context. There were four independent variables in this study: satisfaction with the waiter, preference for familiarity with the waiter, food quality, and atmosphere, and they were measured in the following manner. *Satisfaction with the waiter* was assessed by the respondent's satisfaction with the waiter and opinions of the quality of the service performed by the waiter compared to other restaurants of the same standard. *Familiarity with the waiter* was assessed by the respondent's sense of familiarity and liking of being familiar with, and the feel of knowing the waiter. These two variables were partially drawn from Garbarino and Johnson's (1999) study regarding customers' future intentions toward a theatre company. *Food quality* drawn in part from a study by Johns *et al.* (1996) was assessed by how respondents feel about the core service: food with respect to appearance, temperature, portion size, taste and dish varieties among others. *Atmosphere* drawn partly from Kivela *et al.*'s (1999) restaurant study was assessed by customers' satisfaction with the restaurant atmosphere. The components of atmosphere in this study are comfort, noise, view, cleanliness and layout. In total, nineteen items were included for measuring restaurant service attributes.

The *empathy* construct was assessed by how respondents feel about the empathic behaviours of the waiter during the service encounter. It was operationalised by a seven-item scale drawn from numerous studies (Barrett-Lennard, 1962, 1978; La Monica, 1981; Plank *et al.*, 1996) that measure perceived empathy. The items adopted were re-worded to suit the restaurant context. Empathy was measured as understanding, showing consideration, anticipating customers' needs, and sensing the non-verbal cues, among others. One item for measuring empathy in this study, "The waiter is able to sense my level of satisfaction from non-verbal cues", was added as a result of the interviews with restaurants' managers to reflect the additional underlying concept of empathy in this particular setting of an upscale restaurant. Seven items made up the construct of empathy to measure customers' view of perceived empathy.

The three dependent variables: overall satisfaction, trust and commitment in this study were represented as relationship quality. The items for these three variables were adopted from the previous studies (Garbinaro and Johnson, 1999; Wulf and Odekerken-Schroder, 2003). The *overall satisfaction* construct was measured by the direct overall perception of the restaurant by the subject and was a comparative item to gain the overall feeling toward the restaurant compared to other restaurants of the same standard. The *trust* construct was measured as confidence in quality and good value for money for the service of the organisation. The *commitment* construct was measured as identification with the company, psychological commitment, concern with the long-term welfare and loyalty. Eleven items in total constituted the construct of relationship quality.

The last construct, *FPI* as the final outcome variable was operationalised by a single item scale drawn from the study by Butcher *et al.* (2002). It was measured as people's willingness to engage in future interactions with the organisation "plan to go back to this restaurant". Although single item measures have been criticised by Churchill (1979), Bejou and Palmer (1998) argued their adequacy compared to multiple item measures. In addition, LaBarbera and Mazursky (1983) also suggest that, in large-scale survey research, the use of multi-item scales may decrease the quality of measurement rather than improve it. The scale items are shown in the Appendix I Part C.

To improve the response rate while maintaining valid responses, some considerations were incorporated in the design of the questionnaire. First, some easy-to-answer questions were arranged at the beginning of the questionnaire to encourage participation and completion. Second, the central construct, empathy, was moved forward to the fore section of the questionnaire to avoid the respondents being hasty after answering some questions. Third, the more sensitive questions such as demographics were arranged at the end of the questionnaire to prevent sensitive issues from discouraging anyone from answering. Following that, some preliminary steps prior to the commencement of the questionnaire survey were then taken to ensure the questionnaire in conjunction with the online survey would be clear to respondents and functional.

#### 4.4 Pre-test

A pre-test was conducted for the purpose of detecting problems in the questionnaire design in relation to the online survey and screening whether the questions indicate the same thing to all respondents. Such a process assisted in refining the design of the final online questionnaire. The purpose of the pre-test was (Zikmund, 2003):

1. To detect problems in the questionnaire instructions or design and the technical aspect of the online questionnaire.
2. To pinpoint ambiguous questions, or questions that would lead to misunderstanding or mean the same thing to all respondents.
3. To test the structure of the questions.
4. To identify the terminology that might be hard to understand.
5. To test the reliability and validity of the scales.

Three stages of pre-testing were conducted for this study. The initial one was for the content of the questionnaire. The instrument was pre-tested to check for questionnaire psychometric properties, validity and reliability. By adopting a similar approach for testing the adequacy of a survey instrument at the pre-test stage and based on the personal connection and judgment, questionnaires were distributed electronically to ten hospitality-related professionals and academics for feedback. Pappas and Flaherty (2006) considered it was appropriate and sufficient to recruit ten participants. Specifically, difficulties with question wording or terminology, structure of questions in terms of their sequence, problems with leading questions, and bias due to order were identified. In addition, the face validity was established by asking whether the questionnaire appeared to accurately measure what it is supposed to measure in a restaurant context. Based on the results of the pre-test, the wording of a number of items was adjusted for clarification and better understanding and one item was dropped due to the common comments generated from this pre-test stage that the question could mislead the respondent. Specifically, one of the items on food quality was removed (i.e., "Food is hygienically prepared and served") because it was a double-sided question and thought difficult to evaluate by customers who generally could not see the food being prepared. Further, the order of measured constructs

listed in the questionnaire was rearranged in a more logical sequence for respondents. Lastly, the structure and the layout of the questionnaire were thought too lengthy and redundant. Hence, they were altered for simplicity.

The second stage of pre-testing was referred to the testing of the web survey design and the refinement of the questionnaire. As has been mentioned earlier about the adequacy of having only 10 participants in the pre-test stage, emails with URL links to the online questionnaire at the websites of participating restaurants were sent through the university's email system to 20 staff and postgraduate students of Victoria University (who had a similar experience of upscale restaurants), for feedback on every aspect of the online survey. The main purpose of this stage was to evaluate the clarity, functionality and accessibility of the online questionnaire embedded in URL link. Examples of the functionality features were a system that would remind the respondents of the missing questions by bringing them back to the ones missed. The other was to allow the respondents to move from one section to another for their answering flexibility. Essentially, the radio button click technique was utilised for the ease of answering. The results from those respondents showed that the website survey was clear both in the introduction and the questionnaire itself, and the layout of the online survey was easy for respondents to manage. The system of the web design functioned properly.

However, some problems were identified. For example, the contact details for the draw in the questionnaire which included name, address, phone number and email address was perceived as too long and lacking privacy protection particularly in the case of this website survey. Therefore, in view of the concern of trust on the internet and for the purpose of increasing the number of responses, the "address" was dropped. The other adjustment incurred from this pre-test concerned the Netscape browser not being able to link to the web survey (it only worked with Internet Explorer). This problem was identified and then revised by the web designer. Following the modification of the survey content and the web survey design, the revised version of the web survey was then sent back to the same group of staff and postgraduate students for verification as they would easily detect if the mentioned problems had

been rectified. The results showed that the modified pre-test survey was easy to navigate, well understood and clearly perceived by the respondents in this phase.

After the revisions were made, the last stage of pre-test involving a field test was conducted by administering the revised version of the questionnaire to the same group of participants of the previous stage of the pre-test as representatives of upscale restaurant customers. The reason for pre-testing on the same group of participants was that these participants had been previously checked for their dining experience at upscale restaurants and therefore they were considered similar to the target population. They were also regarded as more familiar with the study context and the survey. An email with a URL link to the revised online questionnaire indicating the purpose of this field test, such as for content clarity, wording, format, thoroughness, ease of use, and relevancy for the restaurant context, was sent out to each of those participants. One of the purposes of this test was the inclusion of empathy in this service setting in which such conceptualised empathy had never been examined previously. The results of this test showed that the level of comprehension regarding the questionnaire was high. In addition, the web design was perceived as easy to navigate and use. The only concern indicated by some participants involved the privacy of the online survey with respect to the contact details at the end of the questionnaire, which was designed for the draw purpose and could not be skipped before submission. As such, the functionality of web design was then re-adjusted to make the submission of contact details as an optional component of the questionnaire this allowed those who did not want to be identified but simply wanted to participate the survey to be encouraged to do so. Based on the feedback, revisions were then made to ensure quality and consistency in both questionnaire and web design itself prior to the commencement of the web survey.

## **4.5 Sampling and Data Collection**

### **4.5.1 Sampling Sites**

The target population of this study was the restaurant customers who had dining experiences in upscale restaurants. To sample the population, Victoria, Australia was targeted with a specific focus on two major geographical areas: the city of Melbourne and a regional area. The sampling sites covered different geographical areas within

the state. The main purpose of choosing two different sites was with the view that the study results could be generalised and would be of importance for marketing strategies to be developed for restaurants of the two areas resulted from the differences between and similarities of the two types. Most importantly, upscale restaurants in these two areas, city and regional, are becoming more important in attracting tourists both domestically and internationally as a result of the core product of food and wine in the state of Victoria. Upscale restaurants of these two types (city type and country type) have therefore become the mainstream restaurant types within their category (Tourism Victoria, 2007; Visit Victoria, 2007).

According to the *Annual Report 2005-2006* published by Tourism Victoria (2007), Victoria attracted 1.4 million of the 5.0 million annual international tourists in 2005 (28%), and 5.0 million interstate visitors, which accounted for 24 percent of all interstate visitors in all states. Victoria is also full of diversity in natural landscapes and has attractions such as national parks, forests, wildlife, wineries and mountains offering skiing and hiking. Victoria has a wealth of diverse regional areas. Daylesford, 90 kilometres from the city of Melbourne, was chosen as a representative of the regional area of Victoria. It is a village in the heart of Victoria's spa country. Like other areas, Daylesford is surrounded with natural landscapes and gardens. More importantly, food and wine are one of the biggest attractions for tourists both domestically and internationally. There are more than 40 wineries throughout the region. In addition, the region is known for its diverse range of seasonal produce grown in the local farms (Visit Victoria, 2007). The combination of its natural resources, and food and wine makes this regional area on another ideal site for population sampling as opposed to the city site for this study.

In addition to the regional area, Melbourne was the chosen location for the city site for the following reasons: 1), Melbourne is the second largest city of Australia and the capital of Victoria with a population around 3.4 million; 2) it is unique in its multi-cultural environment from the influences of a great number of immigrants; 3) it is claimed to be the cultural, fashion and sports centre of Australia. Melbourne remains the leading Australian city for style, romance, theatre, shopping, food experiences, world-class restaurants, cafes, bars and nightclubs (Tourism Victoria,

2007). In addition, when conducting interviews, Melbourne was mentioned the most as a tourism destination for cuisine or restaurants. Moreover, Melbourne is still viewed as the city in Australia with the best cuisine and reputation in dining (Sparks, Wildman and Bowen, 2001).

Furthermore, Melbourne is also perceived as a classically stylish and sophisticated city. Major events in Melbourne, such as the Melbourne Food and Wine Festival, Australian Tennis Open, Grand Prix, Melbourne International Flower and Garden Show and The L'Oreal Melbourne Fashion Festival, are held throughout the year. In tourism, Melbourne is listed as the second largest destination in Australia in term of international visitors (Tourism Victoria, 2007). Because of its dynamics, it is therefore considered as the ideal research site for conducting this study. Overall, the increasing importance of the role and number of full-service upscale restaurants to tourism in both the city (city type) and regional areas (country type) makes these two locations ideal to present upscale restaurants in Victoria. Based on the above evaluation and consideration, two main types of upscale restaurants were chosen for this study: the city type and the country type to represent the whole market of upscale restaurants.

#### **4.5.2 Sampling of Target Restaurants**

In considering the convenience and efficiency of a web survey and consumer online search behaviour in addition to high internet accessibility among upscale restaurant customers, two upscale restaurants of different types representing two areas were chosen for the purpose of the study and as the source of population sampling. The restaurants that fit into our upscale category for survey were chosen from Victoria, Australia. One is located in the regional area of Victoria with a leisure-style theme, which accommodates mostly leisure customers during holidays and weekends. This establishment also offered hotel accommodation in addition to dining service. The other one is situated in the CBD (central business district) of Melbourne city. Its majority clientele consists of professional business people from the inner city of Melbourne. In total, two types of upscale restaurants catering to different clientele were specifically chosen primarily for the purpose of better population generalisability following the above discussion. It is deemed appropriate to select

two types of upscale restaurants that differ in terms of location, theme, style of operation and market segment. Studies (Macintosh and Lockshin, 1997; Reynolds and Beatty, 1999; Lee and Hing, 1995) have also sampled their population from target stores of the same category but with different types. Macintosh and Lockshin (1997), for example, intentionally sample their population from stores of different types for their study of salesperson/customer relationships in relation to store loyalty. In the same context, Reynolds and Beatty (1999) collect a sample from different types of upscale retail stores (department stores and specialty clothing stores) as the representative sample of upscale customers to examine the ongoing relationships between relationship customers and the salesperson. With the two main restaurant types well defined in the category of the upscale type yet with some dissimilarity, the contrast may provide more variations in terms of service perception and service outcomes, and therefore result in more implications both for marketers and researchers. These two participating restaurants were granted three red stars (highest grading of formal or fine dining) by Australian Gourmet Travellers (November issue, 2003).

These two types of target restaurants were obtained through the following steps. First, due to the unique nature of upscale restaurants, purposive sampling was utilised in order to exclusively select the ones that fit in our specification. Purposive sampling is “a non-probability sampling technique in which an individual selects the sample based on his or her judgment about some appropriate characteristic required of the sample members” (Zikmund, 1994, p. 368). Based on this sampling method, the restaurant in the regional area was chosen first. Second, after the first was chosen, a formal letter was sent (see Appendix I, Part D) and phone calls were made to the manager of the identified restaurant and an interview was arranged for permission to conduct a survey on the customers at the restaurant. During the interview, the manager was asked to suggest the other restaurant of the same standard in the city but with some variations in general aspects of operation as the additional survey target. Snowball sampling was thus applied following the initial sampling technique. Snowball technique is used to locate members of rare populations by referrals (Zikmund, 1994). Kumar *et al.* (2002) also indicate that snowball sampling, a form of judgmental (purposive) sampling, is very appropriate when it is necessary to reach

specialised populations. As such, the same procedure was followed with another formal letter sent (see Appendix II) and then phone calls made to the next identified restaurants. While this method of data collection prevents the estimation of population parameters from the sample values, Bulmer and Warwick (2000) argue that under conditions of assumed homogeneity, non-probability samples may yield data, which are equally satisfactory. In total, two upscale restaurants of different types were selected as the target restaurants.

As discussed previously, this study sampled from the clientele of upscale restaurants as target population. With web surveys, the respondents were not limited to the customers of those two target restaurants so long as the respondents were upscale restaurant customers and visited the websites to participate in the surveys. So although only two restaurant types were chosen, this surveying design could fulfil the sampling purpose of obtaining a relatively representable sample population of upscale restaurant customers (Ethics Approval Number: BHREC 2004/33).

#### **4.5.3 Data Collection**

After selection, these two types of upscale restaurants served as the web sources from which the target population, upscale restaurant customers, was attained. In practice, online questionnaires resided in the websites of the two upscale restaurants. The online survey surveyed both diners and non-diners. With this method of survey, the sample consists of respondents of these two target restaurants as well as those from other restaurants of similar types. Therefore, the sample can be considered as representative for the whole upscale restaurant population, and particularly for the two main restaurant types. The questionnaire in the format of hypertext markup language (HTML) was incorporated into the participating restaurant's websites using hyperlinks for subjects to respond after their dining experiences. For diners, a reminder note, the size of a business card, of the online survey with an incentive message and a Website address of the restaurant was prepared and inserted in the bill folder presented to the customers by the waiter at the end of their dining to encourage participation. For non-diners, the responses were collected as they were searching online for potential restaurants to visit. To screen for both groups, a section of the introduction at the beginning of the online questionnaire was posted on the site to

limit those who were not qualified as the subjects of this study (Appendix I, Part A and B). This reasoning is supported by Schmidt (1997), suggesting that a web survey is best suited for a targeted population that has narrowly defined interests. Gunter *et al.* (2002) also suggest that representative samples of an online survey are less of an issue where special groups are the objective. The completed online questionnaires were automatically emailed to the researcher immediately after the respondents finished and submitted the online questionnaire. The responses were then saved as tab-delimited text (Granello and Wheaton, 2004) and converted into a form usable in SPSS (a statistical software package). The surveys were commenced on the 30<sup>th</sup> of November and ended on the 6<sup>th</sup> of February 2005 over a two-month period. A total of 653 completed online questionnaires were received with 390 (60%) and 263 (40%) responses from diners and non-diners respectively. Of the responses, six cases with extreme outliers were detected, considered invalid, and therefore deleted. That made up the final sample of 647 responses to be used for statistical analysis.

#### **4.6 Verification of Survey Respondents**

A verification process aimed to check the authenticity of the web survey respondents. This was to verify if the responses submitted by the respondents were done by the same people as shown on the contact details in the survey. To conduct this, twenty respondents (ten from each restaurant) were randomly selected from the respondent lists (printouts of survey submission) after the survey was completed. To avoid any subjective bias, every tenth respondent from each restaurant was drawn from the printouts until ten respondents were chosen from each restaurant. Telephone calls were then made to those respondents. During the first round of telephone contacts, many respondents confirmed their participation in the survey, but some respondents indicated their unavailability and therefore additional respondents were drawn with the same random procedure to make up the number of respondents for the verification process. The results showed that all respondents shown in the contact details of the survey were the ones that answered the questionnaire, suggesting that the authenticity of the respondents in the web survey was fulfilled.

## **4.7 Methods of Data Analysis**

The following methods of data analysis were applied in this study to help answer the research questions and therefore accomplish the objectives of the study. These were description analysis, t-test, chi-square test, principal component analysis, confirmatory factor analysis, Pearson's product-moment correlation coefficient and structural equation modelling (SEM).

### **4.7.1 Description Analysis**

In order to present a demographic profile of the sample, descriptive statistics of demographic variables were conducted. Response frequencies of survey items by respondents were also performed to provide insights into the data and further analyses.

### **4.7.2 T-Test**

A t-test was applied to test whether or not the means from the two samples were different. In this study, it is of interest to test statistically for significant differences between two customer groups: relational orientation customers and transactional orientation customers for their differences in perception of service performance with respect to restaurant service attributes and empathy, and its subsequent influences on service outcomes of relationship quality and FPI. These two groups of customers are referred to as regular customers and occasional customers respectively. In addition, the two restaurant types were also compared to determine if there exist differences in performance of restaurant constructs expressed by their customers between the two types. Whenever it was appropriate to test the relative importance of two variables from the same sample, the paired samples t-test was applied.

To undertake this comparison, a test of the normality of the distribution in means was necessarily undertaken. Since the sample of this study was large in size, it was likely from the outset that the distribution would be normal in shape (Hair *et al.*, 2006). Kline (1998) suggests that skewness and Kurtosis are the two indexes for data distribution normality. The indexes of smaller than three indicate normal distribution. The standard deviation of the sample and the skewness revealed that the frequency distribution of mean display by the sample was close to normal (see Appendix III). The data shows a normal distribution based on the level of skewness. This allows a t-

test to be undertaken to test the differences between the samples at a 95% level of significance ( $p \leq 0.05$ ).

To access the assumption that the variances of the two groups are equal, a Levene test was conducted. The F test determines whether there is more variability in the scores between two samples. If this F test is not significant ( $p > 0.05$ ), the assumption is not violated, and equal variance can be held. To determine the equal variance, the appropriate means test is applied.

#### **4.7.3 Chi-square Test**

The chi-square test determines if the difference between the observed and the expected frequency distribution can be ascribed to sampling variation (Zikmund, 2003). In other words, it allows us to test for significance in the analysis of frequency distribution by comparing between the two samples. Under the null hypotheses, the greater the obtained chi-square, the larger the difference between the observed and the expected frequency distribution and the more likely the null hypotheses will be rejected.

The chi-square test was applied to assess the statistical significance on categorical variables. If the obtained chi-square value is below the 95% of significance, the null hypothesis is considered rejected. If the null hypothesis is rejected, it indicates that there is some association between the two variables and that they are not independent (Hair *et al.*, 2006; Zikmund, 2003). In this study, the social demographic characteristics between two customer types and between two restaurant types were compared.

#### **4.7.4 Principal Component Analysis**

The purpose for conducting the principle component analysis (PCA) is to:

- group variables in order to derive principle factors to represent the data sufficiently;
- measure the strength of the relationship between each variable and its associated factor;

- determine the extent to which the variables may be explained on the basis of a set of dimensions; and
- reduce the number of variables in factors that account for the maximum portion of variance represented in the original set of variables.

The PCA is mainly applied for the construct of restaurant service attributes to simplify the factors and to identify the latent variables. A factor has been defined as “a dimension or construct, which is a condensed statement of the relationships between a set of variables” (Kline, 1994, p. 5). The PCA is a commonly used method for undertaking factor extraction with the intention of exploring the interrelationships amongst variables (Hair *et al.*, 2006). It is to determine the minimum number of factors that will account for maximum variance in the data for use in the subsequent multivariate analysis (Malhotra, 2004). Although the solution of factor analysis is enhanced if the variables are normally distributed, the assumption of normality is not critical. Normality is only necessary if a statistical test is to be applied to the significance of the factors (Hair *et al.*, 2006). It is essential that the sample be large enough to enable factor analysis to be undertaken reliably (Kline, 1994). However, there is no consensus on what the sample size should be. Kline (1994) proposes a minimum 2:1 ratio of subjects to variables (items) and total subjects of 100. He suggests that correlations between variables become reliable with a sample size of 100 or more. Tinsley and Tinsley (1987) suggest a ratio of about 5 to 10 subjects per item, up to about 300 subjects, and that when the sample is as large as 300, the ratio is less crucial. The restaurant survey sample used for this study had 647 responses and the survey had 38 items. Since the ratios were above the required thresholds and the responses were over 300, it was legitimate to apply factor analysis to the study.

Factor analysis is based on correlations between variables. If the correlation is small, the data are inappropriate for factor analysis. To test the factorability of variables, three kinds of tests are frequently used (Coakes and Steed, 2001; Norusis, 1997).

1. Barlett’s test of sphericity: testing if the correlation matrix of data is an identity matrix. If Barlett’s test rejects the hypothesis ( $p \leq 0.05$ ) that the

correlation matrix is an identity matrix, then factorability is assumed, that is, there exist significant correlations among the variables (items) for PCA.

2. The Kaiser-Meyer-Olkin (KMO) measure for sampling adequacy: comparing the magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients. If the KMO measure is greater than 0.5, then the factorability is assumed.
3. Measure of sampling adequacy (MSA) for each individual variable: has the same meaning as the KMO but is measured for each individual variable instead of the whole matrix. Variables with a MSA measure below the acceptable level of 0.5 should be excluded from factor analysis.

Principal component analysis (PCA) was conducted in this study with SPSS software (version 12.0.1) to extract key dimensions of the construct of restaurant service attributes in the model. There were as many components as variables but only the largest were extracted. The first principal components account for the most variance and the components were ordered by size as they were extracted. For the initial factor extraction and for determining the number of factors, the study used the criterion 'eigenvalue greater than 1'. The eigenvalue of each component indicates how much variance is accounted for in the correlation matrix, and is thereby a measure of relative importance for each principal component. Factors retained that exceed an eigenvalue of one are known to be more readily interpretable than factors with eigenvalues less than or equal to 1 (Hair *et al.*, 2006). The rationale for the eigenvalue being greater than 1 is that any individual factor should account for the variance of at least a single variable if it is to be retained for interpretation purposes. It is also a requirement that more than one variable loads significantly on any factor. If this is not the case, it is not possible to define the dimension adequately.

The scree test (Cattell, 1978) can also be used after the initial factor extraction to select the correct number of factors for factor rotation. According to Kline (1994) and Cattell (1978), in large matrices, the 'eigenvalue greater 1' criterion greatly overestimates the number of factors and may split a major factor into several trivial

factors. Many authors such as Kline (1994), Norusis (1997), and DeVellis (1991) propose that Cattell's (1978) scree test is a good solution to select the correct number of factors. In a scree plot, the cut-off point for selecting the correct number of factors is where the line suddenly changes slope (where a distinct break occurs between the steep slope of the large factors and the gradual trailing off of the factors). If the slope change begins at the *k*th factor, then *k* is the true number of factors. According to Kline (1994), the scree test must be performed on PCA. Therefore, this study also used the cut-off points (sudden change of slope). In addition, the cumulative percentages of the variance extracted by factors can also be used to decide the significance of the derived factors. Hair *et al.* (2006) suggest that only the factors having latent roots or eigenvalues greater than 1 are considered significant. Also, using the eigenvalue for establishing a cut-off is most reliable when the number of variables is between 20 and 50 (this study was conducted with a questionnaire of 38 variables). Therefore, multiple decision criteria will be used in this study to determine the number of factors to be retained.

It is usual that an initial solution of factor analysis does not make it clear which variables belong to which factors (Kline, 1994). Factor rotation is used to simplify the factor structures and to make them more interpretable. In an orthogonal rotation, rotated factors are uncorrelated, but in an oblique rotation, rotated factors may be correlated to each other. The selection of method depends on which rotation results in a simpler, more interpretable resolution (Gorsuch, 1983). In the present study, orthogonal rotation was used to reduce the number of variables to a smaller set of independent factors irrespective of whether the resulting factors are meaningful. The varimax approach was utilised to reach the maximum possible simplification of the columns of the factor matrices. The objective was to achieve a clearer separation of the factors and to identify the variables most representative of these factors, that is, those with the highest loadings.

#### **4.7.4.1 Significance of Factor Loadings**

For the purposes of interpreting the rotated factors, the present study subscribed to the position that loadings of 0.50 or above are significant, and that  $(0.50)^2=25\%$  of the explained variance is accounted for by the factor. According to Hair *et al.* (2006), the

factor loadings are considered practically significant if they are  $\pm 0.50$  or greater although loadings above 0.3 are adequately regarded as salient (Kline, 1994). Following these suggestions any items of restaurant service attributes not loading 0.50 or above on any factor were deleted from further analysis. Each factor was analysed individually to check for uni-dimensionality and reliability using Cronbach's coefficient alpha ( $\alpha > 0.6$ ). This purification process was run through numerous iterations until all items loaded 0.50 and all above factors were uni-dimensional and reliable.

#### **4.7.5 Confirmatory Factor Analysis**

The purposes for conducting the confirmatory factor analysis (CFA) are:

- to validate the structure and dimensionality of factors;
- to identify the relationship between the items and the underlying factors; and
- to conduct further statistical analyses namely structural equation modelling (SEM).

The measurement model of the initial phase of SEM method is a confirmatory factor analysis, which examines the relations between latent and observed variables and provides a fit analysis between a model and data. That is, the CFA provides the information about the strength of the relationships between the indicators and the factors, the amount of measurement error in each indicator, and overall indices of the fit of the proposed measurement model to the data (Bollen, 1989). Similarly, Sureshchandar, Rajendram and Anantharaman (2002) suggest that the confirmatory factor analysis method reflects the measurement models of SEM in that observed variables or indicators define the latent variables or constructs. The result of this process is a reduced set of reliable and uni-dimensional items with which the researcher conducted structural equation analyses. Therefore, to check for uni-dimensionality, a measurement model was constructed for each construct namely empathy and relationship quality of trust and commitment. According to Gau and Lee (2003, p. 178), the CFA is based on strong theoretical and/or empirical foundation, which allows the researcher to specify a factor model and test it. Based on the above notion, the items of constructs of empathy, trust and commitment were

drawn from the literature and were tested in a different setting, and therefore the CFA was considered as an appropriate procedure for theory and empirical testing (Gau and Lee, 2003).

The other construct of overall satisfaction is comprised of two indicators and therefore is not suitable for CFA. According to Hair *et al.* (2006), a construct can be represented with two indicators; however, three is the minimum number of indicators for constructing a measurement model in CFA. As a result, the Pearson product moment correlation technique will be applied for the relationship strength between the indicators and the latent variable of overall satisfaction.

Therefore, the initial phase of confirmatory analysis would be conducted by establishing single-factor measurement models based on the individual constructs of empathy, trust and commitment. The criteria for determining the fit of the measurement models will be listed and described in the Section 4.7.7 on SEM.

In addition, the measurement model hypothesises the relationships among the error terms and allows the researcher to use several variables for a single independent or dependent variable. It also assesses the contribution of each scale item as well as incorporating how well the scale measures the concept into the estimation of the relationship between the dependent and independent variables (Hair *et al.*, 2006). In addition, it represents a set of observable variables as multiple indicators of a smaller set of latent variables regarded as common factors (McDonald and Ho, 2002). This measurement model defines relations between the observed (i.e., measuring instrument or indicator variables) and unobserved variables.

#### **4.7.6 Pearson's Product-Moment Correlation Coefficient**

Pearson's product-moment correlation coefficient is also referred to as the simple correlation coefficient, which is a statistical measure of the covariation or association between two variables (Zikmund, 1994). According to Zikmund (1994), the correlation coefficient ( $r$ ) ranges from +1.0 to -1.0. If the value is +1.0, there is a perfect positive linear correlation. If the value is -1.0, there is a negative linear correlation. There is no correlation if the value is zero. Pearson correlation has been

utilised for measuring validity (Kerr and Speroff, 1954). Strong association among variables is evidence for convergent validity and criterion validity. This statistical technique is applied to test whether the two variables in the construct of overall satisfaction are correlated. If positive linear correlation is significant ( $p < 0.001$ ), it can be assumed that these two variables correlate and may suggest that they are the measure for the same construct of overall satisfaction. Zikmund (1994) suggests that the correlation coefficient ( $r = 0.80$ ) can be regarded as a highly positive correlation.

#### **4.7.7 Structural Equation Modelling**

Structural equation modelling (SEM) method estimates the unknown coefficients in a set of linear structural equations. Variables in the equation system may be either directly observed variables (results of the survey questions) or unmeasured latent variables (PCA) that are not directly observed, but related to the observed variables (Hair *et al.*, 2006). The model assumes a causal relationship among a set of latent variables, and that the observed variables are indicators of the latent variables. The residual errors are associated with each dependent variable. Residual errors are not associated with the independent variables and the latter may be correlated with each other. It is also possible for one dependent variable to act as an independent variable with regard to other dependent variables. The relationship between any pair of dependent variables may therefore be in either direction. However, any relationships among the dependent variables will not change the state of the relationships between the independent variables and the dependent variables.

The SEM specifies the causal relationships among the latent variables whilst describing the amount of unexplained variance (Byrne, 2001; Hair *et al.*, 2006). Variables described in this study contain potential sizeable measurement errors. SEM takes these errors into account. An exploratory technique is used offering limited control over which variables are indicators of which dimensions (Bollen, 1989). SEM is a confirmatory technique that has control over the specification of indicator for each dimension (Byrne, 2001; Kline, 1998; Hoyle, 1995). It can generate a statistical test of the goodness-of-fit for the confirmatory factor solution as indicated in Figure 4-1.

This research uses the following steps to conduct the confirmatory factor analysis of SEM.

1. Initial model: to specify a theory-based model.
2. Path diagram and model estimates: to construct a path diagram of the model and obtain model estimates using the obtained survey data.
3. Model-data fit examination: Are the parameter estimates in the model consistent with theory-based expectations? Do the estimates statistically imply “goodness of fit”? Among the goodness-of-fit measures available in AMOS output, this research adopts some measures recommended by Hair *et al.* (1998, pp. 660-661). Table 4.1 shows the types of measures used in this research.
4. Model modification: Based on the outcomes from the previous step, the initial model is modified and retested using the same data. It is imperative that any modification is theoretically justifiable. This step is for finding a model that not only fits the data well statistically, but also has the property that each parameter of the model can be meaningfully interpreted.
5. Final model: to draw conclusions about the acceptance of the “best” model that most fully explains the data and is consistent with the theories, or reject of all the models.
6. Significance test: Significance tests of the relationships between variables are conducted to test if the relationships can be reliably distinguished from zero. A critical ratio ( $t > 1.96$ ) indicates that the null hypothesis of a zero relationship can be rejected at the significance level of 0.05.

**Table 4-1 Goodness-of-fit Measures**

| Measures                                        | Level of acceptable fit                               |
|-------------------------------------------------|-------------------------------------------------------|
| <b>Absolute Fit Measures</b>                    |                                                       |
| Likelihood ratio chi-square statistic (p)       | Statistical test of significance ( $p > 0.05$ )       |
| Goodness-of-fit index (GFI)                     | Higher values indicate better fit – close to 1.0      |
| Root mean square residual (RMSR)                | The smaller the values the better                     |
| Root mean square error of approximation (RMSEA) | Between 0.03 and 0.08                                 |
| <b>Incremental Fit Measure</b>                  |                                                       |
| Tucker-Lewis index (TLI)                        | The closer it is to 1.0 the better, recommended 0.90  |
| Comparative fit index (CFI)                     | The closer it is to 1.0 the better, recommended 0.90  |
| Adjusted goodness-of-fit index (AGFI)           | The closer it is to 1.0 the better, recommended 0.90  |
| <b>Parsimonious Fit Measure</b>                 |                                                       |
| Normed chi-square (CMIM/DF)                     | Recommended level: lower limit: 1.0; upper limit: 3.0 |

Source: Hair et al. (2006).

The structural equation model may be divided into two components. First is the measurement model, which has been referred to as the first phase of confirmatory factor analysis discussed earlier. Second is the structural model that relates the underlying factor to its empirical reference. Also known as a path model, the structural model analysis is an essential tool for the identification of the causal influence or dependency relations (i.e., with one-headed arrows) among unobserved variables (i.e., factors) wherein separate multiple regression equations are estimated simultaneously (Byrne, 2001; Kline, 1998; Hoyle, 1995). The structural model is aggregately developed. As such, FPI, a single-item scale, is incorporated into the model as an observed variable. This structural model is thus considered a hybrid model as it combines latent variables and the observed variable (Kline, 1998). Essentially, SEM attempts to regenerate the observed covariance matrix based on the estimated parameters (Bollen, 1989). The difference between the estimated and the observed covariance matrices is assessed with a likelihood ratio chi-square test. Where the estimated and observed covariance matrices are very similar, the chi-square value will be small and p value greater than the preset significance level, thus is non-significant. Large discrepancies between the two matrices will result in a large or statistically significant chi-square value and p value (Byrne, 2001; Hoyle, 1995).

In this context, a p-value of approximately 0.10 is often used as an arbiter of the size of the chi-square statistic. Hence, a p value greater than 0.10 indicates that the reproduced covariance matrix is satisfactorily close to the empirical one (Maxim, 1999).

According to Boomsma (2000), there are some potential reasons for which a model may not fit. Among others, non-normality of measured variables and missing data are thought to cause a bad model fit. As presented in previous section, owing to the online survey design the data collected are without missing values; hence, the concern in this regard is minimised. Although outliers or exceptional observations can also be the cause of bad model fit (Boomsma, 2000; Hair *et al.*, 2006) they have been deleted after the process of data collection was completed as mentioned in an earlier section of this chapter and therefore would not be an effect for a bad model fit.

In addition, the estimation of the parameters of this study is based on the maximum likelihood (ML). According to Byrne (2001, p. 70), the use of maximum likelihood (ML) estimation pre-supposes that the following conditions are met: (a) the sample size is large; (b) the distribution of the observed variables is normal; (c) the hypothesised model is valid; and (d) the scale of the observed variables is continuous. In structural equation modelling, Bentler (1995) suggests the use of an ‘estimated parameter’ to replace the measured variable as there is no linear relationship between the number of variables and the number of parameters in the multivariate modelling. Extending this notion and in relation to the aspect of sample size, various benchmarks for the valid ratio between the number of respondents and estimated parameters have been proposed. For example, Boomsma (1987, p. 184) argues that “the estimation of structural equation models by maximum likelihood methods be used only when sample size are at least 200”. In addition, Bentler and Chou (1987) maintain that the ratio of sample size to the number of parameters can go as low as five to one. While Tachnick and Fidell (1996, p. 715) posit that “fewer than 10 subjects per estimated parameter may be adequate if the estimated size of effect is large and the measured variables are normally distributed”. In the case of optimal ratio of number of indicator ( $t$ ) per factor ( $f$ ), the agreed rule of thumb is that at least three indicators per factor are desirable. Two indicators are also acceptable under some circumstances

(Bollen, 1989). Following a similar line, Boomsma (2000) maintains that large sample size may compensate for a small number of indicators per factor ratio and vice versa. Based on the aforementioned notions, the sample size ( $n = 647$ ) for this study is therefore considered satisfactorily adequate corresponding to the number of estimated parameters ( $t$ ) ( $t = 34$ ).

Structural equation modelling of this phase is used in this study to achieve the following objectives:

- to recognise the links between the underlying factors within the hypothesised model;
- to examine a series of interrelated relationships simultaneously among analysed restaurant service attributes, empathy, relationship quality and FPI by multiple variables or indicators of the latent constructs; and
- to confirm the theoretical relationships in every model between the latent constructs, and between the latent constructs and their indicators, and to assess their statistical significance.

## **4.8 Reliability and Validity**

Reliability and validity contribute to the criteria for good measurement (Zikmund, 1994). According to Hair *et al.* (2006), reliability concerns the consistency of a measurement whereas validity deals with the accuracy with which a measurement represents the concept under study. In addition, the former should be analysed for its appropriateness before the assessment of the latter. In other words, reliability is a necessary condition for validity (Zikmund, 1994).

### **4.8.1 Reliability**

Reliability refers to the extent to which a scale produces consistent results if repeated measurement are made (Malhotra, 1996; Peter, 1979). Similarly, reliability is defined as the degree to which measures are free from error and therefore yield consistent results (Zikmund, 1994). The purpose of the reliability assessment is to check the validity and to improve the quality of the measure. Unreliable measures lead to

decreased correlation between measures. Two dimensions underlie the concept of reliability: repeatability and internal consistency (Zikmund, 1994).

Although many constructs are thought too complex to be measured effectively with a single-item scale, some authors (Andaleeb, 1992; Bejou and Palmer, 1998; Butler, 1991) argued their adequacy compared to multiple item measures (Butcher *et al.*, 2002). Similarly, Peter (1981) argues that some attributes of products, stores or brands are often hard to operationalise and may become redundant for multi-item scales due to their narrow range of content. This notion is evidenced and supported by some researchers (Mittal *et al.*, 1998; Yuksel and Yuksel, 2002) who operationalised repurchase intention with single-item scales in their studies. In the present study, the combination of multi-item scales and a single item scale were used. A single-item scale was utilised for the measurement of customers' FPI (i.e., "I plan to go back to this restaurant").

Coefficient alpha or Cronbach alpha (Cronbach, 1951) is the most common method accepted by researchers in assessing the reliability of measures (Anderson and Weitz, 1990). It is a measure of the internal consistency of a set of items, and is considered "absolutely the first measure," one should use to assess the reliability of a measurement scale (Churchill, 1979; Nunnally, 1978). As such, Cronbach's alpha is adopted as the indication of instrument reliability for the current study. A low coefficient alpha indicates that the sample of items does not capture the construct and is not shared in the common core of the construct. Such items should be removed in order to increase the alpha. Nunnally (1978) suggests that an acceptable alpha is between 0.50 and 0.60. Hair *et al.* (2006) suggest a alpha of 0.60 to 0.70. In the case of the present study, Cronbach's alpha is calculated for the major constructs of empathy, restaurant service attributes, and overall satisfaction, trust and commitment of relationship quality. All coefficient alphas are at an acceptable level, and range between 0.65 to 0.93 (see Chapter 6 Tables 6.1 and 6.2). Construct reliabilities of the scales were tested by means of Cronbach's alpha. Coefficients of all measures were higher than 0.65, which implies that reliability is deemed acceptable (Hair *et al.*, 2006; Nunnally, 1978). Overall, the items specifying each factor in the independent and

dependent factor matrices indicated convergent validity; at the same time, correlations were weaker with opposing factors, thus indicating discriminant validity.

#### **4.8.2 Validity**

Validity refers to the degree to which instruments truly measure the constructs which they are intended to measure (Peter, 1979) and is the extent to which a scale or set of measures accurately represents the concept of interest (Hair *et al.*, 2006). It is also defined as the extent to which differences in observed scale scores reflect true differences among objects on the characteristic being measure, rather than systematic or random error (Malhotra, 1996). There are three main types of validity: content validity, criterion validity and construct validity. Construct validity can be further categorised into nomological, convergent and discriminate validity. Each of these types is used in assessing the validity of the items in measuring the constructs.

##### **4.8.2.1 Content validity**

Content validity is a subjective but systematic assessment of the content to which a scale measures a construct (Malhotra, 1996). The scale development should produce a measure, which is content valid and reliable (Churchill, 1979). This will include specifying the domain of the construct, generating items from this domain, and the ensuing purification of the scale. However due to its subjective nature, content validity however is not a sufficient measure of a scale. Often it is the first check for validity of a measure and a precursor to construct validity. In the present study, the identification of the existing scales from the literature assisted in the scale purification. A pre-test helped in establishing validity of this type.

##### **4.8.2.2 Criterion validity**

Criterion validity is defined as the correspondence between a measure and a “criterion” variable (Maxim, 1999). It is an attempt by researchers to answer the question “Does my measure correlate with other measures of the “same” construct (Zikmund, 1994). It may be classified as either concurrent validity or predictive validity, depending on the time sequence of associating the “new” measurement scale and the criterion measure (Zikmund, 1994). Its popularity, however, has diminished with the increasing use of construct validity. This is probably because criterion

validity is synonymous with convergent validity (Zikmund, 1994) and the latter would imply that the former was satisfied.

#### **4.8.2.3 Construct validity**

Construct validity is established by the degree to which the measure confirms a network of related hypotheses generated from a theory based on the concept. In construct validity the empirical evidence is consistent with the theoretical logic about the concepts (Zikmund, 1994). Construct validity directly addresses the question of what the instrument is actually measuring (Churchill, 1995). Construct validity lies at the very heart of construct development and involves consideration of theoretical questions about why the scale works and what deductions can be made on the basis of theory (Malhotra, 1996).

Construct validity is classified into nomological, convergent and discriminant validity. Nomological validity assesses whether the construct correlates in theoretically predicted ways with measures of different but related constructs (Malhotra, 1996). That is, the construct validity assesses whether to confirm or deny the hypotheses predicted from the theory based on the constructs (Churchill, 1995). Convergent validity assesses whether the measures of the same construct are highly correlated with one another. While discriminant validity assesses whether the measures of a construct correlate poorly with dissimilar constructs (Hair *et al.*, 2006).

The objective of performing construct validity is to reveal the validity of the main constructs of this study. In this study, PCA examines both convergent and discriminant validity. The results of PCA indicate that the construct of restaurant service attributes shows strong convergent validity as the final measures load strongly on one factor, and strong discriminant validity as they load weakly on the others (see Chapter 6). The outcomes of CFA suggest the good fit of single-factor models namely empathy, trust and commitment, indicating that the indicators have strong correlations with their constructs. Consequently, SEM further assesses construct validity and the relationships among constructs. Nomological validity is established through the confirmed factor analysis by demonstrating the support of hypotheses proposed within the model (see Chapter 7).

## 4.9 Summary

This chapter has provided details about the research methods used in the present study. Online questionnaire surveys were undertaken to collect the data. To meet the objective of the present study and to minimise the difficulties of surveying in the upscale restaurant settings, web surveys were conducted. Based on the results of the pre-test, the questionnaire and the design of the survey mode were then modified prior to the commencement of the web survey.

A purposive sampling technique was utilised for the initial contact with the target restaurant, whereas a snowball sampling technique was applied following the first sampling technique. The web surveys were conducted by posting online questionnaires on the websites of two types of upscale restaurants in Victoria to survey upscale restaurant customers in general insofar as the participants fit into our specification of having dining experience in this category of restaurant.

The present study uses five methods of analysis: descriptive analysis, t-test, chi-square, principal component analysis (PCA), confirmatory factor analysis (CFA) and structural equation modelling (SEM). The assessment of reliability and validity of the scales has been discussed. Coefficient alpha has been used to assess the reliability of measures for the major constructs. All alpha are at an acceptable level, indicating that the scales used will produce consistent results if repeated measurements are undertaken. Three types of scale validity have been discussed in detail. The identification of the existing scales from the literature assisted in the scale purification, whereas the pre-test helped in establishing content validity. The construct validity is guaranteed as the validity of the key constructs will be demonstrated by the results of the PCA and CFA (Chapter 6) and SEM (Chapter 7). Following the discussion of the research methods and statistical analyses, descriptive analysis will be initially conducted to provide the overall picture of the survey responses by the sample population.

## CHAPTER 5.

### 5 DESCRIPTIVE ANALYSIS OF THE RESULTS

#### 5.1 Introduction

Following the discussion of numerous statistical methods in the previous chapter, the data analysis described in this chapter consists of a description of the sample population, the frequency distribution of all service dimensions, and a brief discussion of the prospective consequences of the results. The results of the descriptive statistics provided general ideas of how customers perceived and responded to the service provided by the restaurant, which can be useful for management purposes. More importantly, they also presented the basic information for making inferences in the subsequent analyses to achieve the research objectives.

#### 5.2 Demographic Characteristics of the Sample

After some cases were deleted as mentioned in the previous chapter, a sample of 647 restaurant respondents collected from this web survey were valid and therefore used for this study. As has been discussed in chapter four with regard to the use of web survey, the online questionnaire was intentionally designed to embed in the web sites of the two target restaurants for the purpose of collecting the target sample of upscale restaurant customers and of achieving population generalisability. It is believed that through all the necessary steps and precautions suggested in the literature in designing and conducting the online survey, the sample is the representativeness of its intended population. Although some selected post-graduate students who had the experience of dining in upscale restaurants were asked to pre-test the questionnaire and the functionality of the online survey in general, the sample collected covers far broader scope of customers from different walks of life. The demographic profile of the sample is shown in Table 5.1. Among the 647 respondents, 279 were female (43%) and 368 were male (57%). The majority of respondents' ages were between 26-35 (46%) followed by the age group of 36 to 45 (21%). Of the respondents, 38% finished tertiary degrees followed by higher degrees (41%). In living arrangements, nearly 60 percent of the respondents reported living with a partner with no children

under 12 years of age, followed by the single group comprised 25 percent of respondents. In summary, the majority of the respondents (around 80%) had relatively high education. The results indicated that respondents of upscale restaurants appeared to be highly educated, middle aged, without children or without young children. The findings are consistent with the fact that upscale restaurant customers tend to be better educated and therefore have a higher income (Reynolds and Beatty, 1999).

In a context of household purchase decisions for fine dining restaurants, Lalwani (2002) shows that the respondents fall mostly in the age group of 36 to 40 (27.7%) followed by 31 to 35 (25.4%), 19 to 30 (23.6%) and 41 to 45 (22.8%) in that order. As for education, the majority of the respondents (40.7%) hold a university degree. In addition, Han and Ryu's (2006) study on personal characteristics in relation to upscale restaurant customers' behavioural intentions indicates that the mean age of their respondents was 39.84. With regard to gender, 51.5% of their respondents were male and 48.5% were female. This current study shows a similar distribution for gender with the above studies. As for education, it is generally agreed that restaurant customers of this type tend to have higher education. With respect to age, however, the majority of the respondents of the present study appear to be younger compared to those studies mentioned above.

**Table 5-1 Profile of Respondents**

| <i>Demographics</i>                         | <i>Percentage</i> |
|---------------------------------------------|-------------------|
| <b>Gender</b>                               |                   |
| Female                                      | 43.1              |
| Male                                        | 56.9              |
| <b>Age group</b>                            |                   |
| 25 years or younger                         | 16.7              |
| 26 – 35 years                               | 45.9              |
| 36 – 45 years                               | 20.6              |
| 46 – 55 years                               | 12.2              |
| 56 – 65 years                               | 4.0               |
| 66 years or older                           | 0.6               |
| <b>Highest level of formal education</b>    |                   |
| Secondary school                            | 11.0              |
| TAFE Cert/AssDip/Dip                        | 10.2              |
| Tertiary                                    | 38.0              |
| Higher degree                               | 40.8              |
| <b>Living arrangements</b>                  |                   |
| Single                                      | 25.0              |
| With partner, no children under 12          | 58.4              |
| With partner, one or more children under 12 | 16.5              |

*Source: Survey results 2005.*

### **5.3 Samples' Characteristics**

#### **5.3.1 Diners versus Non-Diners and Visitation**

Respondents from the web survey were comprised of diners (i.e., the ones who dined at the participating restaurants) and non-diners (i.e., the ones who did not dine at the participating restaurants, but had the experience in other restaurants of similar standing). Of the total of the respondents 60% were the diners from the participating restaurants and 40% were non-diners. In Table 5.2, the survey items responded by participants is shown in percentages based on the Likert scale.

For the respondents who were identified as diners, the average time of visit of the respondents in the past three years was 2.3 times (inclusive of two extremes with 40 and 60 times). Of the respondents, around one third had one visit only while about 40 percent had repeat visits ranging from two to six times. Twenty-four respondents (4%) had 10 to 25 times of visits in the past three years. In summary, the repeat customers were 43 percent compared to 33 percent of one-time visitors.

**Table 5-2 Level of Agreement**

| No.                                 | Item                                                                                    | Agreement Percentage | Disagreement Percentage |
|-------------------------------------|-----------------------------------------------------------------------------------------|----------------------|-------------------------|
| <b>Familiarity with the Waiter</b>  |                                                                                         |                      |                         |
| 1                                   | I prefer being served by the same waiter                                                | 43                   | 24                      |
| 2                                   | I like the feeling of getting familiar with the waiter                                  | 60                   | 13                      |
| 3                                   | I feel that I know the waiter at the restaurant                                         | 31                   | 35                      |
| <b>Empathy</b>                      |                                                                                         |                      |                         |
| 4                                   | The waiter usually understands what I mean                                              | 84                   | 1                       |
| 5                                   | The waiter's response to me is usually so fixed                                         | 69                   | 11                      |
| 6                                   | I feel the waiter is on the same wavelength with me                                     | 63                   | 5                       |
| 7                                   | The waiter seems to feel what I need                                                    | 75                   | 4                       |
| 8                                   | The waiter shows consideration for my feelings                                          | 82                   | 4                       |
| 9                                   | The waiter does not wait for me to ask for help                                         | 74                   | 7                       |
| 10                                  | The waiter is able to sense my level of satisfaction                                    | 68                   | 8                       |
| <b>Satisfaction with the Waiter</b> |                                                                                         |                      |                         |
| 11                                  | Overall, I am satisfied with the waiter at the restaurant                               | 87                   | 1                       |
| 12                                  | On the quality of the service by the waiter, the restaurant compared favourably         | 86                   | 2                       |
| <b>Food Quality</b>                 |                                                                                         |                      |                         |
| 13                                  | Appearance of the food is attractive                                                    | 96                   | 0.5                     |
| 14                                  | They serve the food at the correct temperature                                          | 94                   | 1                       |
| 15                                  | I can always find something that I like on the menu                                     | 89                   | 3                       |
| 16                                  | They serve appropriate sized portions                                                   | 83                   | 4                       |
| 17                                  | The food tastes good                                                                    | 96                   | 0.5                     |
| 18                                  | The choice of dishes on the menu is balanced and healthy                                | 85                   | 2                       |
| 19                                  | They offer a good variety of dishes                                                     | 85                   | 2                       |
| 20                                  | They regularly change the selection of dishes they offer                                | 61                   | 5                       |
| 21                                  | The food they serve is fresh                                                            | 95                   | 0.3                     |
| <b>Atmosphere</b>                   |                                                                                         |                      |                         |
| 22                                  | Level of comfort in the restaurant is high                                              | 93                   | 0.4                     |
| 23                                  | Level of noise in the restaurant is acceptable                                          | 84                   | 3                       |
| 24                                  | View from the restaurant is good                                                        | 69                   | 13                      |
| 25                                  | Cleanliness of the restaurant is favourable                                             | 96                   | 0.5                     |
| 26                                  | The layout of the restaurant enables dining privacy                                     | 71                   | 7                       |
| <b>Overall Satisfaction</b>         |                                                                                         |                      |                         |
| 27                                  | Overall, I am satisfied with the restaurant                                             | 94                   | 1                       |
| 28                                  | Overall, the restaurant compared favourably with other restaurants of the same standard | 93                   | 1                       |
| <b>Trust</b>                        |                                                                                         |                      |                         |
| 29                                  | The performance of the restaurant always meets my expectations                          | 87                   | 1                       |
| 30                                  | The restaurant can be counted on to give good service                                   | 91                   | 1                       |
| 31                                  | I can always trust the service standard at the restaurant to be excellent               | 88                   | 1                       |
| 32                                  | The quality of the service at the restaurant is consistently high                       | 87                   | 1                       |
| 33                                  | The experience at the restaurant represents good value for money                        | 82                   | 3                       |
| <b>Commitment</b>                   |                                                                                         |                      |                         |
| 34                                  | I consider myself as a regular customer of the restaurant                               | 27                   | 43                      |
| 35                                  | I feel a sense of commitment to the restaurant                                          | 39                   | 31                      |
| 36                                  | I care about the long-term success of the restaurant                                    | 71                   | 8                       |
| 37                                  | I am a loyal customer of the restaurant                                                 | 40                   | 24                      |
| <b>Future Purchase Intentions</b>   |                                                                                         |                      |                         |
| 38                                  | I plan to go back to this restaurant                                                    | 89                   | 2                       |

Notes: 1 = strongly agree to 5 = strongly disagree.

Numbers under the heading of Likert scales are in percentages.

Source: Survey results 2005.

### 5.3.2 Familiarity with the Waiter

Of the respondents, around 45 percent expressed their preference of being served by the same waiter each time they visited the restaurant, while approximately one quarter of respondents indicated the opposite. The customers preferring the feeling of being served by the same waiter could be influenced by their own personal characteristics that favoured the service style of the same waiter, or by the fact that they had pleasant service experiences with the waiter who served them. By contrast, the customers who responded negatively might have not been satisfied with the service of the waiter which might have been caused by their own personalities that preferred only a functional relationship rather than a social relationship with the waiter (e.g., Barnes, 1997; Beatty *et al.*, 1996; Jackson, 1985). In addition, 60 percent of respondents indicated that they liked the feeling of getting familiar with the waiter. During the service delivery, customers might have felt more comfortable with the waiter whom they were familiar with. Furthermore, relationship benefit could be one of the outcomes of this phenomenon. Conversely, about 15 percent of respondents showed that they did not like the feeling of getting familiar with the waiter. These respondents might not wish to have a close relationship with the waiter. Service literature also suggests that not all the customers wish to have a relationship with their service providers (e.g., Barnes, 1997; Beatty *et al.*, 1996; Jackson, 1985) and individuals differ in their responses to social influence (Bearden, Netemeyer and Teel, 1989). Furthermore, to a lesser extent compared to the previous statement, 203 (31%) respondents indicated that they felt that they knew the waiter, whereas one third of respondents answered the opposite. Based on conventional wisdom, knowing the waiter could only be achieved by repeat encounters. Therefore, customers who opted for having a relationship with the service provider and who were repeat customers were more likely to personally know the waiter. By contrast, nearly one third of the respondents did not seem to know the waiter as a possible result of being one-time visitors who did not have the opportunity to form a relationship with the waiter or were customers who did not feel like knowing the waiter. In summary, familiarity is thought to help form a personal connection (Gremler and Gwinner, 2000; Gremler, Gwinner and Brown, 2001).

### **5.3.3 Satisfaction with the Waiter**

Approximately, 90 percent of respondents indicated that they were satisfied with the waiter at the restaurant compared to about 1 percent of respondents who were not satisfied with the waiter. A high percentage of respondents expressed favourably about the service by the waiter. Analogously, 85 percent of respondents expressed their positive evaluation of the service by the waiter compared to those of other restaurants of the similar standard, whereas 2 percent of respondents rated the service by the waiter unfavourably. In spite of the negative evaluation by a few respondents on the service performed by the waiter, the majority of the respondents indicated that the service by the waiter was above the average in comparison with other restaurants. In other words, the services by the waiter of the restaurant were evaluated highly and favourably in contrast to other restaurants of the same standard. Satisfaction with the service provider (i.e., the contact employee) is thought to be essential in the service context (Sharma *et al.*, 1999) and can lead to trust in the firm (Foster and Cadogan, 2000).

### **5.3.4 Food Quality**

In respect to food appearance, 96 percent of respondents thought that the appearance of the food was attractive. In general, the food in a restaurant of this level is well prepared, decorated, and lastly served on fine chinaware for attractive presentation to the customer with great cooking skills. In this regard, it appeared customers appreciated the attractiveness of the food from the restaurant.

About 95 percent of respondents favoured the food temperature. Serving food at the proper temperature is considered a basic requirement for restaurants and certainly expected by customers. Food served at the proper temperature may not be the factor for customer satisfaction. However, it could be a dissatisfying element if it fails to be done. Less than 1 percent of respondents rated negatively on this aspect. The upscale restaurants seemed to have done fairly well in serving food at the right temperature.

When asked if they can always find something that they like on the menu, 90 percent of respondents indicated that they could always find the food that they liked on the menu compared to 3 percent of respondents who thought the opposite. Menus in

upscale restaurants generally provide a wide variety of items to meet the needs and desires of their clientele. Both restaurants performed well and were rated highly on the food items available to customers. In fact, 85 percent of respondents indicated that the restaurant offered a variety of dishes for them to choose from. This was not a surprising outcome as most of the upscale restaurants offer numerous dishes to cater to upper market customers.

With regard to the food portion size, 83 percent of respondents were satisfied with the food portions they were served compared to 4 percent of respondents who were not. On average, most customers regarded the food portions as appropriate. This perception could greatly influence customers' attitude on value.

With respect to the taste of food, 96 percent of respondents stated that the food was tasty almost unanimously. In terms of the flavour of the food, the majority of customers were delighted with the flavour. Generally, customers patronising this type of restaurant come to anticipate that the food would be tasty given that they pay higher prices for the meal than restaurants of other types such as fast food and family restaurants.

Further, 85 percent of respondents considered that the dishes were balanced and healthy. Only 2 percent of respondents did not agree that the dishes were balanced and healthy. It can be reasonably speculated that it takes some knowledge of food for general customers to identify whether the food is balanced and healthy.

Extending on food quality, only 60 percent of respondents expressed a positive impression about the restaurant regularly changing the selection of dishes. It can be assumed that for repeat customers the change of selection of dishes was more noticeable than to those customers visiting less often. Furthermore, a change of selection of dishes may not be critical or appealing to the restaurants particularly at this level, as usually the dishes require more time, manpower and skills to prepare. Changes in dish selection may imply that the chef and the restaurant manager have to do more training for the kitchen staff as well as the waiting staff, and carefully avoid any incorrectly prepared dishes.

Lastly, on freshness of food, 95 percent of respondents expressed that the food served was fresh. Similar to food temperature, the freshness of food is essential for the customer especially so in the case of upscale restaurants. In this type of establishment and others as well, freshness of food is highly expected from the customers and is thought to be the minimum standard for food. The restaurants had outstanding favourable responses on the freshness of food they served. Only 2 respondents had negative perceptions in this regard.

### **5.3.5 Atmosphere**

Around 95 percent of respondents deemed that the level of comfort in the restaurant was high. Atmosphere has been reported as one of the factors influencing customer satisfaction and behavioural intentions (Babin and Attaway, 2000; Davies *et al.*, 2001; Darden *et al.*, 1983; Kotler, 1973; Wakefield and Blodgett, 1996). The responses showed that most customers considered the level of comfort in the two upscale restaurants was high. Research suggests that in some cases, the atmosphere of the place can be more influential than the product itself in the purchase decision. In some cases, the atmosphere is the primary product (Kotler, 1973). For this aspect, in a study on full service dining (Sulek and Hensley, 2004) seating discomfort was said to cause the feelings of psychological discomfort.

As for the noise level, around 85 percent of respondents showed a positive attitude toward the level of noise in the restaurant. In contrast, only 3 percent of respondents expressed otherwise. Compared to other types of restaurants, such as family-style or fast food restaurants, the noise level in upscale restaurants is usually kept to a minimum and mainly attributed to the ambiance (e.g., type and volume of music), the staff training (e.g., the way they communicate with customers), and certainly the clientele. The noise could come from the background music, the staff, the kitchen and the guests themselves.

When evaluating the view from the restaurant, nearly 70 percent of respondents regarded that the view from the restaurants was good. This indicated that there were a great number of people who had a negative perception about the view. Clearly, the responses showed that the view of the upscale restaurants did not measure up to the

expectation of the average customers. Although the view, one of the components of atmosphere, is not highly perceived, it remains to be revealed if this factor influences customers' behaviour. However, if the two participating restaurants were treated separately rather than as a whole, the mean (on 1 being strongly agree to 5 being strongly disagree on a Likert scale) for the country type restaurant was 1.68 compared to 2.83 for city type restaurant. In other words, the average customers had a more positive perception toward the view in the country type restaurant compared to that of the city type restaurant. For city type restaurant, 40 percent of respondents indicated that the view from the restaurant was good, compared to 85 percent of respondents perceiving the view being good for the country type restaurant.

With regard to the cleanliness, 95 percent of respondents favoured the cleanliness of the restaurants. Generally, cleanliness for restaurants is a must and in many cases required by the local sanitation officials. Therefore most restaurant customers would consider this a necessity for restaurants and to a greater degree for upscale restaurants. Cleanliness was found one of the most important attributes for restaurant customers (Almanza, Jaffe and Lin, 1994) and could result in termination of future visits (Sulek and Hensley, 2004). This element scored the highest among the components in the dimension of atmosphere.

Lastly, 70 percent of respondents expressed that the layout of the restaurants enabled dining privacy compared to 7 percent of respondents who disagreed. This element is thought to facilitate fulfilment of hedonic or pleasure needs (Wakefield and Blodgett, 1996). Layout as it relates to undesirable proximity for privacy in the case of fine dining is also said to cause physical and psychological discomfort (Barker and Pearce, 1990). Overall, physical and environmental factors were argued to be the most important cues to consumers judging restaurant quality (Rys, Fredericks and Luery, 1987).

### **5.3.6 Empathy**

With regards to empathy, 85 percent indicated that the waiter usually understood what they wanted during the service encounters. Less than 2 percent of respondents expressed a negative feeling toward this statement reflecting that the waiter at the

time of service did not fully understand effectively the customers. Research (e.g., Greenson, 1960) also suggests that empathy is innate, therefore there are people who usually pick up cues from others or understand better than others. Similarly, studies (Brothers, 1989; Greenson, 1960; Williams, 1990; Zahn-Waxler and Radke-Warrow, 1990) show that the level of empathic ability varies in people. Therefore, empathy capacity among waiters could vary and in turn customers may respond differently.

When asked if 'the waiter's responses to me is usually so fixed and automatic that I do not really get through to him/her', about 10 percent of respondents regarded this as true. That is, they were not satisfied with the reaction from the waiter. By comparison, nearly 70 percent negated this statement, indicating most of the respondents considered that the waiter was flexible and adaptable during the service. It can be assumed that being flexible and adaptable to the customers' needs and requests in the upscale restaurant setting is of utmost importance in comparison to the mid-range or lower-end restaurants.

A study (Spiro and Weitz, 1990) has suggested that for a service provider, being adaptable during the service encounter is an indicator of being empathic and is the key antecedent resulting in customer satisfaction. Further, around 60 percent of respondents positively agreed that the waiter was on the same wavelength as them, whereas merely 5 percent of respondents did not feel the same way. From the majority of the responses, the thinking between the customers and the waiter was perceived alike and therefore the waiter seemed to be able to better understand the customers during the service delivery.

In addition, three quarters of respondents regarded that the waiter seemed to feel or experience what they needed during the service. By contrast, only 5 percent of respondents did not perceive waiter feeling of their needs. It is presumed that, in this aspect, most of the respondents considered that the waiter was able to anticipate or predict what they needed in the service encounters. Anticipation or prediction is one of the components of empathy (Redmond, 1989) that is assumed essential in the service industry particularly in the current setting being investigated. To a greater extent, over 80 percent of respondents sensed that the waiter showed consideration

for their feelings and reactions. This is regarded as critical for the upscale restaurant as the customers in general expect that the service personnel be better trained in people skills.

Furthermore, customers would also expect that the waiters should put themselves in customers' shoes and show their empathy in certain circumstances during services. Less than 5 percent of respondents showed their disagreement on this regard. These respondents expressed that the waiter was lacking empathy for their feelings and reactions. Additionally, almost three quarters of respondents indicated their positive feelings with the waiter's initiative in helping them during the service delivery compared to 7 percent of respondents who perceived otherwise. In general, based on the responses, most of the upscale restaurant waiters could anticipate and predict their customers' reactions when they needed help during service encounters.

With respect to level of satisfaction, nearly 70 percent of respondents suggested that the waiter was able to sense their level of satisfaction in comparison to 8 percent of respondents who did not seem to think so. Unlike the one-time visit customers or occasional customers, it is postulated that the repeat customers would have more interaction with the waiter in the service encounter due to the personal relationship built from the past patronages. Consequently, these customers could be better able to recognise the waiter's awareness of their level of satisfaction during or after the service. As discussed earlier, empathy capacity varies among people; the more empathic the waiter is, the better he/she can sense the non-verbal cues of customers for their level of satisfaction. This would contribute to the level of empathy perceived by customers.

### **5.3.7 Overall Satisfaction**

When asked about their level of overall satisfaction derived from the restaurant services, 95 percent of respondents indicated that they were satisfied with the overall performance of the restaurants with only 1 percent of respondents having a negative impression of the restaurants. Overall, the restaurants in the minds of the customers, performed well and met their expectation with regard to the restaurant services. Furthermore, 92 percent of respondents considered that the restaurants compared

favourably with other restaurants of the same standard. By and large, in addition to the satisfaction with the restaurants, the majority of the customers gave high regard to the two restaurants' performance when it was compared to that of other restaurants. Presumably, it implied that most customers would prefer to continue their patronage with the restaurants as the overall restaurant services outperformed those of other restaurants of the same standard in addition to the overall satisfaction toward the restaurant itself. Of the respondents, less than 2 percent did not consider that the restaurant compared favourably with other restaurants in this category. Overall satisfaction has been thought to be an indicator of repurchase intentions (Garbarino and Johnson, 1999; Jones and Suh, 2000; Ravald and Gronroos, 1996; Rust *et al.*, 1995).

### **5.3.8 Trust**

Nearly 90 percent of respondents expressed that the restaurant always met their expectations. In other words, the majority of respondents regarded that the services provided were able to match with their expectations compared to 2 percent of respondents who negated this statement. Meeting expectations has been theorised to be the formation of satisfaction and consequently of trust, which could lead to a long-term relationship (Ganesan, 1994; Garbarino and Johnson, 1999; Selnes, 1998). Therefore, it can be assumed that customers will trust the restaurant if its performance always meets their expectations.

Similarly, 90 percent of the respondents trusted the restaurant to give good service. Hence it can be assumed that providing good services to customers is highly expected and is what sets the upscale restaurant apart from the crowd. Studies (Delgado-Ballester and Munuera-Alemau, 2001; Sheth and Parvatiyar, 1995) have suggested that being able to be counted on by customers would reduce the perceived risk during or after the service encounters.

Regarding the service standard, 90 percent of respondents trusted the service standard at the restaurant as being excellent, whereas only 1 percent of respondents did not. In favour of the restaurant, the majority of customers trusted the restaurant in providing a high service standard. That is, the way the service delivered was well perceived by

customers. This might denote that the restaurant maintains a high service standard. Similar in concept to the trust of service standard being excellent, nearly 90 percent of respondents considered that the quality of the service at the restaurant was consistently high. That is, a high proportion of customers placed high regard on the restaurant's consistency in providing good services.

Lastly, over 80 percent of respondents agreed that the experience at the restaurant represented good value for money. This aspect is perceived less favourably compared to other dimensions of trust. It can be speculated that when approached with value for money in the setting of upscale restaurants, customers tend to perceive it less favourable because of the higher charges for food and services even though the services are considered consistently high, always meet their expectations and can be counted on.

### **5.3.9 Commitment**

In the dimension of commitment, when asked to consider themselves for customer type, close to 30 percent of respondents considered themselves as regular customers of the restaurant. Customers may consider themselves as regular customers not only because of the number of times they visit the restaurant but also the commitment they have toward the restaurant. However, regular customers might relate themselves to the restaurant without necessarily having repeat visits. Research (Barnes, 1997) suggests that a customer may not purchase frequently or regularly from a firm, even though they may feel something of a relationship toward that firm.

Regular customers are thought to be more committed and loyal to the restaurant. This commitment can be compared against those who did not consider themselves as regular customers (i.e., occasional customers) for significant differences in restaurant constructs. Of the respondents, about 40 percent of respondents felt that they were committed to the restaurant. According to some studies (Baloglu, 2002; Oliver, 1997), commitment and loyalty have been perceived by researchers as similar constructs. In addition, 70 percent of respondents expressed that they cared about the long-term success of the restaurant. With regard to loyalty, 40 percent of respondents considered themselves as loyal customers of the restaurant, which is close to the

number of respondents who showed commitment to the restaurant. As such, it can be supposed that the concepts of loyalty and commitment share a similar underlying meaning and therefore are perceived similarly by the customers. Loyal customers are posited to patronise more frequently, pay premium prices, convey positive word-of-mouth, and resist switching (e.g., Bloemer *et al.*, 1999; Jones and Farquhar, 2003). Therefore, it can be postulated that those who considered themselves as regular customers, would also be loyal customers to the restaurant.

#### **5.3.10 Future Purchase Intentions**

When finally asked if they would go back to the restaurant as the signal for future purchase intentions (FPI), 90 percent of respondents indicated that they would visit these restaurants again in the future. According to Jones and Sasser (1995), FPI is one of the measures for loyalty and a strong indicator of future behaviour. Overall, a rather high percentage of customers indicated their willingness to return based on the overall perception toward the restaurant.

### **5.4 Summary**

This descriptive analysis interprets the customers' general perceptions of dining experiences and sheds light on the under-researched realm of the high contact service upscale restaurants relating to restaurant performance and customer behavioural responses.

In summary, the initial outcome of this analysis highlights some intriguing phenomena that are worth noting. The overall impression of the restaurant performance among customers was generally high and favourable in terms of restaurant attribute performances. Some highlights are pinpointed here. First, the tangible aspects of the restaurant offering were well received by its customers, particularly the food. This core product was rated quite highly specifically for its taste, freshness, appearance and likeable menu items. In other words, food quality in general was perceived quite favourably by customers. Second, besides food quality, cleanliness stood out in the group among other elements in atmosphere. Cleanliness of atmosphere was obviously well rated by the customers. A further statistical testing of SEM should provide more detailed information regarding the two service attributes

with respect to their influences on customers' relationship quality with, and FPI toward, the restaurant. Overall, food and atmosphere were perceived favourably by the restaurant customers.

In terms of the intangibles, familiarity and satisfaction with the waiter were perceived reasonably highly. Special attention should be paid to satisfaction with the waiter in particular. This interpersonal factor was generally regarded higher and more favourably than familiarity with the waiter. It is conceivable that satisfaction with the waiter is more service oriented in nature while familiarity with the waiter can be perceived meaningful only through repeated interactions or because of the customers' own relationship orientation toward the contact employee. That is, customers could easily identify the quality of service through service satisfaction with the waiter in comparison with feeling familiarity with the waiter. It implies that, all else being equal, customers perceived satisfaction with the waiter during the service encounters more strongly than familiarity with the waiter.

With regard to empathy, customers generally perceived this interpersonal relationship favourably during service encounters. The empathic behaviours such as understanding, showing consideration, anticipating customers' needs and sensing non-verbal cues were regarded as favourable service behaviours. Presumably, such empathic expression was preferred and expected by customers at this type of restaurant. Nevertheless, even though empathy was generally regarded highly it appeared to be short of customer expectation. In other words, the empathic behaviours expressed by the waiter did not match up with what the customers expect from restaurants of this type. As such, there remains a gap in empathy to be filled by upscale restaurants. Empathy has been found to lead to positive service outcomes such as relationship building and repurchase intentions in previous studies (Bitran and Hoeh, 1990; Butcher *et al.*, 2002; Tansik 1985). The focus of this study, empathy, is postulated to determine relationship quality and FPI.

With respect to relationship quality (i.e., overall satisfaction, trust and commitment), customers' overall perception was convincingly high possibly arising from the perception of restaurant service attributes and empathy. It was noted that, for overall

satisfaction, the majority of customers were satisfied with the overall performance of the restaurant. Total satisfaction has been suggested as an indicator of repurchase intentions (Jones and Sasser, 1995). Therefore, it could be assumed that this relationship construct could play an influential role on FPI.

As for the elements of trust, by comparison the value for money fell behind other factors, implying that higher prices demanded higher value in return in terms of services and goods from an establishment of this type. While on commitment, customers showed a comparatively lower degree of commitment to the restaurant compared to the other two relationship constructs. In other words, less customers showed commitment to the restaurant. However, that phenomenon did not translate into a negative outcome of FPI. Conversely, FPI among surveyed customers suggested a high possibility of returning to the restaurant in the future. This notion of intent as an expression of loyalty has been supported by researchers (Jones and Sasser, 1995), arguing that intent to repurchase is a very strong indicator of future behaviour.

These initial results reflected the overall pattern of customer perception on all service dimensions in the restaurant constructs. They could be inferred from the potential influences of restaurant service attributes and empathy on customer responses in terms of relationship quality and FPI. These data will be further examined and analysed to explore the interrelationships among the restaurant constructs depicted in the conceptual framework. This study will start with a series of statistical tests examining another two aspects of the investigation with regard to the comparisons of two customer types and two restaurant types, and their social demographic characteristics.

## CHAPTER 6.

### 6 COMPARISONS BETWEEN CUSTOMER TYPES AND RESTAURANT TYPES

#### 6.1 Introduction

The aim of this chapter is to compare the perceptions of restaurant constructs and of social demographic characteristics, between two customer types (regular customers and occasional customers), and between two restaurant types (city type and country type). In doing so, the hypotheses developed in Chapter 3 will be tested. Initially, a series of t-tests are conducted to test the statistically significant difference in perception of each restaurant construct between the two relational preference groups and two restaurant types. For customer types, this study aims to examine the extent to which the customers' relational preference toward the restaurants influences their service perception of restaurant service attributes and empathy, and service outcomes in terms of relationship quality and FPI. For restaurant types, this study attempts to determine if the performance of restaurant constructs vary between restaurants of city type and country type expressed by their customers. In addition, the social demographic profiles of these two types (customer types and restaurant types) are also characterised by using a chi-square test to identify whether there are any statistical differences.

Prior to conducting the t-tests, principal component analysis (PCA) and confirmatory factor analysis (CFA) will be performed. Two types of factor analysis are utilised for different restaurant constructs. As discussed in Chapter 4, in order to reduce the large number of items and to identify the latent variables to form the construct, PCA is performed on restaurant service attributes (i.e., food quality, satisfaction with the waiter, familiarity and atmosphere). With regard to the CFA, the constructs of this study namely empathy and relationship quality of trust and commitment contain fewer variables and are treated as individual constructs to serve the specific purpose of this study design, and therefore CFA is conducted directly on these to test the dimensionality. In addition, Pearson correlation analysis will be conducted on the

construct of overall satisfaction as discussed in Chapter 4. The results of PCA, CFA and Pearson correlation will provide the foundation for the statistical analysis of t-tests of this chapter.

This chapter therefore will be constructed in the following manner. The first section relates to the two factor and Pearson correlation analysis of results which will be used for the comparison tests. The second section deals with the customer profiles of both customer types and restaurant types that present basic information and variations in social demographic characteristics. The third section focuses on the comparison of customer types in terms of service perception and service outcomes. Lastly, the fourth section concerns the comparison of two restaurant types with regard to the perception of restaurant constructs by customers.

## **6.2 Principal Component Analysis on Restaurant Service Attributes**

The principal component analysis (PCA) is primarily applied to identify the potential underlying phenomena for the restaurant service attributes from the customers' perspective. To achieve this objective, factor analysis may be used to explain the complex structure of the interrelationships among a large number of variables by defining a set of common underlying dimensions known as factors. These factors are thought to represent evaluative dimensions within a data (Hair *et al.*, 2006). In this study, PCA is utilised to identify factors from the construct of restaurant service attributes (i.e., familiarity with the waiter, food, atmosphere and satisfaction with the waiter).

The factor results show that the correlation between variables as determined using Bartlett's test of sphericity is significant at 0.000 level indicating that the factors generated are not correlated among each other or are mutually exclusive. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy shows 0.85. This value is above the acceptable level of 0.5, indicative of a good factorability of the items. The sample used in this study is of sufficient size, thereby offering the prospect of producing reliable factors. According to Hair *et al.* (2006), values of KMO above 0.5 for either the entire matrix or an individual variable are indicative of the intercorrelations among the variables and the appropriateness of factor analysis.

The following four factors (food quality, familiarity with the waiter, satisfaction with the waiter and atmosphere) were identified (see Table 6.1).

**Table 6-1 Results of the Varimax Rotated Component Matrix for “Restaurant Service Construct” (Significant Factor Loadings Only)**

| <i>Restaurant Service Construct</i>                                             | <i>LD</i> |
|---------------------------------------------------------------------------------|-----------|
| <b>Factor 1: Food quality</b>                                                   |           |
| Good variety of dishes                                                          | 0.81      |
| I can always find something that I like                                         | 0.77      |
| Dishes on the menu is balanced and healthy                                      | 0.76      |
| The food tastes good                                                            | 0.73      |
| The food they serve is fresh                                                    | 0.72      |
| Appropriate sized portions                                                      | 0.69      |
| Regularly change the selection of dishes                                        | 0.54      |
| Variance explained = 35.38%                                                     |           |
| Cronbach coefficient alpha= 0.87                                                |           |
| <b>Factor 2: Familiarity</b>                                                    |           |
| I prefer being served by the same waiter each time                              | 0.85      |
| I like the feeling of getting familiar with the waiter                          | 0.84      |
| I feel that I know the waiter                                                   | 0.80      |
| Variance explained= 13.64%                                                      |           |
| Cronbach coefficient alpha= 0.78                                                |           |
| <b>Factor 3: Satisfaction with the waiter</b>                                   |           |
| On the quality of the service by the waiter, the restaurant compared favourably | 0.86      |
| Overall, I am satisfied with the waiter at the restaurant                       | 0.86      |
| Variance explained= 8.52%                                                       |           |
| Cronbach coefficient alpha= 0.87                                                |           |
| <b>Factor 4: Atmosphere</b>                                                     |           |
| View from the restaurant is good                                                | 0.81      |
| The layout of the restaurant enables dining privacy                             | 0.73      |
| Level of noise in the restaurant is acceptable                                  | 0.58      |
| Variance explained= 8.10%                                                       |           |
| Cronbach coefficient alpha= 0.65                                                |           |
| Total variance explained= 65.64%                                                |           |
| KMO: 0.85                                                                       |           |
| Bartlett's test = 4042.590                                                      |           |
| Significance = 0.000                                                            |           |

Notes: LD: Factor Loading.

KMO: Daiser-Meyer-Olkin Measure of sampling adequacy.

Bartlett's test: Bartlett's Test of Sphericity.

Source: *Survey results 2005*.

These four factors produced an eigenvalue greater than 1.0, suggesting that those factors account for the maximum portion of variance and therefore were considered

significant. The total variance explained by these four factors is 65.64 percent. The items defining the restaurant service attributes, together with the corresponding factor scores, explained variance for each factor, and reliability, are presented in Table 6.1. The minimum factor loading for the variables making up the final construct for food quality was 0.54. After factoring, four items were removed from their original constructs because of their double loadings in different factors. They were two items under food quality namely, “appearance of the food is attractive” and “they serve the food at the correct temperature” and two items under atmosphere “level of comfort in the restaurant is high” and “cleanliness of the restaurant is favourable”.

The four factors identified represent the factors of service attributes, and are all reliable, and therefore can be considered for further analysis. Each factor has a different variance and different loadings, and hence they will be discussed in more detail in the following sections.

#### **Factor 1. Food Quality Factor**

In this study, food quality refers to the general aspect of the food presented to and perceived by the customers. The results showed that food quality was the first factor with the total variance of 35.38 percent, indicating that this factor accounted for the highest variance for the entire variable set of restaurant service attributes among all factors extracted. Its factor loading ranged from 0.54 to 0.81, suggesting that all variables were highly correlated with its factor. Its reliability showed that the items of this factor had the property of consistency when measured repeatedly. Overall, this newly extracted food factor still contained most of its original items drawn from the previous study. This factor has been seen as a core attribute of a restaurant as suggested by Mattila (2001).

#### **Factor 2. Familiarity Factor**

Familiarity with the waiter is described as positive feelings of the customer towards personally knowing the same waiter during multiple service encounters. Based on the variance (13.66%), the familiarity factor was the second highest factor that explained the total variance of the entire variable set. The three variables were retained under the original factor as a result of high factor loadings (with the lowest loading of 0.80),

which indicated the close correlation between the variables and the factor. The Cronbach's alpha shown by this factor indicated that the measure of the factor was reliable.

### **Factor 3. Satisfaction with the Waiter Factor**

Satisfaction with the waiter in this study is considered as an interpersonal factor and refers to customer dis/satisfaction with the overall service performed by the waiter. This factor of satisfaction with the waiter accounted for 8.52 percent of the total variance of the variable set. Compared to the factors of food quality and familiarity, this factor explained the variance to a lesser extent. The two items constructing this attribute were retained to represent this factor. They had the same factor loading of 0.86, indicating the two variables were highly representative of the factor. In addition, its reliability (0.87) indicated the measurement result would be consistent.

### **Factor 4. Atmosphere Factor**

Atmosphere in this study refers to the dining environment that could induce physical and psychological effects on customers during the restaurant service. This factor was the last extracted factor from the restaurant service attributes. As such, it also had the lowest variance (8.10%) among the four factors. That is, atmosphere factor explained the entire variable set the least. Its factor loadings ranged from 0.81 to 0.58. Because of the double loading mentioned earlier, the remaining three variables (i.e., view, layout and level of noise) remained to make up the atmosphere factor. The reliability was above the acceptable level with  $\alpha = 0.65$ .

## **6.3 Confirmatory Factor Analysis and Pearson Correlation**

In addition, a CFA was conducted to test the other set of constructs of empathy, trust and commitment for their construct validity. Individual items were then checked to see how closely they represented the same construct based on the set parameters (see Chapter 4). The CFA sets out to confirm that all the variables of empathy, trust and commitment are correlated within their own constructs and defined the individual constructs. Using CFA, the constructs of empathy, trust and commitment showed reasonable goodness of fit (see Table 6.2). Based on the parameters, the fit for empathy, trust and commitment was good. The other goodness-of-fit indices also

suggested a good fit. The overall model fit was evaluated using  $\chi^2$ ,  $\chi^2/d.f.$ , the goodness-of-fit index (GFI), comparative fit index (CFI), and root mean square residual (RMR). Although a non-significant  $\chi^2$  value and  $\chi^2/d.f.$  value of less than 5 indicated the evidence of overall fit, the values could have been affected by the large number of sample. Good fit is suggested when both GFI and CFI are greater than 0.90. A value of RMR less than 0.05 is required to demonstrate model fit (Gau and Yeh, 1999). As such, based on the resulting indices of GFI, CFI and RMR (see Table 6.2), the model fit was reasonably good.

**Table 6-2 Goodness-of-fit Statistics for the Measurement Models**

| <i>Constructs</i> | $\chi^2(d.f.)$ | $\chi^2/d.f.$ | <i>GFI</i> | <i>CFI</i> | <i>RMR</i> |
|-------------------|----------------|---------------|------------|------------|------------|
| Empathy           | 77.46(14)      | 5.53          | 0.97       | 0.97       | 0.03       |
| Trust             | 30.98(5)       | 6.20          | 0.98       | 0.99       | 0.01       |
| Commitment        | 38.38(2)       | 19.19         | 0.97       | 0.98       | 0.04       |

Notes:  $\chi^2$ : Chi-square; d.f.: degree of freedom; GFI: goodness-of-fit index; CFI: comparative fit index; RMR: root mean square residual.

Source: survey results 2005.

In addition to the CFA, the results of Pearson correlation indicated that there existed a significant relationship ( $p = 0.00$ ) and high positive correlation ( $r = 0.85$ ) between the variables of overall satisfaction, the coefficient of determination of which was 0.72. About 70 percent of the variance can be explained between the two variables.

The results suggested that overall satisfaction had measurement validity. In addition, the factor reliability for the four constructs was 0.85, 0.92, 0.93 and 0.88 for empathy, overall satisfaction, trust and commitment respectively, suggesting that they were reliable. All the parameters resulting from the CFA showed that all items loaded strongly on individual factors, demonstrating construct validity and nomological validity. In sum, the PCA, reliability test, Pearson correlation and CFA assisted in identifying factors, and establishing factor reliability and construct validity, which was applied for the subsequent t-tests.

## 6.4 Customer Types and Restaurant Types

### 6.4.1 Social Demographic Characteristics

When investigating social demographic characteristics of customer types, the difference is considered statistically significant if the chi-square value is below the 95% level of significance. Of the four facets, only education ( $p = 0.02$ ) was found significantly different between these two customer groups (see Table 6.3). More specifically, regular customers tended to have a lower level of education compared to occasional customers who had higher level with a combination of tertiary and higher degrees. There was no statistically significant difference found on age, gender and living arrangements between the two groups. As such the hypothesis H8: "There are statistically significant differences in social demographic characteristics between regular customers and occasional customer" was partly supported.

**Table 6-3 Comparison of Social Demographic Characteristics between Customer Types and Restaurant Types**

| Demographics                                | RC(a)<br>(%) | OC(b)<br>(%) | Sig. (2-<br>tailed) | City(c)<br>(%) | Country<br>(d)<br>(%) | Sig. (2-<br>tailed) |
|---------------------------------------------|--------------|--------------|---------------------|----------------|-----------------------|---------------------|
| <b>Gender</b>                               |              |              | 0.71                |                |                       | 0.00*               |
| Female                                      | 44.3         | 42.7         |                     | 66.5           | 31                    |                     |
| Male                                        | 55.7         | 57.3         |                     | 33.5           | 69                    |                     |
| <b>Age group</b>                            |              |              | 0.67                |                |                       | 0.00*               |
| 25 years or younger                         | 16.5         | 16.8         |                     | 19.9           | 15                    |                     |
| 26–35 years                                 | 40.9         | 47.8         |                     | 51.6           | 43                    |                     |
| 36–45 years                                 | 23.9         | 19.3         |                     | 19.5           | 21.1                  |                     |
| 46–55 years                                 | 13.6         | 11.7         |                     | 6.8            | 15                    |                     |
| 56–65 years                                 | 4.5          | 3.8          |                     | 1.4            | 5.4                   |                     |
| 66 years or older                           | 0.6          | 0.6          |                     | 0.9            | 0.5                   |                     |
| <b>Highest level of formal education</b>    |              |              | 0.02*               |                |                       | 0.94                |
| Secondary school                            | 14.2         | 9.8          |                     | 11.8           | 10.6                  |                     |
| TAFE Cert/AssDip/Dip                        | 9.1          | 10.6         |                     | 10.4           | 10.1                  |                     |
| Tertiary                                    | 29.5         | 41.2         |                     | 36.7           | 38.7                  |                     |
| Higher degree                               | 47.2         | 38.4         |                     | 41.2           | 40.6                  |                     |
| <b>Living arrangements</b>                  |              |              | 0.13                |                |                       | 0.00*               |
| Single                                      | 21           | 26.5         |                     | 33.9           | 20.4                  |                     |
| With partner, no children under 12          | 64.8         | 56.1         |                     | 50.2           | 62.7                  |                     |
| With partner, one or more children under 12 | 14.2         | 17.4         |                     | 15.8           | 16.9                  |                     |

Notes: <sup>(a)</sup> refers to regular customers; <sup>(b)</sup> refers to occasional customers;  
<sup>(c)</sup> refers to city type restaurant; <sup>(d)</sup> refers to country type restaurant.

\*Statistically significant ( $p \leq 0.05$ ).

Source: Survey results 2005

With regard to social demographic characteristics of customers of the two restaurant types, the results indicated that statistically significant differences existed for gender

( $p = 0.00$ ), age ( $p = 0.00$ ) and living arrangements ( $p = 0.00$ ), but not for education ( $p = 0.94$ ) (see Table 6.3). With regard to education, it showed that there was no significant difference between customers of the two restaurant types irrespective of the differences in certain aspects of operation. For gender, the country type catered for more male customers than female ones by a ratio of two to one. Conversely, a similar ratio was found for female to male customers in the city type. With respect to age, the country type appeared to have a higher percentage of older customers (36 years of age and over) than the city type. The average age of customers in a country type was higher than the city type. However, the majority of customers of both restaurants was in the age category of between 26 to 35 years of age. With regard to living arrangements, the results showed that compared to city type customers, a higher percentage of country type customers had no children under 12 years of age, which implies that a larger proportion of their customers was with more mature children as opposed to the city type. This seems to be consistent with the distribution of age group in country type customers, which on average are older than city type ones. Overall, these two restaurant type customers had differences in most aspects of social demographics except for education. Therefore, the hypothesis H10: "There are statistically significant differences in customers' social demographic characteristics between city restaurant type and country restaurant type" was mostly supported. The comparison results of customer profiles of customer types and restaurant types have provided an overall view of the population background for the following t-test on both customer types and restaurant types.

#### **6.4.2 Comparison between the Two Customer Types**

Initially, this study uses terms of service perception to describe the customers' perception of the restaurant service namely restaurant service attributes and empathy while service outcomes refer to generated outcomes from service perception such as relationship quality and FPI. These two terms are used for both aspects of the study of customer types and restaurant types. Depicted in Chapter 3 on conceptual framework, the restaurant constructs of restaurant service attributes and empathy that are considered more as service related are theorised to have causal relationships with other restaurant constructs of relationship quality and FPI that are regarded as outcome related. That is, service perception could lead to service outcomes.

#### 6.4.2.1 Results on Service Perception

All the t-tests of this study are set at a 95 percent level of significance ( $p \leq 0.05$ ). With regard to restaurant service attributes, significant differences were found across all restaurant attributes between regular and occasional customers. The results (Table 6.4) showed that all service attributes were perceived significantly different between the two customer groups. Regular customers appeared to rate the restaurant service attributes more favourably than occasional customers. Particularly, the attribute familiarity with the waiter, demonstrated the largest mean difference between the two groups (MD = 0.56,  $p = 0.00$ ) followed by satisfaction with the waiter (MD = 0.21,  $p = 0.01$ ), implying that regular customers favour familiarity with the waiter to a greater extent and showed a higher level of satisfaction with the waiter. This could result from the past interactions between regular customers and the waiter, and the social orientation favoured by regular customers. The results may suggest that regular customers do value and favour more of the human aspects of service elements. As for atmosphere, although this embodies less service interaction, the difference in perception was also statistically significant (MD = 0.19,  $p = 0.00$ ). Similarly, the core service of food quality was also perceived more favourably by regular customers (MD=0.18,  $p=0.00$ ). The results of the two tangible attributes (food quality and atmosphere) between the two groups of customers may further advance the notion that the predisposition of regular customers has biased the evaluation process, as these two attributes should bear similar effect on customers in general. Overall, the difference of restaurant service attributes between the two groups was statistically significant and regular customers perceived them more positively than occasional customers (see Table 6.4).

Empathy, an interpersonal factor conveyed by the waiter during the service encounters, was also perceived to be significantly different between the two groups of customers. According to Table 6.4, regular customers expressed their perceived empathy more deeply compared to their occasional counterparts.

**Table 6-4 Differences in Perception and Outcomes of Restaurant Constructs between Regular and Occasional Customers**

| Restaurant constructs                                   | RC Means | OC Means | Mean diff. | t-value | Sig. (2-tailed) |
|---------------------------------------------------------|----------|----------|------------|---------|-----------------|
| <b>Restaurant service attributes</b>                    |          |          |            |         |                 |
| Satisfaction with the waiter                            | 1.58     | 1.79     | -0.21      | -3.37   | 0.01*           |
| Familiarity with the waiter                             | 2.33     | 2.88     | -0.55      | -7.21   | 0.00*           |
| Food quality                                            | 1.50     | 1.68     | -0.18      | -3.97   | 0.00*           |
| Atmosphere                                              | 1.64     | 1.83     | -0.19      | -3.68   | 0.00*           |
| <b>Empathy</b>                                          |          |          |            |         |                 |
| The waiter usually understands what I mean              | 1.76     | 1.94     | -0.19      | -2.88   | 0.00*           |
| I feel as if the waiter is on the same wavelength as me | 2.08     | 2.33     | -0.25      | -3.57   | 0.00*           |
| The waiter seems to feel what I need                    | 1.86     | 2.17     | -0.31      | -4.46   | 0.00*           |
| The waiter shows consideration for my feelings          | 1.75     | 2.01     | -0.26      | -3.68   | 0.00*           |
| The waiter does not wait for me to ask for help         | 1.90     | 2.13     | -0.23      | -2.92   | 0.00*           |
| The waiter is able to sense my level of satisfaction    | 2.08     | 2.30     | -0.22      | -2.88   | 0.00*           |
| <b>Relationship quality</b>                             |          |          |            |         |                 |
| Overall satisfaction                                    | 1.38     | 1.54     | -0.16      | -2.88   | 0.00*           |
| Trust                                                   | 1.47     | 1.78     | -0.31      | -5.59   | 0.00*           |
| Commitment                                              | 1.65     | 3.12     | -1.47      | -24.25  | 0.00*           |
| <b>Future purchase intentions</b>                       |          |          |            |         |                 |
| I plan to go back to this restaurant                    | 1.26     | 1.56     | -0.30      | -4.55   | 0.00*           |

Notes: RC refers to regular customers; OC refers to occasional customers.

1 = strongly agree to 5 = strongly disagree.

\*Statistically significant ( $p \leq 0.05$ ).

Source: Survey results 2005.

Of the seven aspects of empathy measured, regular customers rated almost all more positively, except for the item "The waiter's response to me is usually so fixed and automatic that I don't really get through to him/her". This item was perceived relatively equally between the two customer groups. The largest mean difference was found on the aspect of "seems to feel what I need" (MD = 0.31,  $p = 0.00$ ), where the waiter appeared to be emotionally knowing or feeling what the regular customers expected. The other aspects of "shows consideration for my feelings and reactions" (MD = 0.26,  $p = 0.00$ ) and "on the same wavelength as me" (MD = 0.25,  $p = 0.00$ ) were also highly perceived by regular customers. These three affective elements of empathy entailing feelings or affect were rated relatively high by regular customers. As for the aspect of "anticipates needs and offers assistance" (MD = 0.23,  $p = 0.00$ ), regular customers also perceived this proactive empathy highly. With regard to "sense my level of satisfaction from non-verbal cues" (MD = 0.22,  $p = 0.00$ ), the results indicated that compared to occasional customers the waiter seemed to pick up the cues better from regular customers for their sense of satisfaction. Lastly, the

aspect of “seems to understand what I mean” (MD=0.19, p=0.00) was also perceived as significantly positive by regular customers albeit it has the least mean difference between the two groups of customers. The results suggest that regular customers appeared to receive deeper empathy with regard to the affective elements than other elements of cognitive empathy, which were also expressed favourably by regular customers.

The above findings on service perception seemed to suggest that, regardless of the performance of restaurant service attribute and empathy, the service perception is consistently more favourable for regular customers than for occasional customers. In other words, different customer relational preference seemed to influence the overall service perception even if the service might have equal footing for both customer groups. For example, atmosphere was perceived significantly different between the two groups while in reality it should have had the same effect on average customers as this tangible attribute is an existing service element rather than a service that needs to be delivered or performed by the waiter. It involves little human service and therefore should be judged similarly between these two customer groups. However, the results indicated that regular customers regarded all restaurant service dimensions and empathy more highly than occasional customers. The two hypotheses H7a: “There are statistically significant differences in perception of restaurant service attributes between regular customers and occasional customers”, and H7b: “There are statistically significant differences in perception of empathy between regular customers and occasional customers” are therefore supported fully.

#### **6.4.2.2 Results on Service Outcomes**

With regard to relationship quality, regular customers show significantly different relationships with the restaurant in terms of overall satisfaction, trust and commitment. Overall satisfaction (MD = 0.16, p = 0.00), trust (MD = 0.31, p = 0.00) and commitment (MD = 1.47, p = 0.00) were all expressed as significantly positive by regular customers. Commitment expressed by regular customers, in particular, differed to the greatest extent from that of occasional customers. With commitment, regular customers also demonstrated a strong attitude of being loyal customers and cared for the long term success of the restaurant. The other relationship construct,

trust was also rated highly by regular customers, indicating that the service provided to them was perceived as reliable, consistent, good value and able to meet their expectations.

Larger differences in means existed in commitment and trust, but the least difference in means on relationship constructs lay in overall satisfaction ( $MD = 0.16, p = 0.00$ ) between the two groups of customers. Such a result was mainly caused by the similar level of overall satisfaction expressed by occasional customers. When comparing the means of the three relationship constructs, regular customers showed higher perception (on the Likert scale from 1 to 5, the lower the value, the stronger the perception) with overall satisfaction (1.38), followed by trust (1.47) and commitment (1.65) as opposed to those of occasional customers: overall satisfaction (1.54), trust (1.78) and commitment (3.12). Interestingly, overall satisfaction was regarded highly by both customer groups. Commitment for occasional customers was regarded much less favourably compared to that of regular customers. As such the hypothesis: H7c: "There are statistically significant differences in relationship quality between regular customers and occasional customers" is fully supported.

For FPI, Table 6.4 indicates that regular customers showed positive purchase intentions ( $MD = 0.30, p = 0.00$ ) toward the restaurant compared to occasional customers. This result shows that the former had more determined loyalty behaviour than the latter. The response shown by the regular group could signify a twofold notion, firstly, the loyalty behaviour, FPI, could be aggregately influenced by service perception, namely service attributes and empathy, and relationship quality. Secondly, the positive perception could be related to a prior formed predisposition that regular customers have toward the restaurant regardless of other influential forces that might have exerted on them. Based on this result, the hypothesis H7d: "There are statistically significant differences in FPI between regular customers and occasional customers" is fully supported.

### **6.4.3 Discussion**

Customer relational preference toward the organisation has shown its effect on the perception and evaluation of restaurant service attributes, empathy, relationship

quality and FPI. Customers categorised as relational orientation customers (regular customers) showed their distinct restaurant relationships and determined FPI in addition to the positive perception of restaurant service attributes and empathy. Notably, empathy was highly regarded by these customers. On the contrary, the customers categorised as transactional orientation customers (occasional customers) perceived restaurant service attributes and empathy comparatively less favourable, and showed less significant restaurant relationships and FPI toward the restaurant. For regular customers it is overall satisfaction, trust and commitment that highlighted their restaurant relationships, whereas occasional customers regarded overall satisfaction highly as opposed to trust and commitment. The differences in service perception and service outcomes between these two customer groups are comprehensive and intriguing. Based on the findings, the main hypothesis H7 “There are statistically significant differences in restaurant constructs between regular customers and occasional customers” is supported.

Regarding the positive service perception and favourable service outcomes shown by regular customers, one of the possible explanations relates to relational benefits that could have played an influential role in influencing the evaluation among regular customers. That is, additional benefits could be more available, or even exclusive, to regular customers who have established a certain relationship with the contact employee or the restaurant. These benefits stemming from relationships could range from tangible to intangible benefits. Examples of these could be price discounts, extra service, customised service, friendship, empathic behaviours by the contact employee, service assurance, etc. These various forms of benefits occurring during or immediately after the service delivery may result in positive service outcomes namely a favourable relationship quality and FPI. Therefore, the findings may imply that the service delivery by service employees could vary based on customers’ relational preference toward the organisation especially in high human contact services. Presumably, regular customers often receive social benefits such as, personal recognition, feelings of familiarity and friendship from repeat visits. This is evidenced from the findings that feelings of familiarity are highly preferred by regular customers. In addition, regular customers could also obtain preferential treatment as one of the customised relational benefits from the service provider. This notion is

supported by Sharma *et al.* (1994), suggesting that exceptional services are usually given to customers who have a longer-term relationship with the contact employee. Similarly, Czepiel (1990) also indicates that special attention is readily available to regular customers. As such, the relational benefits given to regular customers during service encounters should affect customers' service evaluation, further reinforcing their relationships with the restaurant, and could lead to their loyalty behaviour.

Based on the results of empathy, regular customers may indeed receive more "relational benefits" from the waiter during service encounters because of the relationship established. This may indicate that, among other possibilities, the waiter empathised more with regular customers than their counterpart occasional customers. Empathy from the waiter could be more readily conveyed to regular customers as an expression of customised service and recognition of the relationship. It is plausible to argue that when the relationship between the customer and the waiter becomes closer, empathy will flow more freely and naturally due to its social and affective nature. As discussed previously (Chapter 2), early studies (Jourard, 1971; Stotland, 1969) have supported the association between a relationship formed and the service delivery by the contact employee, and suggested that social relationships promote the expression of empathy. Regular customers generally favour social relationships and have long-term relationships with the service provider. As a result, they have more social interactions with the waiter and therefore they perceive deeply felt empathy from the waiter, which in turn could further strengthen the relationships.

In a detailed view into empathy expressed by regular customers, the component of emotional feeling or sensing appears to be more deeply perceived compared to the other component of empathy that is more cognitive. It can be construed that regular customers who are relational are more reactive to and swayed by empathy particularly the affective aspect. These affective responses that reflect one's internal feelings are also thought to be powerful indicators of customer satisfaction as indicated by Erevelles (1998) and could tie an individual to a group or an organisation for relationship solidarity (Lawler and Thye, 1999; Lawler and Yoon, 1996). Overall, it is believed that empathy is more influential on regular customers and thus could post

greater effect on their subsequent behavioural responses such as relationship quality and FPI.

In addition, the findings on relationship quality suggest that regular customers feel favourably toward restaurant relationships in addition to their positive service perception. Comparatively, regular customers show a higher level of overall satisfaction than trust and commitment, implying that overall satisfaction with the restaurant is highly regarded by them. Compared to occasional customers, however, it is trust and commitment that highlight the difference between the two groups. Particularly, commitment shown by regular customers differs to the greatest extent between the two customer types. Commitment at the organisation level has been suggested as the indication of loyalty by a number of researchers (Bloemer and Ruyter, 1998; Odekerken-Schroder *et al.*, 2001). Bloemer and Ruyter (1998) also suggest that commitment defines the level of, and is the antecedent of, loyalty, which has been suggested to comprise the essence of commitment and purchase behaviour (Odekerken-Schroder *et al.*, 2001). Therefore, it can be maintained that the level of commitment shown by regular customers determines their restaurant loyalty. The outcome of trust is that regular customers regard that the quality of service of the restaurant can be assured. Trustworthy service is suggested by Gwinner *et al.* (1998) and Hennig-Thurau *et al.* (2002) as being one of the confidence benefits which have been thought to be exclusive for long-term customers and is one of the outcomes of long-term relationships. Compared to occasional customers, the findings suggest that regular customers have a higher level of confidence about the expected service that can be counted on.

With regard to overall satisfaction expressed among regular customers and occasional customers, a previous study (Zin, 2001) found that compared to commitment, overall satisfaction has less impact on true loyal customers than on other segments (latent and spurious loyal customers). Similarly, it is thought that loyal customers are prone to develop trust and commitment with the organisation from the service perception, while overall satisfaction is more akin to shorter-term customers (Garbarino and Johnson, 1999) such as occasional customers in this study. Baloglu (2002) also posits that loyal customers show more trust and commitment. Compared to trust and

commitment, overall satisfaction is more evaluative, and based mainly on core service and a successful experience (Danaher and Mattsson, 1994; Garbarino and Johnson, 1999). According to those studies overall satisfaction appears to be more associated with non-loyal and short-term customers, while loyal and long-term customers show more evident trust and particularly commitment.

The results of this study, however, unfold a latent phenomenon that has not been revealed in previous studies. The t-tests results indicate that overall satisfaction is rated the highest among these three relationship constructs by regular customers, and is significantly different from that of occasional customers. Unlike the previous studies mentioned above, regular customers in this study rated all relationship constructs positively. These findings indicate that overall satisfaction with the restaurant is highly perceived by, and may imply it is critical for, regular customers to establish their trust and commitment. Studies (Bowen and Shoemaker, 2003; Liang and Wang, 2004; Rashid, 2003) have also shown that benefits and satisfaction are important components for one's commitment to the relationship. Those studies cast light on the results of the present study that for regular customers the level of relationship quality is relatively high including overall satisfaction, although trust and commitment appear to vary to a greater extent from those of occasional customers. In summary, the regular segment is motivated by both economic and social aspects of relationships while the occasional segment is motivated more by economic considerations. Overall, regular customers demonstrate a favourable relationship quality with the restaurant.

More importantly, regular customers show more promising loyalty behaviour of purchase intentions than occasional customers. This loyalty behaviour expressed by the two groups differs significantly. Nevertheless, occasional customers also show favourable purchase intentions according to the results. In comparison, their purchase behaviour is more directed by overall satisfaction. Conversely, regular customers may be guided by all relationship constructs. The findings suggest the need for additional attention in the relationship formation among different relationship customers particularly in such service settings. The results of the positive service outcomes shown by regular customers could be the consequences of their evaluations

of service attributes and perceived empathy. In other words, by having a positive perception of service attributes and empathy, regular customers could generate a favourable relationship quality and subsequently FPI toward the restaurant.

In addition, the results shown by regular customers could entail that the service outcomes are an indication of their predetermined attitudes. These predetermined attitudes toward the restaurant might explain why they regard every aspect of service evaluation and outcomes positively even though the service provided to them could be no difference from that of occasional customers. These attitudes could be derived from or related to their past interactions from which social relationships are formed. This is, however, not a claim that repeat interactions can invariably lead to social relationships. Nonetheless, it can be assumed that some people prefer a closer relationship with their service provider while others do not, irrespective of any interaction engaged. Those who favour relationships with the restaurant such as regular customers therefore may show more positive attitudes toward the restaurant. Some studies (Blois, 1998; Palmer and Bejou, 1994; Waters, 1998) have also suggested that not all customers favour relationships with the organisation. Waters (1998), for example, argues that there are customers who prefer minimum interaction with the employee, the least the better.

The findings of this study seem to suggest that customers have different dispositions toward relationships with the restaurant and therefore generate different service outcomes. Because of that positive attitude in relation to an established relationship, regular customers are likely to evaluate the service offered more positively. This notion has been posited by Woodside and Trappey (1996) suggesting that loyal customers tend to evaluate service attributes more positively than non-loyal customers. Evidence from Turner and Collison (1988) also suggests that regular customers express higher satisfaction with meal consumption than other groups of customers. The resultant phenomena of this study as to why regular customers tend to evaluate service more positively, to form favourable relationships and to show determined FPI toward the restaurant, is therefore supported by these previous studies. The findings can be made clearer in the light of the theory of affect referral (Fazio *et al.*, 1989), in which the individual bases his/her opinion primarily on their previously

formed general affective judgments of the alternatives rather than specific evaluation of the alternatives. This notion connotes to a certain degree the positive evaluation of restaurant service attributes and empathy by regular customers in relation to their favourable relationship quality and expressed FPI.

Furthermore, the findings of the study may also indicate that there exists a certain relationship between perceived empathy and how customers evaluated the service offered. It is believed that the perceived empathy by regular customers could bias their service perception and therefore generate more positive service outcomes. As suggested by previous studies (Aggarwal, 2004; Aggarwal and Law, 2005; Clark and Mills, 1993), customers in a communal relationship, compared to an exchange relationship, are prone to evaluate brand information with a higher level of abstraction. As such, consumers' product evaluation is influenced by their types of relationship norms at the time of brand interaction (Aggarwal and Law, 2005). According to Aggarwal and Law (2005), a communal relationship can thus create a halo effect among regular customers when judging the service in relation to their subsequent responses. In other words, customers who perceive empathy more deeply are likely to assess the service post hoc more holistically and positively than those who perceive less empathy. Similarly, Siehl *et al.* (1992) suggest a strong association between empathy perceived by the customers and how it affects their service evaluation. As has been shown in the above studies implying a close relationship between empathy and positive service evaluation, the findings of this study suggest that the positive service evaluation and favourable service outcomes by regular customers could be part of the consequence of empathy perceived during the service encounter.

Moreover, the perceived empathy could also indicate that regular customers tend to interpret empathy more positively or are more responsive to empathy expressed by the waiter. Particularly, the affective component compared to cognitive counterpart is felt more intensely by regular customers. This result could imply a phenomenon suggested by Ray *et al.* (1973), that customers who are more involved in the service interaction are more likely to be active processors of information cues and thus tend to elaborate more of the underlying meanings. In a relevant study by Goodwin and Gremler (1996), those who are in a service relationship characterised as a friendship

tend to interpret verbal and non-verbal cues more positively than those who are transactional. As such, they produce more inferences about the waiter's service behaviour such as empathy and therefore generate a more positive evaluation about the service behaviour.

The foregoing discussion leads to the assumption of a possible association between empathy and customers' preference for a relational orientation. That is, empathy expressed by the waiter could induce the certain emotions, which help reinforce the relational preference advocated by customers themselves. If this assumption is confirmed, this phenomenon could post a critical implication in which empathy can be utilised to court the relationship with customers through service encounters, hence they value the relationship and consider themselves as regular customers.

Following that, it would be important to examine the relationship between empathy and relational orientation. A specific question concerns whether the degree of empathy perceived by the customer has an association with their inclination of favouring relational orientation with the restaurant. It is presumed that the higher the perceived empathy by a certain customers, the more likely that those customers would see themselves as regular customers. This notion has been advocated by Lawler and Yoon (1996) who coin the term, relational cohesion that can be seen as a corresponding concept to relational orientation of this study. In Lawler and Yoon's (1996) seminal work, they coin the term relational cohesion as an indication of attachment to reflect the effects of frequent exchanges on actors' definition of their relationship with the organisation. They argue that frequent exchange between two actors is inclined to generate a valuable relationship due to emotions produced by successful exchanges and the relationship itself. Goodwin and Gremler (1996) also posit that customers define themselves as loyal in response to the service style of the service provider. Their findings are consistent with this study in which some customers could tend to involuntarily perform such relationship orientation seeing themselves as regular customers following successful exchanges that engage the affective components such as empathy during the service encounters that could go beyond the bounds of simply satisfied service.

In addition to the discussion of service perception and outcomes between customer types, the results of the analysis of social demographics shows that only the level of education differentiates regular customers from occasional customers. Regular customers tend to have lower level of education compared to occasional customers. Although unexpected, this finding is in line with previous studies (Enis and Paul, 1970; Goldman, 1977-1978; Jain, Pinson and Malhotra, 1987), suggesting that loyal customers are associated with a lower level of education. This result may imply that customers with a higher level of education tend to search for more information and try out more alternatives regarding their purchase therefore they show less loyalty whereas customers with lower level of education are less likely to vigorously search information for alternatives. As a result, customer loyalty in terms of purchase intentions among customers of upscale restaurants deserves extra attention.

The finding may help to strategically target the customer segment showing lower relational orientation and convert those customers into higher relational customers such as regular customers for the mutual long-term benefit of the customers and the organisation. There is a need to identify the underlying phenomenon that promotes the relationship change. An interpersonal relationship of the dyad between the customer and the service provider has been suggested to be the key factor for a successful relationship. An interpersonal element such as empathy, especially in a high contact service, can be used to court the relationship with lower relational customers through the service encounter and consequently move them toward the other end of the continuum for a longer-term relationship or higher relational orientation with the restaurant. Overall, the findings provide a comprehensive insight into relational preference by customers in upscale restaurants in influencing their service perception and service outcomes.

## 6.4.4 Comparison Between the Two Restaurant Types

### 6.4.4.1 Service Perception and Service Outcomes

Of all the restaurant constructs, the only significant difference was found in the service attribute of atmosphere (MD = 0.34,  $p = 0.00$ ) (see Table 6.5). The atmosphere of the country type restaurant was perceived more favourably than that of the city type. The cause for this outcome could be related to the styles of the two restaurants in which the country type has a unique atmosphere due to its location.

**Table 6-5 Differences in Perception and Outcomes between City Type Restaurant and Country Type Restaurant**

| Restaurant constructs                                   | CITYT Means | COUNTRYT Means | Mean Diff. | t-value | Sig. (2-tailed) |
|---------------------------------------------------------|-------------|----------------|------------|---------|-----------------|
| <b>Restaurant service attributes</b>                    |             |                |            |         |                 |
| Satisfaction with the waiter                            | 1.69        | 1.75           | -0.06      | -1.11   | 0.27            |
| Familiarity with the waiter                             | 2.70        | 2.74           | -0.04      | -0.56   | 0.58            |
| Food quality                                            | 1.60        | 1.64           | -0.04      | -1.02   | 0.31            |
| Atmosphere                                              | 2.00        | 1.66           | 0.34       | 7.31    | 0.00*           |
| <b>Empathy</b>                                          |             |                |            |         |                 |
| The waiter usually understands what I mean              | 1.89        | 1.88           | 0.01       | 0.11    | 0.91            |
| The waiter's response is so fixed and automatic         | 2.10        | 2.17           | -0.07      | -0.84   | 0.40            |
| I feel as if the waiter is on the same wavelength as me | 2.25        | 2.26           | -0.01      | -0.07   | 0.94            |
| The waiter seems to feel what I need                    | 2.05        | 2.08           | -0.03      | -0.39   | 0.70            |
| The waiter shows consideration for my feelings          | 1.91        | 1.94           | -0.03      | -0.59   | 0.56            |
| The waiter does not wait for me to ask for help         | 2.08        | 2.06           | 0.02       | 0.25    | 0.81            |
| The waiter is able to sense my level of satisfaction    | 2.22        | 2.23           | -0.01      | -0.15   | 0.88            |
| <b>Relationship quality</b>                             |             |                |            |         |                 |
| Overall satisfaction                                    | 1.48        | 1.50           | -0.02      | -0.35   | 0.73            |
| Trust                                                   | 1.73        | 1.67           | 0.06       | -0.06   | 0.30            |
| Commitment                                              | 2.78        | 2.69           | 0.09       | -0.10   | 0.22            |
| <b>Future purchase intentions</b>                       |             |                |            |         |                 |
| I plan to go back to this restaurant                    | 2.55        | 2.55           | 0.00       | 0.00    | 0.96            |

Notes: CITYT refers to city type restaurant; COUNTRYT refers to country type restaurant.

\*Statistically significant ( $p \leq 0.05$ )

Source: Survey results 2005

A country type restaurant is an establishment catering to leisure customers who would dine in its restaurant not only for the meals but also to indulge themselves in the comfort of the environmental facilities and the atmosphere. The city type caters mainly to business people and has an atmosphere designed accordingly for a more trendy, business setting. This service attribute of atmosphere in this study refers to

level of comfort, level of noise, view from the restaurant, cleanliness and layout for dining privacy. The hypothesis H9a: "There are statistically significant differences in perception of restaurant service attributes by customers between city restaurant type and country restaurant type" is therefore partly supported.

Although not found to be statistically significant, compared to the country type, the city type is rated more highly on aspects of satisfaction with the waiter, familiarity with the waiter, food quality and overall satisfaction. The perception of the central construct, empathy, did not vary between the two types. For the service outcomes, trust and commitment in the country type are evaluated more positively than in the city type, while FPI is rated equally between the two; however there were no statistical significant differences between the two groups. Hence, hypotheses H9b: "There are statistically significant differences in perception of empathy by customers between city restaurant type and country restaurant type", H9c: "There are statistically significant differences in relationship quality shown by customers between city restaurant type and country restaurant type", and H9d: "There are statistically significant differences in FPI shown by customers between city restaurant type and country restaurant type", are not supported.

#### **6.4.5 Discussion**

The results point out the important evidence that the performance of restaurant constructs is comparable between the two restaurant types as they are essentially restaurants of upscale type. The country type, however, is endowed with a natural environment such as a lake view and natural lighting which the city type lacks. Therefore it is obvious that the country type has an advantage with a natural landscape, which reflects on the service perception of atmosphere by its customers. Although atmosphere has been found to have affects on consumer behaviour in restaurants including relationship building and purchase (Baker, 1987; Kivela, 1997; Kotler, 1974; Mattila, 2001; Turley and Fugate, 1992), it did not cause any statistically significant difference on service outcomes of the study such as relationship quality and repurchase intentions between the two restaurant types. In other words, the significant difference on atmosphere between the two restaurant types did not show an effect in service outcomes. In spite of that, the results might

explain to a certain degree which relationship constructs such as trust and commitment are better perceived by customers in the country type compared to those in the city type of restaurant.

## 6.5 Summary

Principal component analysis (PCA) for restaurant service attributes has served the requirement of parsimony in identifying the latent variables. All the factors extracted were based on an eigenvalue greater than one. Overall four factors were derived from restaurant service attributes. In total, four items were discarded due to double loading, with two items each from food quality and atmosphere respectively. The four identified factors were food quality, familiarity, satisfaction with the waiter, and atmosphere in that order by their variance with food quality having the highest variance.

In addition, confirmatory factor analysis (CFA) has prescribed the construct dimensionality through the measurement model. For the constructs of empathy, trust and commitment, the parameter generally indicates a reasonable model fit, suggesting that all items have strong relationships with the latent variables or factors. Therefore, construct dimensionality is achieved. Pearson correlation also shows that high correlation exists between the variables for the factor of overall satisfaction. Construct validity of the four constructs under study is thus established.

With regard to reliability of the factors, the internal reliability was high, indicating that all factors were reliable. The test of reliability also tests the quality of the instrument (Churchill, 1979). That means that the individual items or indicators of a scale measure the same factors or constructs and therefore they are highly intercorrelated (Hair *et al.*, 2006). The outcomes of these analyses were then used to conduct further t-tests to compare the means of service perception and service outcomes between the two customer types and between the two restaurant types.

With regard to the customer profile on customer types, the hypothesis: H8: "There are statistically significant differences in social demographic characteristics between regular customers and occasional customer" is partly supported as indicated by the

level of education. Regular customers are shown to have a lower level of education than occasional customers. This phenomenon merits further investigation. As for restaurant types, social demographic characteristics with respect to age, gender, and living arrangements are found significant except for education. Hence, this hypothesis H10: "There are statistically significant differences in social demographic characteristics between city restaurant type and country restaurant type" is mostly supported. The country restaurant type catered more to older and male customers compared to the city restaurant type. In practice, the service offering of a country restaurant type, based on conventional wisdom, is associated with a longer service duration that matches the general lifestyle of older age customers. In regard to education, the finding is consistent with the previous argument that customers of upscale restaurants are generally highly educated. This result further supports the decision of surveying customers of upscale restaurants online in light of their high internet capability in relation to their higher level of education. Overall, the findings are rewarding and entail suggestive properties for marketing strategies. The differences could provide detailed views for marketing purposes in allocating marketing efforts for optimum marketing results. In summary, education is found to be statistically significant for customer types and statistically insignificant for restaurant types.

The results of the t-tests showed that the main hypothesis on customer types is fully supported. More specifically, with regard to service perception both the hypotheses: H7a: "There are statistically significant differences in perception of restaurant service attributes between regular customers and occasional customers" and H7b: "There are statistically significant differences in perception of empathy between regular customers and occasional customers" are supported fully by the data. As for service outcomes both the hypotheses: H7c: "There are statistically significant differences in relationship quality between regular customers and occasional customers" and H7d: "There are statistically significant differences in FPI between regular customers and occasional customers" are fully supported as well.

These findings of customer types provide a deeper insight into why different customers respond in different ways to a similar service performance and in turn

generate different service outcomes. They add to the already rich body of literature on service evaluation in relation to the relationship type as an influential force of customers' information processing strategy in high contact services. The findings suggest that regular customers characterised as relational orientation customers show significant and positive service perception and service outcomes compared to occasional customers described as transactional orientation customers. Unlike occasional customers, regular customers are prone to assess a service more favourably, perceive and respond to empathy more deeply particularly the affective component, develop more positive relationship quality in terms of overall satisfaction, trust and commitment, and show determined FPI toward the restaurant. Those positive responses by regular customers could reflect multiple phenomena such as relationship benefits involved in the service encounter and positive dispositions toward the restaurant.

In regard to service outcomes, the findings demonstrate that regular customers have a high level of relationship quality and most importantly apparent FPI. It is overall satisfaction, trust and commitment that portray their relationships with, and attitudes toward, the restaurant. Therefore, their relationships with the restaurant are both monetary and relational. Conversely, among the three relationship constructs occasional customers demonstrate relatively apparent overall satisfaction as an indication of their generalised favourable perception with the restaurant, which also denotes that occasional customers tend to develop a restaurant relationship that is less social and more monetary compared to trust and commitment. Based on the results, it can be postulated that purchase intentions shown by regular customers could be directed, among others, by all relationship constructs of relationship quality in terms of overall satisfaction, trust and commitment, while purchase intentions of occasional customers although less noticeable could be decided mainly by overall satisfaction.

As for restaurant types, only atmosphere is found to be statistically significant between the two types. Therefore only the hypothesis: H9a: "There are statistically significant differences in perception of restaurant service attributes by customers between city restaurant type and country restaurant type" is partly supported. The other three hypotheses: H9b: "There are statistically significant differences in

perception of empathy by customers between city restaurant type and country restaurant type”, H9c: “There are statistically significant differences in relationship quality shown by customers between city restaurant type and country restaurant type”, and H9d: “There are statistically significant differences in FPI shown by customers between city restaurant type and country restaurant type” are not supported.

The comparisons of customer types and restaurant types with respect to restaurant constructs and social demographics by conducting t-tests and Chi-square tests have provided detailed views into how they differ in customers’ responses due to the differences in restaurant types. While social demographic characteristics provide the overview of customers for both customer types and restaurant types, the restaurant constructs between the two restaurant types are perceived equally on almost every aspect as they are intrinsically upscale restaurants where the service offerings to the customers relatively match up with the upscale type except for the service environment that is perceived differently due to the unique location of one restaurant. The results from the customer types are rather encouraging and reveal comprehensive knowledge about the relational preference by customers of different types with regard to their service perception and service outcomes. In summary, regular customers showed favourable service perception and outcomes towards the restaurant constructs. For a further understanding of empathy in relation to other restaurant constructs especially FPI, a further statistical analytical technique namely structural equation modelling (SEM) will be conducted, which may reveal the depth and breadth of such relationships.

## CHAPTER 7.

### 7 STRUCTURAL EQUATION MODELLING

#### 7.1 Introduction

The purpose of this chapter is to examine the relationships among restaurant service attributes, empathy, relationship quality and customers' FPI. A set of models is proposed to explain such relationships. The aim is to determine the most influential factors behind restaurant dining consumption behaviour. Based on principal component analysis (PCA) and confirmatory factor analysis (CFA), structural equation modelling (SEM) is used to initially measure the strength of the relationship between the restaurant service factors and empathy. Also, the effects of restaurant service factors and empathy on relationship quality for the prediction of their FPI are projected. AMOS 5.0 in software association with SPSS software is used to analyse the potential individual multiple regression equation simultaneously. A brief introduction to SEM is given as follows.

According to Hair *et al.* (2006), structural equation modelling (SEM) serves two major functions: (1) it offers a straightforward method of conducting multiple relationships simultaneously while reaching statistical efficiency; and (2) it has the ability to assess the relationships and provide a transition from exploratory to confirmatory analysis. Specifically, SEM allows simultaneous execution of multivariate techniques, such as multiple regression, factor analysis, multivariate analysis of variance, covariance and discriminant analysis, among others. As such, SEM is also called structural analysis. Further, SEM is a collection of statistical techniques that are used to examine a set of relationships between one or more independent variables (i.e., exogenous variables) and one or more dependent variables (i.e., endogenous variables). Moreover, SEM is a combination of exploratory factor analysis and multiple regression (Tabachnick and Fidell, 2001), which reveals the causal relationships between all variables. The causal links that are described by the structural parameters may be between latent (unobserved) variables, between measured (observed), or between latent and measured variables. Apart from

the aforementioned, all latent variables in a structural equation modelling are hypothetical, that is, they correspond to concepts. Lastly latent variables, like concepts or constructs, are highly abstract (Tabachnick and Fidell, 2001).

The strength of a hypothesised model depends very much on its underlying theoretical structure. This theoretical structure specified by a set of equations may be represented by a path diagram (Hair *et al.*, 2006). If a relatively strong model is supported to exist statistically, and the structural model has not been modified substantially from the original theory for that to happen, then it can be interpreted that the hypothetical structure has meaning. Therefore, the focus of the estimation of a structural equation model is to test the extent to which the observational data confirm the theoretical structure (Hair *et al.*, 2006). This notion echoes with Bollen's (1989, pp. 67-68) assertion that when evaluating a model, two standards need to be considered. One is whether the model is consistent with the data. The other is whether the model is consistent with the real world. In other words, if a model is consistent with reality, then the data should be consistent with the model. But, if the data are consistent with the model, this does not necessarily imply that the model corresponds to reality.

With respect to the structural model, the causal relationships proposed in this study are complex due to a large number of observed variables. As a result, only latent variables (restaurant service factors) that are identified by the principal component analysis and observed variables that load strongly on these latent factors are used ( $r \geq 0.50$ ). In addition, factors namely, empathy, trust, commitment and overall satisfaction are included in model for analysis.

In the present study, the chi-square statistics for all SEM analyses are statistically significant with  $p = 0.000$ . In theory, a significant  $p$  value ( $p < 0.05$ ) means that the null hypothesis should be rejected (the model fits the data) (Hair *et al.*, 2006). Rather than an indication of significant difference between the observed and estimated matrices, the high chi-square and a significant  $p$  value results arise primarily from the large sample size ( $n = 647$ ). The root mean square error is presented as a measure of the average of unexplained variance and covariance. The error measures should not

exceed 0.1 and given that some error may be anticipated, should preferably lie between 0.05 and 0.08 (see Table 4.1). The use of measures of critical ratios (C.R. > 1.96) is confined to those paths with statistically significant relationships between the endogenous and exogenous variables at a significance level of 95 % ( $p < 0.05$ ) (Hair *et al.*, 2006). Within each model, values on single headed arrows are presented as standardised regression weights; hence comparison can be made between the relative strength of particular paths.

Use of SEM technique involves minimising the difference between the matrix of sample variances and covariances, and between the matrix of predicted variances and covariances obtained from a set of parameters portraying the causal model, which underlies the relationship among the variables. SEM can therefore hypothesise models and confirm these models statistically (Hair *et al.*, 2006). In the present study the SEM approach is applied to explore stimuli effects of restaurant service dimensions, empathy, relationship quality and FPI in the context of the upscale restaurant settings.

The following discussion focuses on model testings and analysis. The model testings are conducted in an aggregated fashion. That is, the dimensions or constructs are incrementally added to the model testings for their subsequent causal relationships (Kline, 1998). There are six models in total to constitute the structural models.

## **7.2 Models of Causal Relationships**

### **Model 1a: Restaurant Service Attributes as the Independent Variables and Empathy as the Dependent Variable**

The first model is designed with a view to forecasting empathy from restaurant service attributes namely, food quality, atmosphere, satisfaction with the waiter, and familiarity with the waiter as predictors. This initial unmodified model is hereafter named model 1a, and is presented in Figure 7.1. Model 1a yields a chi-square of 650.20 ( $df = 199$  and  $p = 0.000$ ). Since the sample is relatively large ( $n = 647$ ), the chi-square test becomes very sensitive and therefore it is impossible and inappropriate

to determine whether the model is different from the data. Other indexes (CMIN/DF = 3.27, root mean squared error of approximation [RMSEA] = 0.06, goodness-of-fit index [GFI] = 0.91, root mean square residual index [RMSR] = 0.04, adjusted goodness-of-fit index [AGFI] = 0.88, Tucker-Lewis index [TLI] = 0.92, comparative fit index [CFI] = 0.93), however, indicate that the model meets the recommended level.

For constructing this path model, one-factor congeneric models are individually and incrementally developed (Byrne, 2001; Hair *et al.*, 2006). More specifically, four exogenous factors (food quality, familiarity, satisfaction with the waiter and atmosphere) and one endogenous factor (empathy) are constructed in sequence. In this study, it is hypothesised that the four exogenous factors have the causal influence on the endogenous factor.

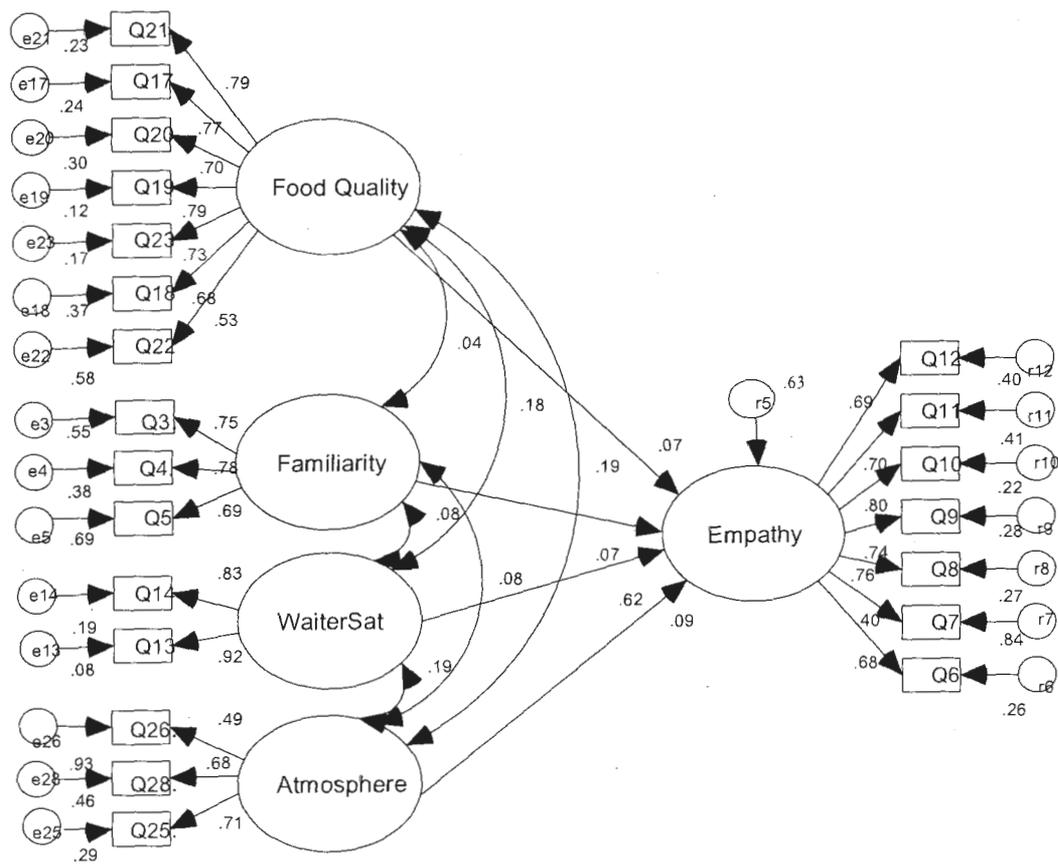


Figure 7-1 Model 1a Restaurant Service Attributes and Empathy

The results of the initial structural modelling indicate that the maximum likelihood (ML) is achieved on which the estimation of parameters is based (Q21 and Q17 as in diagram, for example, are item numbers; all items are listed in Appendix I Part C). However, some path diagrams were deleted from the model due to a low critical ratio ( $\leq 1.96$ ) and insignificant p value (greater than 0.05), namely, food quality  $\rightarrow$  empathy and atmosphere  $\rightarrow$  empathy. Their estimated regression weights were 0.07 and 0.09 respectively. It may be argued that the overall fit might be improved by removing these relatively insignificant paths from the path diagram. The two insignificant paths are between empathy and food quality, and atmosphere. Satisfaction with the waiter and familiarity are shown to significantly influence empathy.

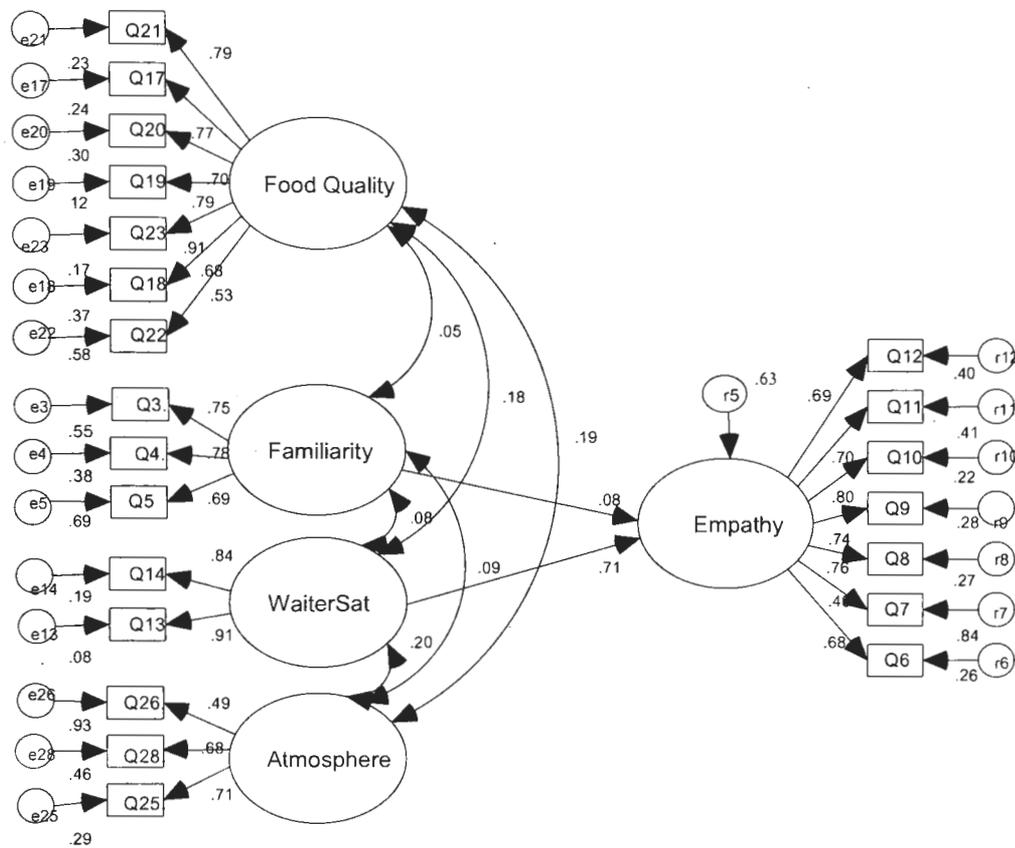
### **Model 1b: Restaurant Service Attributes as the Independent Variables and Empathy as the Dependent Variable**

Model 1b is a modified model of model 1a with an attempt to improve the model fit by deleting the two insignificant paths. Model 1b yields a chi-square of 660.31 (df = 201 and p = 0.000). The overall fit of the model is moderately good (CMIN/DF = 3.29, root mean squared error of approximation [RMSEA] = 0.06, goodness-of-fit index [GFI] = 0.91, root mean square residual index [RMSR] = 0.04, adjusted goodness-of-fit index [AGFI] = 0.88, Tucker-Lewis index [TLI] = 0.92, comparative fit index [CFI] = 0.93). This indicates that the modified model is acceptable and is considered a better-fit model in explaining the causal relationship between restaurant service attributes and empathy.

The diagram in Figure 7.2 shows those paths that are statistically significant at the 95% level of significance. These significant paths indicate that there exists a positive causal relationship between service attributes and empathy.

It indicates, among others, that there are varying explanations for the importance of empathy. Empathy accounts for 0.63 variance from restaurant service attributes. According to Byrne (2001, p. 163), these squared multiple correlations (SMCs)

values represent the proportion of variance that is explained by the predictors of restaurant service attributes. Specifically, the variance associated with empathy (63%) is accounted for by the service attributes namely, satisfaction with the waiter and familiarity with the waiter with former having more weight in explaining empathy.



**Figure 7-2 Model 1b Restaurant Service Attributes and Empathy**

Table 7.1 shows the regression weights of the two service attributes. By comparison, satisfaction with the waiter shows more influence on empathy than familiarity with the waiter does.

**Table 7-1 Regression Weights of Latent Variables for Model 1b**

|         |                  | <b>r</b> | <b>s.e</b> |
|---------|------------------|----------|------------|
| Empathy | <--- WaiterSat   | 0.71     | 0.05       |
| Empathy | <--- Familiarity | 0.08     | 0.03       |

## Model 2a: Empathy as a Moderator between Restaurant Service Attributes and Relationship Quality

In order to examine the subsequent effect of restaurant service attributes and empathy, relationship quality was added to the aggregated model. Based on model 1b, model 2a includes the increment of relationship quality as the endogenous variable. Figure 7.3 demonstrates the diagrammatic output for the causal relationships among restaurant service attributes, empathy and relationship quality which the model generally supports.

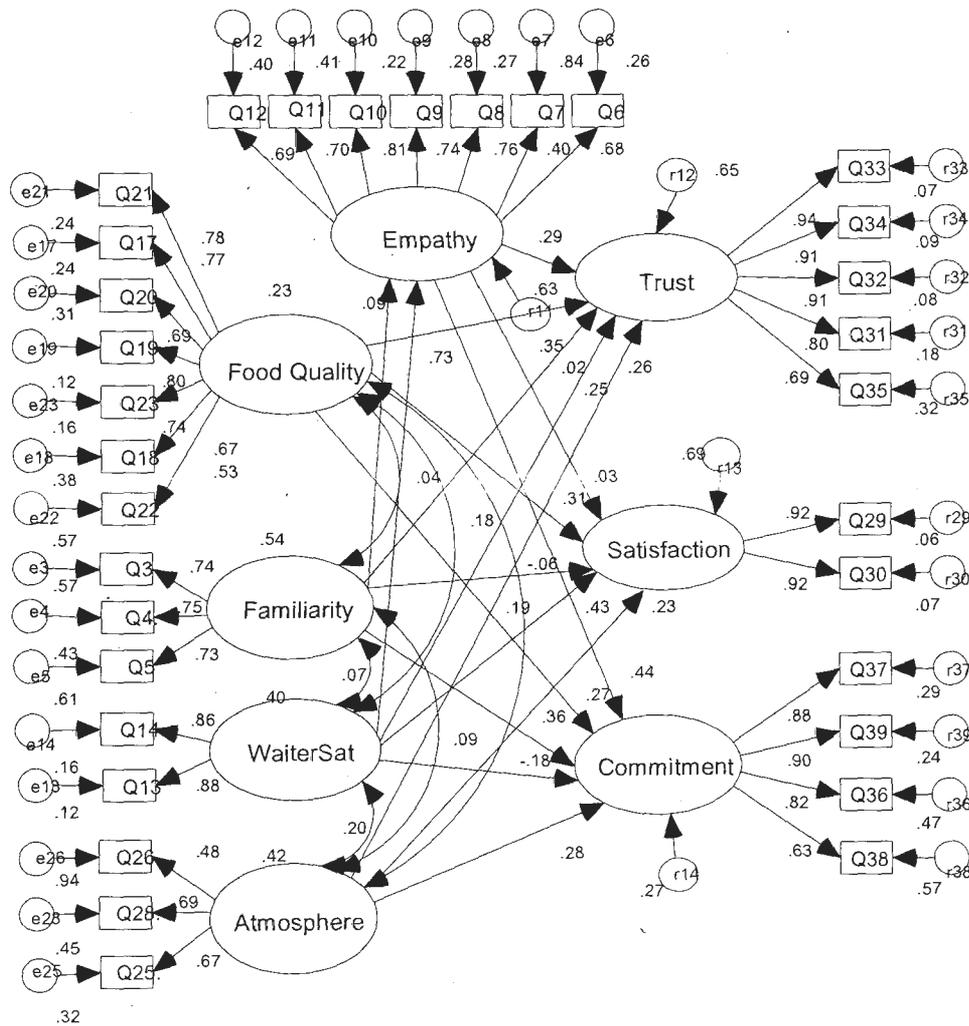


Figure 7-3 Model 2a Restaurant Service Attributes, Empathy, and Relationship Quality

This third model displays a slightly increased fit of the model (chi-square = 1511.94, df = 472). The overall fit of the model is improved (CMIN/DF = 3.20, root mean squared error of approximation [RMSEA] = 0.06, goodness-of-fit index [GFI] = 0.87, root mean square residual index [RMSR] = 0.05, adjusted goodness-of-fit index [AGFI] = 0.84, Tucker-Lewis index [TLI] = 0.91, comparative fit index [CFI] = 0.92). This indicates that the model is acceptable.

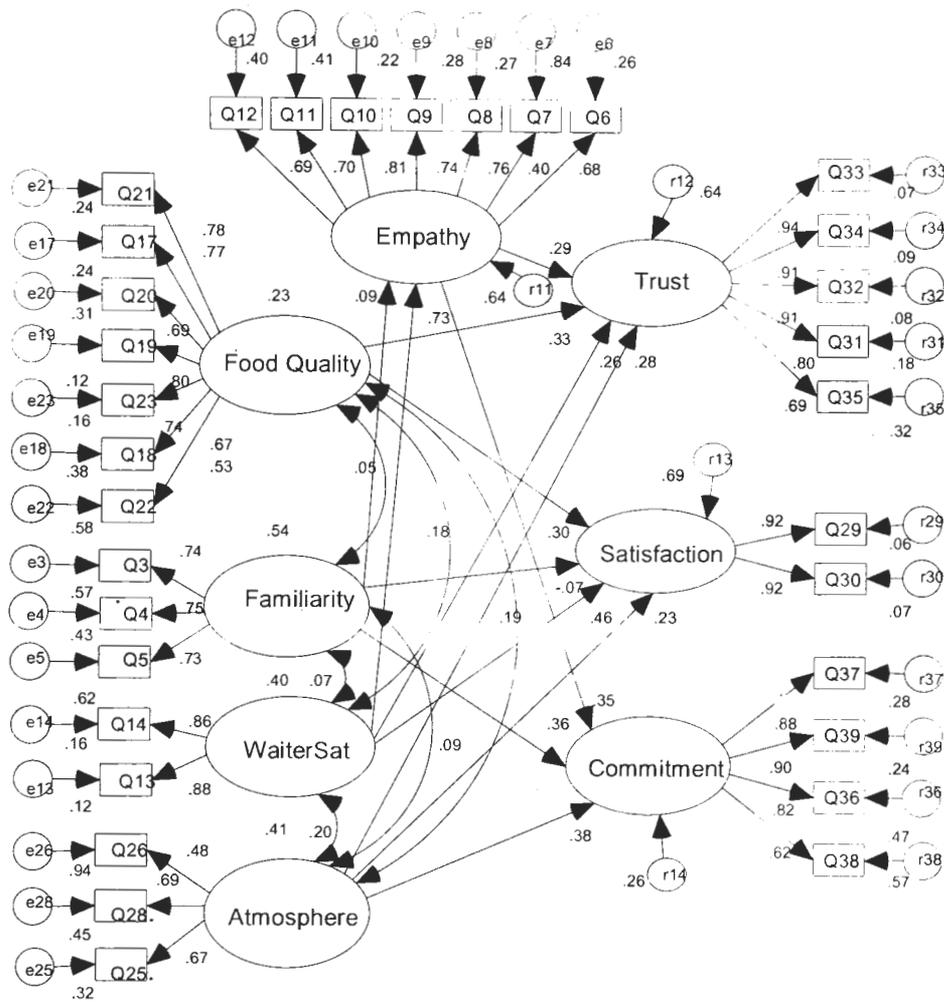
Based on the same statistical approaches for the previous model, some paths are statistically insignificant and therefore deleted from the model namely: Familiarity → Trust, Empathy → Overall Satisfaction, Food quality → Commitment, and Satisfaction with the waiter → Commitment. Their estimated regression weights are 0.02, 0.03, 0.27 and -0.18 respectively. Although empathy does not affect overall satisfaction, it does have a substantial influence on trust and commitment. Satisfaction with the waiter, on the contrary, shows an insignificant effect on commitment while familiarity demonstrates an insignificant relationship with trust.

#### **Model 2b: Empathy as a Moderator between Restaurant Service Attributes and Relationship Quality**

With the removing of the unimportant paths from the path diagram, the overall fit of Model 2b shows a marginal improvement on the fit of the model (chi-square = 1517.24, df = 476). The overall fit of the model remains acceptable (CMIN/DF = 3.19, root mean squared error of approximation [RMSEA] = 0.06, goodness-of-fit index [GFI] = 0.87, root mean square residual index [RMSR] = 0.05, adjusted goodness-of-fit index [AGFI] = 0.84, Tucker-Lewis index [TLI] = 0.91, comparative fit index [CFI] = 0.92).

The diagram in Figure 7.4 shows all those paths that are statistically significant at the 95% level of significance. Among others, it indicates that there are varying explanations for the importance of relationship quality. Relationship quality accounts for 64%, 69% and 26% for trust, overall satisfaction and commitment respectively, indicating a lower degree of explanation for commitment, and reasonably high explanations for trust and overall satisfaction. The variance associated with trust (64%) is accounted for by empathy and service attributes namely, food quality,

satisfaction with the waiter and atmosphere, while the variance associated with overall satisfaction (69%) is accounted for by satisfaction with the waiter, food quality, atmosphere and familiarity. As for commitment (26%), the variance is accounted for by empathy, atmosphere and familiarity.



**Figure 7-4 Model 2b Restaurant Service Attributes, Empathy, and Relationship Quality**

Based on this structural equation modelling, the hypothesised model to a large extent supports the proposed theoretical framework of this study. Above all, the path analyses show that the exogenous variable, empathy perceived by the customers had a significant influences on the perception of trust and commitment but not on overall

satisfaction. Table 7.2 indicates that empathy shows a stronger relationship with commitment (0.35), while a weaker relationship exists with trust (0.29).

**Table 7-2 Regression Weights of Latent Variables for Model 2b**

|                      |                   | r     | s.e. |
|----------------------|-------------------|-------|------|
| Empathy              | <--- WaiterSat    | 0.73  | 0.05 |
| Empathy              | <--- Familiarity  | 0.09  | 0.03 |
| Trust                | <--- Empathy      | 0.29  | 0.06 |
| Trust                | <--- Food quality | 0.33  | 0.07 |
| Trust                | <--- WaiterSat    | 0.26  | 0.05 |
| Trust                | <--- Atmosphere   | 0.28  | 0.05 |
| Overall Satisfaction | <--- WaiterSat    | 0.46  | 0.04 |
| Overall Satisfaction | <--- Food quality | 0.30  | 0.06 |
| Overall Satisfaction | <--- Familiarity  | -0.07 | 0.03 |
| Overall Satisfaction | <--- Atmosphere   | 0.23  | 0.05 |
| Commitment           | <--- Empathy      | 0.35  | 0.06 |
| Commitment           | <--- Atmosphere   | 0.38  | 0.08 |
| Commitment           | <--- Familiarity  | 0.36  | 0.06 |

These findings suggest that this interpersonal skill conveyed from the waiters to the customers as a function of restaurant service attributes during service encounters shows a significant impact on relationship quality with the restaurant with respect to trust and commitment rather than on the general level of satisfaction. By comparison, the influence is stronger on commitment than on trust. These effects signify strong relationships customers have with the restaurant derived from perceived empathy.

For restaurant service attributes, satisfaction with the waiter shows a causal relationship with overall satisfaction (0.46), trust (0.26) and empathy (0.73). Food quality demonstrates a causal relation with trust (0.33) and overall satisfaction (0.30), while no relation was found with commitment. This core aspect of restaurant service shows its evident impact on trust and overall satisfaction. With regard to atmosphere, the results demonstrate its effects on commitment (0.38), trust (0.28) and overall satisfaction (0.23). This tangible factor seems to play an essential role in influencing all constructs of relationship quality. Food quality, however, does not show a significant relationship with commitment. It may signal that the perceptions on these two factors among customers varied to a large extent.

In addition, familiarity does not have an impact on trust, which seems to further confirm the underlying theory suggesting a negative relationship between the two (Foster and Cadogan, 2000). Familiarity, however, shows a positive link with commitment (0.36) indicating that the preference for familiarity has an impact on relationship commitment. However, it also shows an inverse relationship with overall satisfaction (-0.07), signifying that familiarity causes their level of overall satisfaction with the restaurant to drop. This finding may result from the fact that restaurant customers may not perceive this factor favourably in relation to their overall customer satisfaction.

In addition, Table 7.3 shows that there are also some covariances between the restaurant latent variables that are positively correlated with each other. As anticipated, all restaurant service factors are interconnected and interrelated. Food quality was found associated (in a positive direction), with satisfaction with the waiter (0.18), familiarity (0.05) and atmosphere (0.91), whereas satisfaction with the waiter also shows covariance with atmosphere (0.20) and familiarity (0.07).

Other relationships were also found to be positive but weak, although statistically significant. This suggests that a rise or fall in one factor leads to a rise or fall in all others. Among the covariance, it is worth mentioning that atmosphere and satisfaction with the waiter are highly correlated, closely followed by the correlation between atmosphere and food quality.

**Table 7-3 Covariances of Restaurant Latent Variables**

|                               | <b>r</b> | <b>s.e.</b> |
|-------------------------------|----------|-------------|
| WaiterSat <--> Food Quality   | 0.18     | 0.02        |
| Familiarity <--> Food Quality | 0.05     | 0.02        |
| Atmosphere <--> Familiarity   | 0.09     | 0.03        |
| Familiarity <--> WaiterSat    | 0.07     | 0.02        |
| Atmosphere <--> WaiterSat     | 0.20     | 0.02        |
| Atmosphere <--> Food Quality  | 0.19     | 0.02        |

In summary, restaurant service factors sufficiently explain empathy. Their effect on empathy is particularly evident with regard to satisfaction with the waiter and

familiarity, while food quality and atmosphere are not. Essentially, interpersonal factors were shown to affect empathy. For relationship quality, the variance explained by restaurant service factors and empathy for trust and overall satisfaction are relatively higher than for commitment. As for the causal path between restaurant service factors and relationship quality, it shows that restaurant service factors explain relationship constructs to a great extent, although their effects are more apparent in the case of overall satisfaction and trust than on commitment. The more distinct influences on overall satisfaction and trust are satisfaction with the waiter, food quality and atmosphere. As for commitment, atmosphere shows greater impact on commitment followed by familiarity while an inverse relationship was found between familiarity and overall satisfaction.

With respect to the causal relationship between empathy and the relationship constructs, empathy shows path links with trust and commitment but not with overall satisfaction. The positive relationship between empathy and trust/commitment signifies the fact that the contact employees' interpersonal skills, such as the waiter's understanding, anticipation and sensing the non-verbal cues of the customer among others during service encounters are highly regarded by the customers in relation to relationship building, and may be particularly so in the setting of upscale restaurants that are relatively more service oriented and high in human contact. It is noticeable that empathy shows a comparatively evident effect on the relationship building constructs (i.e., trust and commitment) rather than on the general perception of satisfaction. This phenomenon denotes the fact that the interpersonal relationship can create customers' trust in and psychological commitment to the organisation. Consequently, commitment is expected to have a certain influence on the customer's future purchase intentions (FPI).

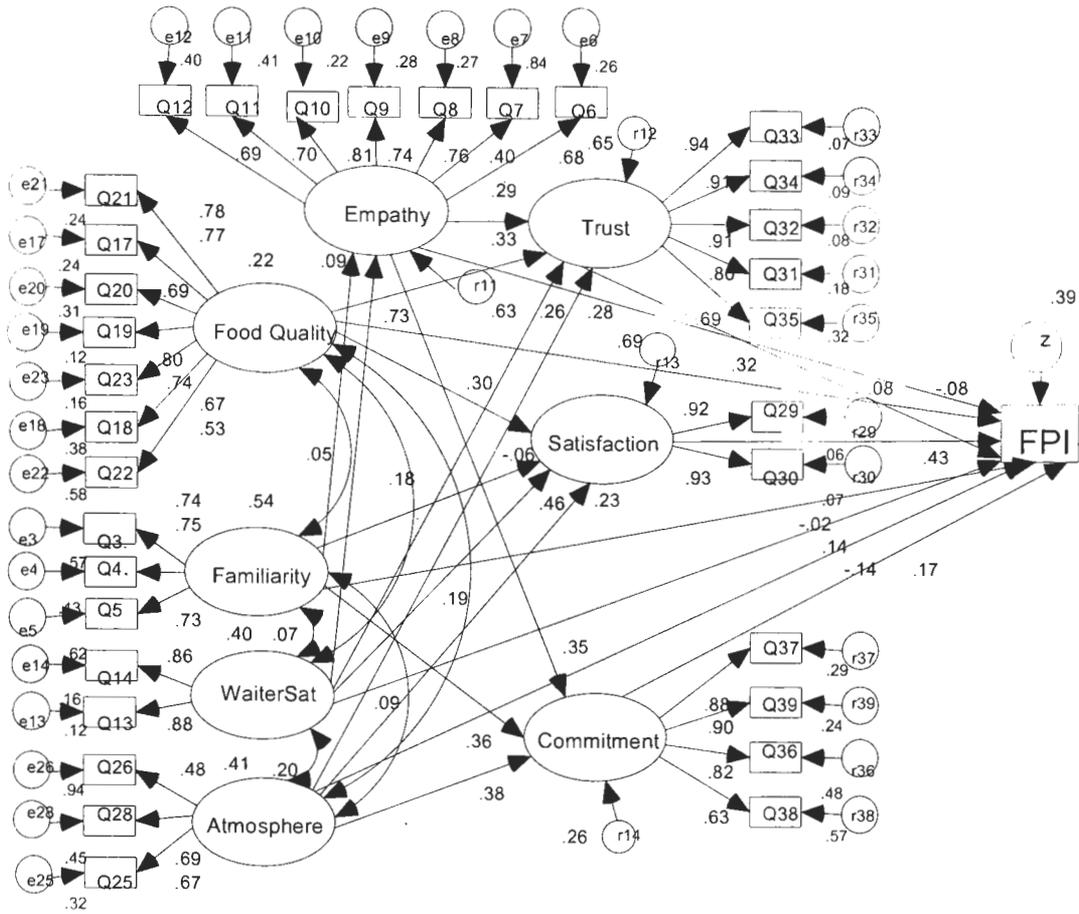
To further examine customer loyalty behaviour, FPI is incorporated into the aggregated model for testing the significant linkages. With overall satisfaction, trust and commitment being mediators in determining FPI, it is the intention of this study to include FPI as the endogenous variable that completes the hypothesised model.

### **Model 3a: Relationship Quality as Mediator and Moderator between Restaurant Service Attributes/Empathy and FPI**

Evolved from previously modified model 2b, model 3a incorporates the latent dependent variable, FPI, into the path diagram for further structural analysis and as a completion of the structural model. This structural model is therefore depicted with the restaurant service attributes and empathy as exogenous variables, relationship quality as a mediator, and FPI as an endogenous variable. FPI is a one-item construct and therefore can only be structured as an observed variable in the path analysis. The combination of latent variables and an observed variable in a path diagram makes a hybrid model. This hybrid model represents the final model.

Figure 7.5 represents a full model of this study and demonstrates the diagrammatic output for the causal relationships among restaurant service attributes, empathy, relationship quality and FPI as the end outcome of the former three. This hybrid model displays a moderately increased fit of the model (chi-square = 1583.12, df = 501). Similar to earlier models, the overall fit of the model is adequate (CMIN/DF = 3.16, root mean squared error of approximation [RMSEA] = 0.06, goodness-of-fit index [GFI] = 0.87, root mean square residual index [RMSR] = 0.05, adjusted goodness-of-fit index [AGFI] = 0.84, Tucker-Lewis index [TLI] = 0.91 and comparative fit index [CFI] = 0.92). This indicates that the model is acceptable with a slight increase in the model fit.

The diagram in Figure 7.5 shows all the paths that are hypothesised with some insignificant paths. Of the hypothesised paths, familiarity, satisfaction with the waiter, atmosphere, empathy and trust are found insignificant with FPI. These paths may denote their unimportant relationships with FPI and are suggested for further investigation.



**Figure 7-5 Model 3a Restaurant Service Attributes, Empathy, Relationship Quality and FPI**

**Model 3b: Relationship Quality as Mediator and Moderator between Restaurant Service Attributes/Empathy and FPI**

The modified model 3b shows little improvement on the fit of the model (chi-square = 1590.69, df = 506). The overall fit of the model is improved marginally (CMIN/DF = 3.14, root mean squared error of approximation [RMSEA] = 0.06, goodness-of-fit index [GFI] = 0.87, root mean square residual index [RMSR] = 0.05, adjusted goodness-of-fit index [AGFI] = 0.84, Tucker-Lewis index [TLI] = 0.91, comparative fit index [CFI] = 0.92). In this model, three causal paths are found to be significant with FPI namely, food quality, overall satisfaction and commitment. These results indicate that these three factors determine FPI directly.

The path diagram of the modified model 3b shows all the paths that are statistically significant at the 95% level of significance. Apart from the significant paths and covariance between measurement models identified and described in previous models, model 3b shows some positive correlations between relationship quality factors and FPI, and between a restaurant service factor and FPI.

**Table 7-4 Regression Weights of Latent Variables for Model 3b**

|                      |                           | r     | s.e  |
|----------------------|---------------------------|-------|------|
| Empathy              | <--- Familiarity          | 0.09  | 0.03 |
| Empathy              | <--- WaiterSat            | 0.73  | 0.05 |
| Commitment           | <--- Empathy              | 0.35  | 0.08 |
| Trust                | <--- Empathy              | 0.29  | 0.06 |
| Overall Satisfaction | <--- Food Quality         | 0.30  | 0.06 |
| Trust                | <--- Food Quality         | 0.33  | 0.07 |
| FPI                  | <--- Food Quality         | 0.29  | 0.08 |
| FPI                  | <--- Overall Satisfaction | 0.50  | 0.07 |
| FPI                  | <--- Commitment           | 0.16  | 0.03 |
| Commitment           | <--- Atmosphere           | 0.38  | 0.08 |
| Trust                | <--- Atmosphere           | 0.28  | 0.05 |
| Overall Satisfaction | <--- Atmosphere           | 0.22  | 0.05 |
| Commitment           | <--- Familiarity          | 0.36  | 0.06 |
| Overall Satisfaction | <--- Familiarity          | -0.07 | 0.03 |
| Overall Satisfaction | <--- WaiterSat            | 0.46  | 0.04 |
| Trust                | <--- WaiterSat            | 0.26  | 0.07 |

Based on Table 7.4 the regression weights indicate that only food quality (0.29) among the restaurant service factors is found to have a positive relationship with FPI. It has a direct impact on FPI whereas other service attributes do not. As for the relationship quality factors, both overall satisfaction (0.50) and commitment (0.16) influence FPI, whereas trust does not. Empathy also does not show to affect FPI. Overall, the final model indicates that factors having positive relationships with FPI are food quality, overall satisfaction and commitment.

In addition to its direct relationship with FPI, food quality is also mediated by overall satisfaction (0.30) for the relationship with FPI (0.50). Although empathy does not have a direct impact on FPI, it has an indirect relationship with FPI (0.16) mediated by commitment (0.18). In other words, the path between empathy and FPI can be

depicted as follows: empathy → commitment → FPI. Other paths relating to restaurant service factors also show indirect relationships with FPI. For instance, familiarity has an indirect relationship with FPI mediated by overall satisfaction and commitment (-0.06 and 0.36 respectively), while atmosphere and satisfaction with the waiter are mediated by overall satisfaction (0.22 and 0.46 respectively). Atmosphere is also mediated by commitment (0.38). Although all restaurant service factors to an extent have positive relationships with FPI, only food quality shows a direct impact on FPI.

This final model (model 3b) shows the significant causal paths between factors. Among the significant relationships, some causal paths deserve extra attention. As indicated by Figure 7.6, satisfaction with the waiter explains empathy more than familiarity does. This could imply that customers' satisfaction with the waiter (0.73) exerts a more influential force on empathy compared to familiarity (0.09). With regard to the relationship outcome of empathy, compared to trust (0.29), commitment (0.35) shows more weight as a consequence of empathy. Of the significant paths for food quality, it exerts more impact on trust (0.33) than on overall satisfaction (0.30) and FPI (0.29). Among the determinants of FPI, overall satisfaction (0.50) explains more than food quality (0.29) and commitment (0.16). Following the statistical analysis of the causal relationships in the path diagrams, the outcomes will be further examined relative to the hypotheses.

Overall, there are six models proposed that make up the structural model. Initially, measurement models are individually constructed before structural models are aggregated and structured. These structural models specify all of the causal relationships hypothesised. The relationships among the restaurant constructs are generally found to be related and statistically significant. Those relationships will be specifically tested with the hypotheses and discussed.



conveyed from the waiter. As expected, empathy is more associated with social elements. Although food quality and atmosphere also play a certain role in influencing empathy, they are not significant. As such, this hypothesis is partly supported by the data.

**Hypothesis 2: There is a statistically significant relationship between restaurant service attributes and relationship quality.**

Further, for the analysis of the relationship between restaurant service attributes and relationship quality, the results also support the hypothesis. Specifically, for the hypothesis of the positive relationship between restaurant service attributes and overall satisfaction, the results show that all restaurant service attributes namely, food quality, satisfaction with the waiter, atmosphere and familiarity have significant relationships with overall satisfaction. Therefore hypothesis H2a regarding the relationship between service attributes and overall satisfaction is fully supported. As for the relationship with trust, the hypothesis states that there is a positive relationship between restaurant service attributes and trust. The results confirm the links between trust and food quality, atmosphere and satisfaction with the waiter. Only familiarity does not have the positive relationship with trust. As such, hypothesis H2b is also mostly supported. With respect to the hypothesis regarding the positive relationship between restaurant service attributes and commitment, the results show that atmosphere and familiarity have a positive relationship with commitment while others do not. Hypothesis H2c is considered partly supported. Overall, hypothesis H2 relating the relationships between restaurant service attributes and relationship quality is considered mostly supported.

Of the restaurant service attributes, atmosphere shows effects on commitment, trust, and overall satisfaction. This is the sole service attribute that has influence on all constructs of relationship quality. As such, for relationship quality, atmosphere is highly influential. In addition, food quality has long been agreed to be the core product of restaurants (Chung and Hoffman 1998; Mattila 2001) and one of the main factors in influencing restaurant experience (Kivela 1997; Chung and Hoffman 1998; Mattila 2001). The findings did support the relationships between food quality and trust, and overall satisfaction. The results, however, did not confirm its relationship

with commitment, indicating that the perception of food quality would not lead to customers' commitment to the restaurant.

A negative relationship is also found between familiarity and trust. The level of familiarity does not show the causal relationship with the level of trust the customers have in the restaurants. In principle, familiarity motivates trust. This finding, however, contradicts with previous studies (e.g., Ali and Birley, 1998; Coulter and Coulter, 2002; Garbarino and Johnson, 1999) and may indicate that familiarity is not a critical aspect in restaurants in terms of its influence on trust. This may be suggested for further investigation. Conversely, familiarity is found to have a positive relationship with commitment. This social element between the contact employee and the customer seemingly promotes a sense of commitment for the customer. A significant but inverse relationship, however, is also found between familiarity and overall satisfaction. That is, familiarity reduces the level of overall satisfaction. Lastly, satisfaction with the waiter also influences overall satisfaction and trust. Similar to familiarity, this restaurant service attribute is considered an interpersonal element (Gremler and Gwinner, 2000; Hennig-Thurau *et al.*, 2002; Guenzi and Pelloni, 2004) that facilitates the relationship between the customer and the waiter. The results indicate that satisfaction with the waiter results in a sense of overall satisfaction with, and trust in, the restaurant among customers. Commitment, however, is not found to be significant, indicating that satisfaction with the waiter does not have a significant impact on commitment. By and large, the results support the following hypotheses.

- H2a. There is a statistically significant relationship between restaurant service attributes and overall satisfaction.
- H2b. There is a statistically significant relationship between restaurant service attributes and trust.
- H2c. There is a statistically significant relationship between restaurant service attributes and commitment.

**Hypothesis 3: There is a statistically significant relationship between restaurant service attributes and FPI.**

Further, with a view to examine the relationship between individual restaurant service attributes and FPI, it is hypothesised that there is a relationship between them. The findings show that the only significant relationship with FPI is food quality, indicating that this restaurant service factor has a direct influence on customers' loyalty behaviour. Other service factors do not show a significant influence on FPI. Hence, this hypothesis is in part supported.

**Hypothesis 4: Empathy has a statistically significant relationship with customers' relationship quality with the restaurant.**

This study hypothesises that empathy between the customer and the waiter during service encounters would have major impacts on relationship quality. As the central concept of this study, empathy in the high contact service setting is revealed to positively relate to customers' relationship quality with the restaurants. The results demonstrate that except for overall satisfaction empathy has positive causal relationships with trust and commitment. In comparison, empathy has more influence on commitment than on trust. Consequently, empathy seems to be more inclined to relationship building such as trust and commitment than the generalised service satisfaction. As a result, the hypotheses below are supported signalling that empathy does lead to relationships with the restaurant.

H4b. Empathy has a statistically significant relationship with customers' trust in the restaurant.

H4c. Empathy has a statistically significant relationship with customers' commitment to the restaurant.

**Hypothesis 5: Empathy has a statistically significant relationship with customers' FPI.**

Subsequently, empathy as an interpersonal relationship is hypothesised as having a statistically significant relationship with FPI. The results indicate that the causal relationship between empathy and FPI is not statistically significant. In other words, the perceived empathy does not lead to customers' purchase intentions. As such,

hypothesis five is therefore not supported. This result is somewhat unexpected as empathy is thought to affect customers' FPI in such service settings that involve high human contact (see, for example, Butcher *et al.*, 2002) compared to other service settings, and thus merits further investigation.

**Hypothesis 6: Customers' relationship quality with the restaurant has a statistically significant relationship with their FPI.**

Trust, overall satisfaction and commitment were examined for their relationships with FPI as the final causal paths. Among the constructs of relationship quality, trust does not influence FPI. Overall satisfaction and commitment are found to be significant with FPI. These two constructs predict customers' FPI toward the restaurant. Therefore hypothesis six is mostly supported. Based on the findings, empathy can affect FPI indirectly through commitment. When compared, overall satisfaction has a more influential force on FPI than commitment does. According to the results, the hypotheses below are supported.

H6a. Customers' overall satisfaction with the restaurant has a statistically significant relationship with their FPI.

H6c. Customers' commitment to the restaurant has a statistically significant relationship with their FPI.

## **7.4 Results Discussion**

The focus of this study is to determine the relationship between empathy and FPI. To gain a complete view of this relationship, other relationships among other constructs studied were also proposed and examined. Primarily, empathy is proposed to affect relationship quality and FPI directly. In addition, it was hypothesised that restaurant service attributes affect relationship quality, which in turn will affect FPI. The model also postulates that restaurant service attributes influence empathy. All together, restaurant service attributes, empathy and relationship quality were all theorised to affect customers' FPI directly.

The results show that the hypothesised model is generally confirmed by the structural analysis. Initially, the causal relationship between service attributes and empathy has been established. Although the relationship between empathy and FPI is not statistically significant, the relationship between empathy and relationship quality is to be found positive, which links empathy to FPI. Restaurant service attributes are further examined for their linkages to relationship quality. To a large extent, the restaurant service factors are shown to have influence on relationship quality. These results show some patterns of how different service attributes are associated with relationship quality. The structural model further informs us that restaurant service attributes have a causal relationship with FPI. Lastly, relationship quality is confirmed to have a causal linkage with FPI. Overall, the results support the hypotheses to a great extent that causal relationships exist among restaurant service attributes, empathy, relationship quality and FPI. Hence, the findings from the present investigation attest to the relevance of the Empathy-Future Purchase Intentions model in the consumer behaviour domain. These underlying phenomena, which have emerged, will be further explicated and discussed in the following section.

#### **7.4.1 Empathy and Restaurant Service Attributes**

A causal relationship between restaurant service attributes and empathy has been established by demonstrating that satisfaction with the waiter and familiarity do affect empathy. The results provide an insightful understanding as to which and to what extent service attributes motivate empathy. Seen as a communal relationship, empathy has been confirmed to serve as a function of service attributes. The service attribute, satisfaction with the waiter, is described as an interpersonal interaction between the customer and the service employee (e.g., Bitner *et al.*, 1994), and interpersonal satisfaction (Preis, 2003). This result establishes a link and demonstrates that interpersonal satisfaction affects the empathic behaviours from the waiter and helps form a communal relationship between both parties. The other service attribute, familiarity, also contributes to the formation of a communal relationship. This service attribute is thought to be encouraged by frequency and depth of the interaction (Gremler *et al.*, 2001) and thus is also considered interpersonal in nature.

To discriminate the difference between the two attributes (satisfaction with the waiter and familiarity) for the manifestation of their relationships with empathy, satisfaction with the waiter can be seen as a service-oriented attribute as it relates to service offered to the customer though it may contain the social component as well while familiarity can be viewed as a social-oriented attribute as it primarily deals with the social aspect and involves little service essentials. As such, the distinction of the two mainly lies in the notion that satisfaction with the waiter (service-oriented) involves service interactions, while familiarity (social-oriented) does less so and is chiefly social. By comparison, the results show that satisfaction with the waiter plays a more influential role on empathy than does familiarity. This evidence suggests that the service interaction through service encounters with the waiter tends to create more empathic, communal behaviours from the waiter and thus fosters the communal relationship more intensely compared to mere familiarity between both parties.

The results also manifest the nature of empathy by presenting that empathy primarily relates to the human interaction through which empathy is induced. Thus, to achieve the maximum effect of empathy delivered by the waiter, the attributes concerned with service interactions and personal relationships should be emphasised. Overall, empathy is closely associated with the interpersonal, social service factors. As revealed from the findings, it can be suggested that the communal relationship or empathic relationship (Raudonis, 1995) can be cultivated and motivated through the occurrence of service attributes involving human elements. In relevant studies, Lawrence (2002, p. 109) views empathy as the communal relationship with others in that empathy is described as “the ability to witness someone else’s emotional experience and is a means to being transported out of oneself”. In another service context, a communal relationship as described by Mills and Clark (1994, p. 29), is “benefits are given in response to the other’s needs or simply to please the other.” Therefore, the motivation of giving benefits is initially out of an emotional response to, and derived from concern for the other individual. This particular finding relating to service attributes fills the gap in the literature by providing more comprehensive and in depth views with regard to the determinants of empathy or the communal relationship at attribute level in a high contact, complex service environment.

Among other service attributes, empathy, however, is not found correlated with food quality and atmosphere. These two service attributes involve much less human essence in the service encounters compared to the other two attributes. In regard to atmosphere, some studies (Bitner, 1992; Tsai and Huang, 2002) have indicated that a link exists between the physical environment and interpersonal interactions between both parties. In addition, Goodwin (1996) implies that a relationship exists between physical environment and a communal relationship. The findings, however, do not support this notion suggested by the above authors. This could be attributed to the fact that atmosphere in upscale restaurants does not sufficiently trigger empathy from the waiter as in the case of satisfaction with the waiter or familiarity. Atmosphere, however, shows much more relevance with empathy compared to food quality according to their regression weights. In sum, the findings demonstrate that empathy can be identified and determined at attribute level.

## **7.4.2 Empathy, Relationship Quality and FPI**

### **7.4.2.1 Empathy and Relationship Quality**

Empathy has also demonstrated an evident relationship with relationship quality in the upscale restaurant setting. Notably, empathy has a distinct influence on trust and commitment rather than on overall satisfaction. This finding indicates that empathy tends to develop relationships that are traditionally characterised as the central constructs of relationship marketing, which signal longer-term relationships. These two effects of trust and commitment have also been described as psychological loyalty (Czepiel, 1990) and attitudinal loyalty (Foster and Cadogan, 2000). In addition, trust and commitment have been regarded as stronger bonds compared to economic bonds (Moller and Wilson, 1988) that are anchored mainly on prices of the service or goods, or the customer's budget. This particular finding therefore attests that empathy can determine psychological and attitudinal aspects of loyalty, and creates stronger bonds with the organisation through which empathy can lead to purchase intentions. Based on the findings, it is acknowledged that customers view the components of empathy favourably such as, understanding the customers' implicit behaviours, showing consideration for their feelings, anticipating their needs and offering assistance, and being able to sense their level of satisfaction from non-verbal cues in service encounters in leading to their trust and commitment toward the

restaurant. It is therefore suggested that these components of empathy have more implications in the context of human or social contact environment for relationship building where interactions between the customer and the contact employee are relatively frequent and intensive. This study pinpoints empathy as the deciding factor in affecting organisation-level relationship quality in the service setting of upscale restaurants.

Drawing on the findings, those characteristics of empathy are believed essential for relationship building in the high contact services particularly in the hospitality industry where customers expect a high level of service from the contact employee such as an empathic manner, among others. In other words, the customers anticipate to be treated the way they desire and yet without the necessity of explicitly making requests. These implicit, hidden expectations and unspoken, uncommunicated but highly expected service needs can be better met not through the tangibles but through the delivery of the interpersonal, social force such as empathy. These highly subtle and effective interpersonal skills allow the relationship between the customer and the contact employee to remain at a close yet highly professional level. The effect of these interpersonal skills can be deeply evidenced in services such as upscale restaurants demanding higher level of human interaction and where higher service expectations from customers exist.

A similar concept to empathy, respect (Bitran and Hoech, 1990) is proposed and thought to build close ties between the contact employee and the customer in high contact services including restaurants. The central meaning of respect is felt communicated and concern for the customers' satisfaction (Bitran and Hoech, 1990). The conceptualisation of empathy in this study goes beyond that of respect to embody other attributes such as understanding, anticipation and sensing the non-verbal cues affectively among others. In a broader sense, the findings not only confirm the previous studies (Beatty *et al.*, 1996; Palmer and Bejou, 1994; Price *et al.*, 1995) concerning empathy in relation to its positive effect on customers' behavioural reactions, but also unfold a specific effect on relationship quality namely, trust and commitment, which together translate squarely into solid relationships with the restaurant. More specifically, the relationship between empathy and trust explains the

notion that customers regard this interpersonal relationship as a critical service delivery that they value and expect highly, and that represents good value for money. Empathy therefore forms the foundation of trust customers have in the restaurant.

As for the relationship with commitment, empathy leads to strong relationship commitment in terms of customers considering themselves as regular and loyal customers so much so that they care about the long-term success of the restaurant. Hence, commitment can be seen as an orientation toward the relationship with the restaurant. Subsequently, this orientation resulting from a satisfying relationship signifies a psychological attachment to the restaurant. As such, commitment denotes the greatest relationship intensity between the customer and the restaurant among all the types of relationships (overall satisfaction, trust and commitment) within relationship quality. This particular finding is consistent with the general assertion that an interpersonal relationship leads to a relationship with the organisation (Foster and Cadogan, 2000) such as commitment (Gremler and Gwinner, 2000), which is an indication of intention to stay and a relationship with the organisation (Kelley and Davis, 1994; Storbacka *et al.*, 1994; Wetzels *et al.*, 1998). The findings in general support the notion that empathy improves customers' relationships with the organisation as suggested by Rashid (2003). The findings, however, are not in line with another study (Scanlan and McPhail, 2000) indicating that empathy does not lead to relationship formation. Specifically, Scanlan and McPhail's (2000) findings indicate that empathy promotes social bonding rather than relationship building. Furthermore, although studies (Beatty *et al.*, 1996; Coulter and Coulter, 2002; Sharma and Patterson, 1999) have demonstrated that empathy can lead to relationships such as trust and commitment, those relationships are limited to personal relationships with the service employee rather than relationships with the organisation. This study has identified a positive association between empathy and organisation-level relationships in terms of trust and commitment. Furthermore, these findings fill a research gap and set this study apart from previous studies (Beatty *et al.*, 1996; Coulter and Coulter, 2002; Sharma and Patterson, 1999) where empathy has only been studied at the individual level.

With respect to the other constructs in relationship quality, overall satisfaction is found to have a negative relationship with empathy. Apparently, customers' perceived empathy does not lead to their overall satisfaction with the restaurant. Fundamentally, overall satisfaction relates principally to the overall performance of the restaurant particularly the core encounters and is arrived at with the generalised perception of all service performance. It is the central service elements customers receive in the exchange that mainly determine the sense of overall customer satisfaction (Danaher and Mattson, 1994). This insignificant association may be manifested in the realm of exchange relationships, which entail core exchange and relational interaction (Czepiel, 1990). Czepiel (1990) suggests that an exchange relationship can be classified into two components: the content of the core exchange and the content of relational interaction, neither of which can be excluded completely from the other. That is, even if the core exchange dominates in the exchange, relational interaction occurs in parallel and vice versa. According to the findings, overall satisfaction is mainly judged by core service or closely associated with service-oriented attributes and therefore fits in the economic core exchange category though it may inevitably entail some relational interaction. Empathy, on the contrary, is predominantly an interpersonal and social component, and thus involves more relational interaction than an economic exchange. The insignificant relationship between the two is hence manifested in the light of exchange relationships.

To further differentiate the relationship between empathy and relationship quality, the underlying characteristics of the three constructs in relationship quality can be better depicted on a continuum. While overall satisfaction and trust are primarily the indication of core economic exchange on one end of the continuum with the former on the very end, commitment tends to be reflective of relational interaction lying on the other end in an extreme manner, the nature of which is evidenced by its closer relationship with empathy. Though trust is related to empathy, its essence, however, deals to a great extent with economic exchange. This is in accordance with exchange relationships where both core exchange and relational interaction are mutually inclusive rather than exclusive. The relationship with trust can also be understood by the notion that empathy involves initiating personal service rather than being purely

social. Grounded on exchange relationships, the relationships between empathy and relationship quality thus become more apparent.

#### **7.4.2.2 Empathy and FPI**

With regard to the effect of empathy on FPI, the results indicate a non significant relationship. The findings based on SEM do not support the proposed relationship between empathy and FPI. The resultant effects of empathy therefore suggest that this communal relationship is crucial for upscale restaurants' success, in a long-term perspective through relationship building, rather than the immediate intentional outcome. This result is different from that of a study (Butcher *et al.*, 2002) implying that the social influence (e.g., empathy) could influence repeat purchase in high touch service settings such as cafés, hair salons and clinics. Such difference may stem from the difference in service setting. Additionally, although studies (File and Prince, 1993; Macintosh and Lackshin, 1997; Preis, 2003) suggest that interpersonal relationships determine purchase intentions, this study does not share their view. This outcome hence deserves a further understanding of what customers of upscale restaurants value in determining their FPI. Apparently, the satisfaction of social needs during service encounters does not influence their purchase intentions in a direct manner. An indirect relationship between empathy and FPI is strongly supported through the relationship quality, commitment, which has a direct relationship with FPI. Although an insignificant direct relationship is found between empathy and FPI, this study unfolds that an indirect relationship exists in high contact, complex service settings of upscale restaurants through commitment.

In summary, the nature of empathy and its influences in such a service environment are evidenced through the subsequent investigation on service attributes, relationship quality and FPI. The phenomenon of empathy shown in the study mirrors the fact that empathy is interpersonal, social and relational. Empathy principally involves human interactions that in turn could strengthen the relationships between people, which can be advanced to the relationships between customers and the organisation. Hence, it can be suggested that empathy could create double bonding at both personal level and organisational level. Intrinsically, empathy is rather intangible and can only be motivated by social elements, which are less likely to contribute directly to

purchase intentions but could determine long-term relationships as shown in the current service setting. The new findings emerged from the investigation of empathy and its relations with other restaurant constructs are as follows. Firstly, the causal relationship between empathy and service attributes is established. A communal relationship can be identified and evidenced through service attributes. Secondly, the relationship between empathy and relationship quality is revealed and better interpreted in the light of exchange relationships within which the characteristics of individual relationship constructs of relationship quality are further recognised and therefore their relationships with empathy are better understood. More importantly, the findings demonstrate that empathy contributes to organisation-level relationships. Thirdly, although not found significant the relationship between empathy and FPI has been explored and revealed, something that has not been examined in other studies conducted in a high contact, complex service setting. In addition, this conceptualisation of empathy is distinct from that of SERVQUAL with the consideration of the service setting of upscale restaurants. Although the relationship with FPI is indirect, empathy can lead to long-term relationships signified by trust and commitment, which the latter mediates the relationship between empathy and FPI. The incorporation of the relevant restaurant constructs provides a better understanding of empathy. These new findings also correspond squarely to the research objectives depicted within the conceptual model.

### **7.4.3 Restaurant Service Attributes, Relationship Quality and FPI**

#### **7.4.3.1 Restaurant Service Attributes and Relationship Quality**

The foregoing discussion on the precursors of empathy has initially attempted to distinguish the service attributes by their very nature, which provides the background for the following discussion. For the relationship between service attributes and relationship quality, the findings indicate that trust and overall satisfaction are mainly determined by attributes namely food quality and satisfaction with the waiter respectively whereas commitment is influenced by atmosphere followed closely by familiarity. Apparently, different attributes determine different relationships of relationship quality. Compared to commitment, overall satisfaction and trust tend to be provoked more by attributes which are of a highly service-oriented nature, whereas

commitment is more likely to be influenced by attributes which are of a highly social-oriented nature.

To connote the relationship between restaurant service attributes and relationship quality, the findings suggest a need to introduce the terms of social-oriented and service-oriented attributes to reflect their nature of relationships with relationship quality. By definition by the researcher, service-oriented attributes refers to those that are featured with service involving components that are seen as the main part of the meal purchase and that can meet the basic service needs. These attributes are instrumental or evaluative in nature as they are more related to financial benefits (Berry, 1995), or rewards (O'Reilly and Chatman, 1986), which are easily evaluated by the customers. As for social-oriented attributes, they refer to those that are associated with a social element that may fulfil social and emotional needs to a certain extent, and therefore are hard to be judged in terms of gain. The example of a social-oriented attribute is familiarity that engages little service but is concerned mainly with the feelings of the customer toward the waiter and is more relational. On the relationship quality front, the role of trust is analogous with overall satisfaction, although trust tends to be more related to the service-oriented factors such as food quality. These service-oriented attributes can therefore be described as having an economic relationship quality according to the exchange approach because they are more instrumental and evaluative in nature. The social-oriented attribute, on the contrary, is associated with commitment, which can be comparatively portrayed as a social relationship quality that is less instrumental and more relational in nature. In other words, while trust and overall satisfaction could be more associated with service that can be easily gained or judged, commitment is less so and more related to a relationship or social behaviour. As such, it can be summarised from the discussion that service-oriented attributes are chiefly linked with economic relationship quality (overall satisfaction and trust) whereas a social-oriented attribute is predominately related to social relationship quality (commitment). By and large, overall satisfaction and trust are evaluation oriented and are mostly arrived at from the appraisal of service-oriented attributes whereas commitment is relational oriented and is more akin to social-oriented factors.

With regard to atmosphere, it seems that in addition to satisfaction with the waiter, atmosphere is also a crossover attribute between a social-oriented attribute and service-oriented attribute with more orientation toward the social end, which is reflected from the results that atmosphere affects commitment to a greater extent than its influence on trust and overall satisfaction. For the sense of commitment, the service facilities seem to create the ambiance for social interaction between the waiter and customers from which customers form relationships with the restaurant. Atmosphere therefore can be seen as a social-inducing attribute. The other effect of atmosphere pertains to the service facilities that customers regard so favourably when patronising the restaurant that they generate a sense of commitment. A more elaborate, pleasing service environment is generally essential for, and qualifies, an upscale restaurant. Hence upscale restaurants can be seen as an atmospheric dominant service within which it can meet customers' various needs such as psychological and physical needs. The findings signify that atmosphere can cause psychological and even relational effects in terms of commitment among customers. It can be suggested that there are customers who are atmospheric driven especially in such a service setting that embodies a more unique and pleasant service environment. These customers come to "purchase" the atmosphere per se in addition to food and other service offerings. As such, atmosphere creates a significant and direct effect of commitment on customers of this type, providing that atmosphere is perceived pleasurable. In sum, the results imply that atmosphere appears to create emotional responses that either induce social interactions between people, which consequently lead to a relationship with the restaurant, or form a direct relationship with the restaurant due to the liking of the environment. These views can find support from Bitner's (1992) study implying that the servicescape or atmosphere can be viewed as an interpersonal servicescape that influences how the social interaction is conducted. Others (Baker, Levy and Grewal, 1992) also posit that atmosphere can cause emotional response and show specific preference for the particular service provider (Baker, 1987). Those studies suggest that atmosphere can embody interpersonal and emotional aspects that are related to relationship building. The results of this study indicate that this service attribute plays a critical role in upscale restaurants in building organisation-level relationships with customers. By comparison, atmosphere shows more influence on commitment and trust than on overall satisfaction.

With respect to familiarity, its influence on commitment is also noticeable. This aspect of service attributes refers to the customer's preference for familiarity with the contact employee and embodies the specific components of preferring being served by, liking the feeling of getting familiar with, and the feeling of knowing, the waiter. The results suggest that social relationship quality (commitment) can be engendered through customers' preference for familiarity. The finding is consistent with a study by Hennig-Thurau *et al.* (2002) where this social attribute is regarded as a social benefit that contributes to commitment. As for the relationship with trust, familiarity generally is thought to breed trust (e.g., Ali and Birley, 1998; Foster and Cadogan, 2000; Garbarino and Johnson, 1999). The findings here, however, do not support this relationship. It may be due to the fact that familiarity may not be perceived as a critical factor for customers' trust in upscale restaurants. In other services such as counselling, legal services, and theatre performance, the personal relationship of familiarity may be the prime service offering and therefore could have more weight in determining trust. The service mix in upscale restaurants, however, is combined with tangibles and intangibles in that the tangible factor such as food is the main purchase and core service. As such, although high in social nature, familiarity compared to other service-oriented attributes in such service settings is not adequate to engender trust, which is somewhat economic and instrumental in nature as has been discussed earlier. In this case, service-oriented attributes or tangibles may have more influential power than social-oriented attributes in determining customers' trust in a restaurant setting. This may also imply that customers tend to base their perceptions on tangible objects such as food from which they could form expectations and evaluate the service. It can be concluded that the relationship between familiarity and trust should take into consideration the service mix of the study setting.

In addition, an inverse relationship was found between familiarity and overall satisfaction. This inverse phenomenon can be more noticeable particularly in hospitality businesses such as restaurants where customers may have excess service expectations from, or inappropriate attitudes or manners toward, service employees, such as expecting attentive and personal service or treating service employees as subordinates in the asymmetry of the service relationship. These predetermined expectations or attitudes toward the contact employee may indeed undermine the

equal service relationships and create awkward working relationships. As implied by Mars and Nicod (1984), in more prestigious restaurants, customers demand personal and individual service, and the waiter tends to play a submissive role and be discreet during the service. This indicates that the service relationship between the customer and the waiter is far from equal with the service employee being subservient to the customer. This trend seems particularly apparent in the hospitality industry and could contribute to the inverse relationship between familiarity and overall satisfaction in this upscale restaurants service setting.

Further, this result of familiarity and overall satisfaction can also be enlightened with the concept of boundary-open and boundary-closed transactions. Transactions among customers are suggested to contain boundary-open and boundary-closed transactions (Mars and Nicod, 1984). In boundary-open transactions in restaurants, customers tend to be inclusive in dealing with others including waiters. Customers of this type are disposed to form intimacy and have non-service-related conversation with others. They are even likely to offer reciprocal hospitality toward the waiter. Conversely, customers with boundary-closed transactions are, according to Mars and Nicod (1984), the semblance of traditional business people. Their boundary excludes those other than their own associates. In other words, they tend to formalise relationships outside the boundary. Such customers are apt to treat the waiters as subordinates in the name of relationship formality. Hence, familiarity for these customers could create the opposite effect of overall customer satisfaction.

Moreover, the inclination of either type of transactions can also be related to dining occasions (Mars and Nicod, 1984). Compared to business dining, when private dining with the wife or close friends for example, the customer can be more open with the waiter than they are in business dining. It can be maintained that it depends on dining occasions; familiarity may apply different influences on customers' overall satisfaction. This underlying phenomenon may be suggested for further study in this service setting.

Some customers may have a more rigid view toward the service relationship with the waiter, which can be seen as boundary closed (Bove and Johnson, 2000; Mars and

Nicod, 1984) as customers prefer different relationships based on their own relationship orientation (Bove and Johnson, 2000). It seems clear then that familiarity for these customers would cause the opposite effect to their enjoyment during the meal experience. However, this is not to disregard the fact that there are customers who may be more innately boundary-open oriented and opt for closer interactions with the waiter regardless of what the dining occasions are. This new finding of the inverse relationship between familiarity and overall satisfaction is worth additional attention in the high contact, complex service settings. This result unfolds the intricate service relationship between the customer and the waiter in such a service setting. In addition, this evidence further highlights the importance of empathy in upscale restaurants where the waiter apprehends the gestalt of customers and responds to them accordingly in an empathic yet subtle manner while taking into consideration their attitudes toward relationships. The discussion of familiarity and overall satisfaction also hints at the negative relationship between overall satisfaction and empathy, which is part of the function of familiarity.

As for satisfaction with the waiter, overall satisfaction is influenced the most by this service attribute. This service oriented factor refers to satisfaction with the service performed by the waiter. The results indicate that the interaction through service contributes the most to the holistic service satisfaction. Although overall satisfaction is judged by overall service performance and is thought to be driven by the factor that is the most important to customers (Zin, 2001). This result is consistent with the general assertion that the interaction between the customer and the employee leads to overall satisfaction (Bejou *et al.*, 1998; Bitner *et al.*, 1990; Crosby and Stephen, 1987; Goff *et al.*, 1997; Grove *et al.*, 1998). In addition, this result may suggest that the service interaction with the customer in a high contact service setting makes the contact employee part of the service offering hence their behaviour or service manner can influence the customer's service evaluation in terms of overall satisfaction.

Satisfaction with the waiter is also found to have a positive relationship with trust, which indicates that satisfaction with the service performance by the waiter makes the customers feel the restaurant is reliable and good value for money among others. This result is in line with a study of a sales context by Foster and Cadogan (2000),

suggesting that satisfaction with the salesperson predicts customers' trust in the organisation. The influence of this attribute on relationship quality is generally in accordance with the previously revealed phenomenon, that is, a service-oriented attribute leads to economic relationship quality.

Moreover, based on the findings food quality counts the most weight in determining customers' trust in the restaurant. Compared to other service factors, food can eliminate the uncertainty and risk customers feel about a restaurant of this type and promote the sense of reliability toward the restaurant. To the researcher's best knowledge, there is no study as yet examining the relationship between food quality and trust. This is a newly explored phenomenon on food quality and its effect on this relationship construct. The findings demonstrate that this core service principally determines trust and FPI in upscale restaurants. This result further confirms the foregoing discussion regarding the close relationship between the nature of service attributes and its corresponding relationship quality.

#### **7.4.3.2 Restaurant Service Attributes and FPI**

Service attributes have been demonstrated to have a positive relationship with FPI. Precisely, it is food quality that determines FPI. This core service of a restaurant shows its link to FPI in two separate routes: one direct and the other one indirect through overall satisfaction. In upscale restaurants, food is found to be the vital factor for customers' repeat patronage regardless of the influential role it plays in relationship quality. Essentially, this result reveals that in upscale restaurants in addition to restaurants of other types studied (Kivela, 1997; Mattila, 2001; Rys *et al.*, 1987; Soriano, 2002; Sulek and Hensely, 2004), food quality is a strong predictor for customer purchase behaviour. This direct linkage between food quality and FPI is supported by Mittal *et al.* (1998) who maintain that attribute performance not only leads to overall satisfaction but also has the capacity to determine purchase intentions directly and bypass the influence of overall satisfaction. Although DeFranco *et al.* (2005) suggest that in full-service restaurants, customers value service more than product, their view apparently does not hold for this particular result. In determining FPI, it is food that determines the purchase decision. The results of this study suggests that even though service behaviour such as empathy by the contact

employee is seen as an imperative factor for a restaurant of this type, food quality remains the most promising factor when judging customers' FPI and can be regarded as the most "rewarding" service factor in creating purchase intentions in restaurant dining at attribute level. Unlike other services, where the main purchase may be the service itself or where stores carry the same or similar merchandise, restaurants are unique in the way that service surrounds food, which is distinctive from one restaurant to another (except for restaurant chains) especially in upscale restaurants. Therefore, the primary marketing tool for any particular restaurant is food that is exclusive and different from others, and could attract people to return even sometimes beyond the quality of service. The effect of food quality highlights the fact that compared to social-oriented attributes, service-oriented attributes have the capacity to influence purchase intentions in upscale restaurants.

The pattern shown by the findings leads to the realisation of the fundamental nature of relationship quality corresponding to the different character displayed by service attributes. It makes the interrelationships between restaurant service attributes and relationship quality more apparent. More importantly, it provides highly relevant knowledge for understanding empathy for its relationships with service attributes, relationship quality and FPI. In other words, it offers a broader view for empathy in relation to other restaurant constructs. This causal relationship has revealed several new findings generated from the investigation of restaurant service attributes and relationship quality, which have numerous implications that will be discussed in the next chapter.

#### **7.4.4 Relationship Quality and FPI**

This study has established the overt relationships between relationship quality and FPI. As hypothesised, overall satisfaction and commitment clearly claim their own path linkages with FPI, which indicate that these two relationship constructs are perceived critical by customers in determining their purchase intentions. Although a study by Macintosh and Lockshin (1997) neither supports the positive relationship between overall satisfaction and FPI nor suggests the link between the two being indirect through commitment (Delgado-Ballester and Munuera-Aleman, 2001), the general convention supports the linkage between overall satisfaction and FPI

(Garbarino and Johnson, 1999; Guenzi and Pelloni, 2004; Jones and Suh, 2000). Similarly, the relationship between commitment and customers' loyalty behaviour has also been well established (e.g., Liang and Wang, 2004; Macintosh and Lockshin, 1997; Zin, 2002). Although previous studies have established the relationship between trust and FPI (e.g., Liang and Wang, 2004; Foster and Cadogan, 2000; Garbarino and Johnson, 1999; Shemwell *et al.*, 1994), the results of this study, however, does not support this causal relationship, which denotes that trust may not be considered important in influencing customers' FPI in this study setting. As Liang and Wang (2004) suggest, trust is more likely to lead to loyalty behaviour if the core service is rather intangible in nature. The results of this study may be due to the service setting offering services with a higher content of tangibles than intangibles.

Regarding overall satisfaction and commitment, these two relationship constructs show different levels of impact on FPI. By comparison, overall satisfaction demonstrates more influence on FPI than commitment. This indicates that although commitment stands for a long-term relationship and psychological attachment, overall satisfaction is a leading indicator of customers' purchase intentions. In other words, in determining FPI, the economic relationship quality has an immediate effect as opposed to the social relationship quality, which seems to be more enduring but gradual.

To sum up, it is the relationships on both ends of the continuum of exchange relationships that determine FPI. Specifically, both service satisfaction with, and relationship commitment toward, the restaurant lead to FPI. The results are consistent with that of Hennig-Thurau *et al.* (2002) in that satisfaction and commitment both influence service outcomes namely positive word-of-mouth and customer loyalty while trust does not. The important roles of this causal relationship primarily lie with their mediation of the relationships between restaurant service attributes and empathy, and FPI. With the significant relationships to FPI, overall satisfaction and commitment have established various links for restaurant service attributes and empathy. This evidence also serves as the main objective for empathy as it attests to the notion that empathy affects FPI through the organisation-level relationship.

## 7.5 Summary

The models described above indicate hypothesised relationships between the latent variables forming the underlying causal structure of FPI. The high chi-square value is mainly the result of the large data set used in the path diagrams. However, in most cases, the overall fit measures indicate significantly well-constructed models. The chapter has examined the interrelationships of restaurant service attributes, empathy, relationship quality and FPI in the setting of upscale restaurants. Six main causal relationships are hypothesised and tested. It can be concluded that definite causal relationships exist. It can also be confidently stated that statistically significant relationships exist in the hypothesised models.

Structural equation modelling has been applied to measure simultaneously the relationships among restaurant service attributes, empathy, relationship quality and FPI. Various new findings have been revealed from the relationships investigated. Above all, the relationships among empathy, relationship quality and FPI have been established. Empathy has shown its strong influence on relationship quality with respect to trust and commitment, which signal the long-term relationships. Though the direct relationship between empathy and FPI is not significant, this relationship is supported and intervened by commitment, suggesting that empathy influences FPI through relationship commitment. In addition, empathy has also been confirmed to be a function of restaurant service attributes. Restaurant service attributes have also been individually identified as the predictors of relationship quality and FPI, the discussion of which has been centred on the emerging pattern with regard to the nature of restaurant service attributes and their influences on the corresponding relationship constructs of relationship quality. That explication in return provides a clearer picture for understanding empathy, as to how it associates with service attributes, relationship quality and FPI.

With regard to the antecedents of empathy, the new findings indicate that empathy can be identified and fostered by service attributes namely, satisfaction with the waiter and familiarity. These two attributes are generally considered as interpersonal social factors. Lacking in the current literature, this significant finding connotes that this interpersonal relationship, empathy, can be managed and facilitated at attribute

level particularly apparent with the presence of interpersonal social service factors. Based on this finding, it can be suggested that the communal relationship as reflected by empathy can be determined by service attributes in the service setting of upscale restaurants.

In addition, the contribution of empathy rests on the findings of the interrelationship among empathy, relationship quality and FPI. The findings suggest that the effect of empathy on FPI in the high contact service context can become clearer with the presence of relationship quality. Specifically, the relationship between empathy and FPI is linked and enforced by relationship quality namely commitment. More importantly, unlike previous studies (Beatty *et al.*, 1996; Coulter and Coulter, 2002; Sharma and Patterson, 1999) revealing the influence of empathy on relationships at a personal level, this study has established the relationship between empathy and relationship quality portraying organisation-level relationships.

This study therefore advances the conventional knowledge about empathy confined within person-to-person relationships to the relationship with the organisation. Empathy therefore could serve as an agent for relationship bonding at both individual level and organisation level, which the latter can be described as customers' desired restaurant relationships. As such, the importance of empathy should not be degraded in such a service setting simply because it does not result in an immediate favourable business outcome such as purchase intentions. Rather, its effect on services should be put into a long-term perspective for relationship building with customers. This finding also conforms exchange theory and relationship marketing theory in that empathy (a communal relationship) leads to relationships with the restaurant, which subsequently determines customers' FPI. As mentioned earlier, the restaurant relationships of trust and commitment have been described as psychological loyalty (Czepiel, 1990) where the latter particularly has also been posited as the equivalence of organisation loyalty (Bloemer and Ruyter, 1998). Under this notion, empathy can be suggested as a determinant of restaurant loyalty, which, however, does not directly translate into purchase intentions as revealed. Such view therefore raises another issue of whether FPI alone explains sufficiently customer loyalty, which might require further investigation.

Additionally, the positive outcome of empathy leading to commitment consummates the marketing effort of developing a long-term relationship with customers whose overt behaviours toward the restaurant are signified by considering themselves as relational orientation customers (regular customers) and loyal customers, and caring about the long-term success of the restaurant. In other words, through the influence of empathy, customers tend to see themselves as regular and loyal customers who also show commitment to, and concern with, the success of the restaurant. Moreover, empathy in this study is also conceptualised as a communal relationship, which has been introduced for its association with restaurant service attributes, relationship quality, and FPI. These findings provide an insightful view of empathy in terms of its antecedents at attribute level, its consequences on relationship quality and its relationship with FPI in a high contact service setting.

The finding also reveals that restaurant service attributes have separate effects on relationship quality and FPI. Satisfaction with the waiter is the upmost factor when judging overall satisfaction while it also has some effect on trust. Food quality is related to trust to a greater extent than its influence on overall satisfaction. The results on food quality in particular make a specific contribution to knowledge by unfolding its effect on customers' trust in the restaurant in addition to FPI. Furthermore, atmosphere is found to have the most important role in influencing commitment among service attributes and the sole factor that affects all three relationship constructs, implying that atmosphere entails both social-oriented and service-oriented aspects. This revealed nature of atmosphere seems more complex than previously thought. The phenomena caused by atmosphere signify that this service attribute could induce human interaction. This also explains why atmosphere relates more with empathy as its predictor than with food quality. The results could also imply that customers who regard atmosphere highly when dining in upscale restaurants make their decision primarily based on atmosphere. The new finding on atmosphere is important because of its comprehensive effects on overall satisfaction, trust and commitment.

Similar to atmosphere, familiarity also demonstrates a positive relationship with commitment, indicating the close association of this social-oriented attribute with the

relational construct. Conversely, it is also evidenced with an inverse effect on overall satisfaction, which may be attributed to the notion that some customers may not favour the feelings of getting familiar or having a close relationship with the contact employee in the service relationship of such service setting possibly due to their personalities or the external factor such as dining occasions. In restaurants, the phenomenon of familiarity can be rather intricate because of the complex nature of this service environment entailing both tangibles and intangibles, and the unique service relationship between the customer and the waiter. This particular finding of the relationship between familiarity and overall satisfaction deserves attention in services of high human contact. This inverse relationship also sheds some light on the negative relationship between empathy and overall satisfaction as empathy acts as the function of familiarity.

Lastly, the notion generated from the linkage between food quality and FPI suggests that rather than the social-oriented attribute it is the service-oriented attribute that is of greater importance in forecasting customers' FPI in upscale restaurants. Service-orientated attributes have apparent influence on overall satisfaction and trust, whereas social-oriented attributes promote a sense of commitment, which has more psychological and emotional properties. The obtained knowledge also assists and promotes the understanding of empathy in relation to relationship quality and FPI. Essentially, all the restaurant service attributes and empathy have either direct or indirect relationships with FPI through the intervention of either overall satisfaction or commitment or both.

The focus of this chapter has been on the examination of the interrelationships among restaurant service attributes, empathy, relationship quality and customers' FPI by developing structural models that provide insights into those interrelationships in upscale restaurant settings. Specific attention, however, has been placed on empathy as an interpersonal relationship for its effects on relationship quality and especially FPI. The major findings indicate that the relationship between empathy and FPI is indirect through commitment. Empathy also demonstrates prominent effects on organisation-level relationships namely trust and commitment with the restaurant, which generally represent long-term relationships. These patterns shown by empathy

connote that empathy is relational and therefore exerts its influence on relationship building such as trust and particularly commitment, which links the association between empathy and FPI. Additionally, empathy has been identified as the outcome of service attributes. Such finding allows the comprehension of empathy at its root cause, and therefore facilitates the understanding of its subsequent influences on relationship quality and FPI.

Furthermore, the findings reveal that restaurant service attributes demonstrate individual influences on relationship quality and FPI. Food quality is the only service attribute that shows a strong impact on FPI. In regard to relationship quality, overall satisfaction and trust tend to be influenced by service-oriented attributes whereas commitment is likely to be affected by social-oriented attributes. On the perspective of relationship quality, overall satisfaction and trust seem to be more instrumental and economically induced than commitment, which appears to be more socially and psychologically induced and therefore could signal a loyal relationship. It can be generalised that service-oriented attributes are more associated with economic relationship quality (i.e., overall satisfaction and trust), whereas social-oriented attributes are more related with social relationship quality (i.e., commitment). This revelation provides a more specific understanding of how relationship quality is formed relative to service attributes. The new findings of relationship quality mainly lie in the demonstration of the three relationships (overall satisfaction, trust and commitment) in terms of their nature as either having economic relationship quality or social relationship quality in relation to restaurant service attributes.

Informed by the findings of customer types, the effect of empathy on customers' purchase behaviour could be more evident in view of customers' relationship orientation. More specifically, the impact of empathy could be maximised and warranted if the recipients are socially oriented customers, such as regular customers. Essentially, empathy is relational and therefore its impact can be obvious in relationship establishment through which customer loyalty is attained. In other words, its influence on customers' purchase intentions is rather gradual and not immediate, and is more effective through relationships. Based on its nature of being relational, empathy could possess a profound and enduring influence on customer's loyal

behaviour. In summary, these uncovered phenomena of empathy during service encounters in the setting of upscale restaurants are of significant value for marketing by disclosing its relationships with restaurant service attributes, relationship quality and FPI. In addition, the relationships among other restaurant constructs also offer an enhanced knowledge of empathy in such a service setting.

This study discloses numerous findings that contribute to the significant knowledge in the literature and the marketplace. A major finding from the analysis is that empathy could produce the loyalty behaviour of FPI through a relationship, namely commitment. Although the findings are revealed in upscale restaurant settings and therefore are especially practical for researchers and marketers in this field, the results if viewed in a broader perspective are beneficial for other service-related research in general and embody multiple marketing and research implications.

## CHAPTER 8.

### 8 CONCLUSIONS AND SUGGESTIONS FOR FURTHER RESEARCH

#### 8.1 Introduction

The service industry particularly with high level of intangibility and high human contact has long been searching for the formula for customers' future purchase intentions to maintain long-term business success. One of such services with this obvious intent is the restaurant business that involves high level of social interactions. In reviewing the literature pertaining to customer loyalty in terms of purchase intentions in restaurants, the majority of the empirical studies have focused on the attribute-specific performance (Almanza *et al.*, 1994; Mittal *et al.*, 1999; Soriano, 2002) or adopted service quality measurement (Mittal and Lasser, 1996; Winstead, 2000; Zeithaml *et al.*, 1996) in predicting both customer satisfaction and restaurant repatronage or choice. The mere investigation between the causal path of that limited framework may fail to capture the gestalt of overall service perception in connection with relationship building and the underlying phenomenon of customer loyalty. This research extends current research further by employing the concepts of global constructs of relationship quality between the customer and the organisation in an effort to better realise and predict customers' FPI in the service industry in general and upscale restaurants in particular.

Central to the study has been the construction of a conceptual model that manifests the underlying relationships among the restaurant service attributes, empathy, relationship quality and customers' FPI. The model has provided a foundation for the development of hypotheses and the examination of the relationships between the constructs included in the developed model. The study has investigated the following areas.

1. The impact of restaurant service attributes on empathy- a communal relationship.

2. The influence of restaurant service attributes on relationship quality and FPI.
3. The influence of empathy on relationship quality and FPI.
4. The relationship between relationship quality and FPI.
5. The influence of customers' relational preference on service perception and service outcomes. Specifically, this is a comparison of customer types between regular customers and occasional customers to determine the extent to which they differ with respect to their evaluation of restaurant constructs based on their relational preference toward the restaurant.
6. The comparison of the performance of restaurant constructs between two restaurant types. It examines to what extent the two types of restaurants: city restaurant type and country restaurant type differ in the performance of restaurant constructs based on their customers' perception.
7. The customer profiles of the customer types and of the restaurant types. Such investigation aims to determine to what extent do they vary from each other.

## **8.2 Key Findings**

### **8.2.1 Constructs and their Relationships**

The causal relationship between restaurant service attributes and empathy has been established. The service attributes influence the waiter's empathic delivery to the customers, that is, customers' perceived empathy. This finding reveals the causes of empathy at attribute level within which empathy acts as the function of service attributes. In other words, the communal relationship is confirmed as the consequence of restaurant service attributes. Not surprisingly, the attributes namely satisfaction with the waiter and familiarity are interpersonal and social in nature and thus show significant effects on empathy. It construes that at attribute level, the communal relationship is likely to be induced by person-to-person or social factors. More generally, the findings provide additional evidence that empathy could be manifested through the service attributes relating to interpersonal and social aspects.

The linkage between relationship quality and FPI has been established, which also paves the way for the relationships among restaurant service attributes, empathy and FPI. Specifically, overall satisfaction and commitment are found positively related to FPI while trust is not. Compared to commitment, overall satisfaction is a stronger

predictor for FPI. The results could be inferred that customers generally regard economic relationship quality more highly than a relational one when judging their purchase decisions toward upscale restaurants. By examination these two restaurant relationships also serve as the mediating roles connecting the relationships among restaurant service attributes, empathy and FPI.

The examination of empathy in relation to FPI is twofold, one of which is the direct path while the other is indirect through relationship quality. With regard to the indirect one, empathy has shown an effect on trust and commitment but not on overall satisfaction. This interpersonal factor shows the impact of trust and commitment through which the restaurant ties long-term relationships with the customers. These two restaurant relationships have been advocated as the central ingredients of relationship marketing and represent a higher bond with the organisation. This finding signifies that empathy could lead to organisation-level relationships with respect to trust and commitment rather than limited to personal relationships as has been suggested in the previous chapter. The influence of empathy on relationship commitment creates an indirect effect on FPI. The lack of a positive relationship with overall satisfaction further highlights the nature of empathy that is more inclined toward relational elements rather than economic or instrumental elements. This result is of particular importance in understanding empathy and how it affects relationship quality and FPI in an upscale restaurant setting.

The results also imply that the communal relationship determines relationship commitment. The effect on relationship commitment symbolises the critical notion that the communal relationship between the customer and the waiter causes them to predispose themselves as relational orientation customers (regular customers), loyal customers, and customers concerned with the long-term success of the restaurant. In other words, perceived empathy promotes a sense of attachment among customers and makes them become loyal to the restaurant. The effect of empathy on trust connotes that customers perceive the service as reliable, as being able to be counted on and the service standard as being relatively high. These consequences of empathy echo the relationship bonding with the restaurant shown by customers. This is a valuable new finding in which empathy has been theorised as a communal

relationship which has a significant effect in the realm of relationship marketing that centres on relationship building between the customers and the restaurant through trust and commitment.

For the direct path, the finding suggests that empathy in a high contact service setting does not create instant purchase intentions. However, empathy could influence FPI through commitment serving as the mediator. More precisely, with the effect on trust and commitment, empathy achieves psychological and attitudinal loyalty among upscale restaurant diners. Although not a behavioural outcome, empathy bonds customers to the restaurant psychologically. The two separate results of empathy in connection with relationship quality and FPI synthesise the notion that empathy tends to produce a more durable consequence of long-term relationships rather than the immediate result of the loyalty behaviour of FPI. Essentially, empathy promotes relationship building from which empathy affects FPI.

The effect of restaurant service attributes on customer relationship formation in upscale restaurants has been identified. This finding provides a better understanding of empathy and how it correlates with other constructs. Specifically, the relationship between restaurant service attributes and relationship quality is manifested with attributes being categorised in service-oriented and social-oriented attributes and with relationship quality classified as economic and social relationship quality. There is no study revealing such association between these two constructs. Hence, it contributes significantly to the literature and is differentiated from other studies by demonstrating that overall satisfaction, trust and commitment could be attained through the management of corresponding restaurant service attributes. In general, compared to the social-oriented attributes, the service-oriented attributes such as satisfaction with the waiter and food quality tend to affect overall satisfaction and trust, which could be viewed as economic relationship quality as they are more instrumental and evaluative in nature particularly with overall satisfaction. In other words, the service-oriented attributes are more likely to induce economic relationship quality. Conversely, social-oriented attributes are related closely with social relationship quality. In addition, atmosphere tends to entail both social and service elements with more leaning toward the social end. This service attribute shows the

most evident effect on the social relationship quality, commitment. Atmosphere is also the only service attribute that has an effect on all three factors of relationship quality. Social-oriented attributes appear to create a strong influence on relationship commitment, which has been posited to be a critical ingredient for relationship building and mirrors a long-term relationship between the customer and the service provider.

In addition, while familiarity has a prominent effect on commitment, it relates to overall satisfaction inversely. This inverse relationship is a new finding that deserves further investigation. One underlying cause of such a result may involve customers' transaction orientation toward the contact employee namely boundary open and boundary close.

To sum up, these findings are significant in the way that they provides better insights into the relationships between restaurant service attributes and relationship quality by taking into consideration customers' relational preference and other internal (e.g., boundary open) and external, situational factors (e.g., dining occasions). The service mix of an upscale restaurant entailing both social and service factors has shown significant and separate impact on different aspects of relationship quality. These new findings have diverse implications on the realm of customer behaviours and more importantly, create a new dimension relating to service attributes and organisation relationships from which the antecedents and consequences of empathy could be better comprehended.

The effect of restaurant service attributes on FPI has also been found with food quality being the only attribute that has a direct effect on FPI. This finding connotes that food quality plays the most critical role when determining FPI. This finding fills the gap in determining the influential force of repurchase intentions in upscale restaurant settings. However, all attributes have an indirect effect on FPI through the intervention of either overall satisfaction or commitment. The findings signify that all service attributes show different capacities in influencing FPI in either a direct or indirect way. They highlight the apparent influence of service-oriented attributes in

determining purchase behaviour in upscale restaurants as opposed to social-oriented attributes, which are more associated with empathy.

### **8.2.2 Differences and Similarities of Customer Types**

The results show that customers who consider themselves as relational orientation customers (regular customers) evaluate restaurant service attributes and perceived empathy more positively compared to their counterpart transactional orientation customers (occasional customers). More importantly, they show favourable relationship quality and FPI. These key findings reflect the notion that relational preference by customers could result in different evaluations, relationships and future purchase decisions even if they are provided with a similar service.

Compared to occasional customers, regular customers perceive empathy more intensely, or specifically they respond more profoundly to the emotional component of empathy indicating that they are more associated with and reactive to affective empathy than cognitive empathy. This finding therefore suggests that regular customers are mainly affectively driven.

In regard to relationship quality, overall satisfaction, trust and commitment highlight the relationships for regular customers. The fresh findings differ from previous studies in that regular customers do not only show positive trust and commitment but also demonstrate favourable overall satisfaction. To sum up, it could be concluded that overall satisfaction, trust and commitment are the indications of restaurant relationships for regular customers while overall satisfaction portrays the restaurant relationship among occasional customers to a great extent followed by trust. Therefore, it could be suggested that regular customers have stronger relationship ties with the restaurant that are both economic and relational, while occasional customers have weaker relationship ties that are mainly instrumental and less relational. In addition, regular customers demonstrate explicit purchase intentions toward the restaurant. This overt purchase behaviour signals that regular customers are more loyal to the restaurant.

Comparing the two customer groups, a distinction could clearly be made by suggesting that regular customers are prone to develop principally relational relationships in addition to the economic relationship whereas occasional customers primarily opt for an economic relationship. These different effects associated with customers' relational preference could be ascribed to customers' predisposition formed from past interactions or a relationship (e.g., a communal relationship) with the service provider, among other things. Hence, it could be presumed that the established relationship that regular customers have with the restaurant or with the contact employee could affect their judgment and the subsequent service outcome. It is the phenomenon of halo effect in which regular customers tend to process information at higher abstraction. The other cause for the distinctive outcomes may be associated with relational benefits, indicating that regular customers in fact gain some benefits from the relationship with the waiter or the restaurant to the extent that those received relational benefits positively influence their evaluation. These findings contribute significantly to the literature by demonstrating the effect of customers' relational preference on their responses to service perception and the subsequent service outcomes in high contact services. Empathy, in particular, has been shown to be intensely felt by regular customers and therefore is postulated to be one of the potential causes of a positive service evaluation and outcomes.

In addition, the two groups of customers differ significantly in regard to the level of education. By comparison regular customers are shown to have a lower level of education than occasional customers, indicating that less educated customers tend to be more loyal. Although the findings are consistent with previous studies (Jain, *et al.*, 1987; Mittal and Kamakura, 2001) this results give rise to additional attention for marketing strategy for average customers of such restaurant type for their loyalty behaviour.

### **8.2.3 Differences and Similarities of Restaurant Types**

In examining the restaurant type, city and country type which are diverse in many aspects of operation, the results show that only atmosphere is perceived differently between the two types. The difference might be caused by the exclusive location of a country type restaurant.

With respect to social demographics, the findings show that age, gender and living arrangements are significantly different between the two while the level of education is not. By comparison, country type restaurant customers consist of more male and older customers than city type. Such dissimilarity explains the style of country type that is regarded as a more leisure and resort type of establishment. A city type restaurant, compared to country type, caters more to female and younger customers, which may be due to its city location and other elements such as food and atmosphere that are perceived as more contemporary and trendy and therefore are more favoured by female and younger customers. More importantly, the results suggest that the level of education does not vary between the two, but customers of both types are generally highly educated. The level of education usually serves as the reference point for differentiating upscale restaurant customers from restaurants of lower scale categories. Based on the findings of this comparison, the evidence supports the critical notion that these two restaurant types do represent restaurants of upscale category.

#### **8.2.4 Summary**

The findings reveal significant relationships based on the conceptual model under study. Empathy has been found to have a significant relationship with restaurant service attributes. That is, service attributes affect and determine the communal relationship. Essentially, it is the interpersonal and social attributes that induce empathy from the waiter. This outcome establishes an association between empathy and service attributes. In addition, empathy theorised as a communal relationship at the personal level has been found to have a significant association with organisation-level relationships namely trust and commitment. It could thus be concluded that empathy creates double bonds at both levels in upscale restaurants. Though insignificant with FPI, empathy has an indirect impact on FPI through commitment, which could symbolise attitudinal or psychological loyalty. In addition, the results demonstrate that restaurant service attributes play different roles in influencing relationship quality and FPI. The findings have suggested that restaurant service attributes could be classified into different categories namely service-oriented and social-oriented attributes for their separate effects on relationship quality and FPI. Compared to social-oriented attributes, service-oriented attributes tend to have more

influential force on overall satisfaction, trust and FPI, whereas the social-oriented attributes relate more to commitment. Unlike overall satisfaction and trust, commitment is closely associated with interpersonal and psychological elements. In linking with the service attributes, the nature of relationship quality is thus manifested. Overall satisfaction and trust could be considered as economic relationship qualities whereas commitment is better depicted as a social relationship quality. This evidence also casts light on the nature of empathy and its relationship with relationship quality and FPI.

In addition, the aspect of study in relation to customers' relational preference exposes the significant impact of customers' relationship orientation toward the restaurant on their service perception and service outcomes of relationship quality and FPI. Compared to occasional customers, regular customers show a significantly positive perception on almost every aspect of service. One of the intriguing findings from empathy concerns the affective component that is more deeply perceived than the cognitive one by regular customers, suggesting that they are more responsive to emotional and social aspects of interactions. Generally, regular customers express positively on all relationship constructs of relationship quality. Their restaurant relationships, however, are mainly described by trust and commitment that are more relational and entail a higher bond compared to overall satisfaction. Conversely, the nature of restaurant relationship of occasional customers is depicted with overall satisfaction that is less relational and more economic. Of particular note is determined FPI shown by regular customers. Compared to occasional customers, regular customers have expressed a high level of FPI, indicating that they could be more loyal than their counterpart. With regard to social demographics, level of education is found statistically different between the two customer groups with occasional customers tending to have a higher level of education as opposed to regular customers. Overall, the finding of these interrelationships throws light on the effects of relational preference on service perception and service outcomes in the setting of upscale restaurants.

In addition, within the perspective of service perception and outcomes by their customers, the two restaurant types are regarded equally in nearly all aspects of

performance except for atmosphere. In regard to social demographics, only the level of education is found insignificant, which signifies that although these two restaurants are dissimilar in customer segments, they also fit in the specification of upscale restaurants in the aspect of customers' level of education.

### **8.3 Significance of the Research**

#### **8.3.1 Theoretical Implications**

There are no studies proposing the theoretical framework dealing with service attributes and empathy in association with relationship quality entailing overall satisfaction, trust and commitment, and FPI as the consequent behaviour in general and with the specific focus on the influence of empathy, in particular. Essentially, empathy is postulated to have a direct linkage with FPI. Empathy is also theorised to have an association with relationship quality through which empathy could also determine FPI. Empathy is suggested to predict relationship quality and FPI in upscale restaurants based on grounds that interpersonal relationships could be crucial for service evaluation and positive behavioural responses such as relationship building and purchase behaviour in the high contact, complex service setting. In addition, empathy is theorised as a communal relationship for its association with restaurant service attributes. That is, the communal relationship between the customer and the waiter is seen as a function of restaurant service attributes. Furthermore, this study also projects that restaurant service attributes have discrete influences on relationship quality and FPI. The incorporation of service attributes as the influential force for relationship quality and FPI permits the detection of the underlying phenomena among them, which in return help manifest empathy that cannot be otherwise clearly understood if the scope of the investigation is confined to its sole relationships with relationship quality and FPI. Such a theoretical design helps the realisation of empathy for its very nature and the correlation with other restaurant constructs. The conceptual framework is comprehensive and could lead to a better understanding of restaurant constructs particularly empathy.

Based on the conceptual framework, this study has employed a model that deals theoretically and empirically with the restaurant constructs under study, embodying empathy and restaurant service attributes as predictors, relationship constructs as the

mediating variables, and FPI as the dependent variable. To the researcher's best knowledge, there exists no work based on such a model that explicitly examines, among others, the direct influence of empathy on FPI and the indirect influence on FPI through organisation-level relationship quality. It is also theoretically distinct from others in the view that empathy or a communal relationship serves as the result of restaurant service attributes. This proposed link sets out to trace the antecedents of empathy to pave the way for the subsequent investigation in the model. The Empathy-FPI model in this study thus contributes significantly to the current body of theories and conceptual frameworks.

With regard to the conceptualisation of empathy, most of the extant studies regarding empathy involve SERVQUAL, the measurement instrument for service quality, in the gap model in which the dimension of empathy is generally conceptualised as caring and individualised attention to customers. That conceptualisation is more technical concerning little affective elements and therefore may be inadequate in capturing subtle customer reactions in the current service setting. Further, the perceived empathy by customers in the gap model is gained by mathematical calculation between two phases: prior to and after the service rather than a direct, holistic perception. The conceptualisation of empathy in this study is distinct from that in SERVQUAL and more importantly embodies understanding, anticipation, showing consideration for one's feelings and sensing the non-verbal cues of customers, among others, which entails both cognitive and affective components and thus are considered more relevant to this studied setting. Such conceptualisation of empathy is void and therefore contributes to the existing literature.

In addition, research pertaining to customer loyalty in restaurants has been focusing on the discrete attribute performance for the prediction of customer purchase behaviour or based on disconfirmation theory for the understanding of customer satisfaction in forecasting subsequent behaviour. Research of that nature is somewhat limited and circumscribed in understanding true customer loyalty behaviours, which in contrast could be more observable from the perspective of relationship quality that captures the higher level of relationship between customers and the restaurant. Although high level of relationship quality with the service organisation may not

necessarily translate squarely into purchase behaviour, it construes the degree of relationship ties with the organisation in a long-term perspective.

Of high theoretical value is the notion that this study applies exchange theory and relationship marketing theory as the theoretical underpinning for the development of a conceptual framework and a model. Specifically, exchange theory regulates the relationship between the communal relationship and relationship quality. It suggests that through empathic or communal behaviours by the contact employee, the relationship with the contact employee will evolve to a relationship with the restaurant. Subsequently, relationship marketing theory suggests that once the relationship with the customers is established through the effort of the contact employee, customers tend to be loyal to the organisation and resist switching. Relationship quality in this study describes the relationships between customers and the restaurant. The relationship constructs of overall satisfaction, trust and commitment could represent different intensity in relationships. These organisation-level relationships, according to the theory of relationship marketing, could lead to customers' loyalty behaviour, FPI. In principal, these two theories portray the sequential linkages between empathy and customers' intentions to purchase. In addition, this study also applies affect theory to depict the relationship between service perception (restaurant service attributes and empathy) and relationship quality as a supporting theory. This theory suggests that a positive affect arises when exchanges involving service attributes and empathy are successful, which consequently could lead to relationships with the organisation. Hence, based on this theory, relationship quality could also be determined by affect or emotion stemming from the perception of restaurant service attributes and empathy.

Furthermore, this study theorises that relational preference by customers could bias their service perception and the evaluation of service outcomes in the high contact service settings. Compared to occasional customers, regular customers are suggested to bear more positive attitudes and have more access to relational benefits, which together could lead to positive service perception and service outcomes, namely favourable relationship quality and determined FPI. With respect to service perception, empathy is focused on the discussion of its possible association with

relationship quality and FPI among regular customers. The application of empathy in relation to customers' relational preference in the service settings of upscale restaurants could provide the valuable theoretical implications based on exchange theory, relationship marketing theory and affect theory.

### **8.3.2 Consumer Behaviour Implications**

The study contributes to a broader understanding of consumer behaviour in the service industry by providing empirical evidence, showing that customers could form positive relationships with the restaurant and show their apparent purchase intentions from the engagement with service attributes and especially empathy. In regard to service perception, consumers respond differently to service attributes in forming their specific restaurant relationships and FPI. Furthermore, an understanding of empathy from its origin, and its influences on relationship quality and the subsequent loyalty behaviour, also provide a reference point for future studies on consumer behaviour in other service settings that are high in social contact.

Using the example of full-service upscale restaurants, the study offers a practical yet also detailed view of consumer behaviour in a service setting of this kind. This study provides the additional view on how customers determine their purchase decision by introducing the intervening relationship quality constructs, which both mediate and moderate the relationship between service attributes/empathy and FPI, signalling customers' relationships with the restaurant, showing positive attitudes toward the restaurant, and serving as bonds to behaviours. In forecasting FPI in the context of relationship formation, this study highlights the influence of empathy on customers' relationship quality with the restaurant, which subsequently demonstrates the positive impact on customers' purchase intentions. Therefore, the effect of empathy on customers primarily rests on its relational property for relationship building through which long-term relationships with customers and their loyalty behaviour could be attained.

As part of the research interest and design, this study also determined whether the customers with different relational preference toward the restaurant would generate different perception of restaurant service attributes and empathy, and the evaluation

of service outcomes of relationship quality and FPI. The results have shown that there exist significant differences in perception of restaurant service attributes and empathy in forming restaurant relationships and influencing FPI between the two distinct relationship orientation customer groups namely, regular customers and occasional customers. These two groups of customers have their own subjective feelings toward the restaurant. With regard to service perception, the findings suggest that the longer-term and more loyal the customers are (i.e., regular customers), the more favourably they view service attributes and empathy than the other group of customers who, on the contrary, show less favourable perception on service attributes and empathy. Regular customers show evident empathy, especially the affective component, indicating that they are more reactive to the social and interpersonal aspect than the cognitive one. In addition, regular customers demonstrate a distinctively positive relationship quality with the restaurant in terms of overall satisfaction, trust and commitment compared to that of occasional customers. More importantly, regular customers express obvious and determined purchase intentions as opposed to occasional customers. Therefore, the regular segment is more inclined to social interactions, more relational with the restaurant and has apparent loyalty behaviour toward the restaurant. It is noticeable that customers' relational preference toward the organisation has a definite effect on their behavioural response namely favourable relationship quality and FPI, which, among others, could be associated with empathy felt during the service encounters. This aspect of the study leads to a better understanding of consumer behaviour in relation to empathy and customers' relationship orientation in high contact services.

Other knowledge generated from the study of customer types pertains to the level of education in relation to the level of loyalty. Regular customers who are also considered as loyal are found to have a lower level of education compared to their counterpart occasional customers. This evidence may suggest that consumers with a lower level of education tend to search less for alternatives and thus are more loyal to their service provider. In other words, the majority of upscale restaurant customers who generally have a high level of education are likely to do more searches and thus are likely to be less loyal. This finding however merits further investigation.

### 8.3.3 Marketing and Managerial Implications

The models and findings could provide indications for developing marketing strategies for a market with a high service orientation, ideally the hospitality industry. The findings provide insights into the interrelationships among restaurant service attributes, empathy, relationship quality and customers' FPI. The results indicated by the relationship between restaurant service attributes and empathy suggest that service attributes such as satisfaction with the waiter and familiarity can be exploited to promote the communal relationship between the waiter and the customers. This specific finding implies that interpersonal social attributes are highly associated with empathic behaviours shown by the waiter, and provides marketers with a better understanding as to how empathy could be identified and thus be facilitated at an operational level in a high contact service setting. The recognition of empathy as an essential interpersonal relationship in services leads to a subsequent organisational practice of staff recruiting of service personnel who are innately high in empathic capacity. As has been discussed in an earlier section, empathy is primarily a natural ability, which can be identified but cannot be fully gained by training. As such, when recruiting, the management should identify potential employees with empathic ability rather than mere technical service skills for better service results and long-term profit of the organisation.

Another marketing implication from this finding engages the role of empathy as a social agent intended to promote desired customer behaviours such as relationship building and in turn patronage. As has been shown by the study, the human interaction through empathic behaviours creates a double bonding for customers: one between the customer and the contact employee, the other between the customer and the restaurant. More specifically, the communal relationship signifies the relationship at the personal level while relationship quality connotes the relationships at the organisation level. This study has thus established the sequential paths of the two in which empathy could be utilised to court organisation-level relationships with respect to trust and commitment. Hence, to strengthen the relationships with customers for the subsequent influences, empathy should be employed in the customer-employee dyad during service encounters particularly in services of high contact and intangible in nature. The insignificant relationship between empathy and FPI, however,

connotes that empathy does not prompt customers' immediate purchase decision. The relationships with relationship quality and FPI therefore imply that empathy should be utilised primarily for courting long-term relationships with customers and their patronage over time. It contributes to a better understanding of customers' purchase intentions, which are found not through the direct effect of empathy but primarily through a relationship namely commitment. To put this notion into practice, marketers and managers should make an effort to recognise and encourage empathy among contact employees with whom the customers interact during service for desired outcomes. Ultimately, empathy is about relationship building. It is noteworthy that the association between empathy and commitment indicates that empathy motivates customer behaviours such as being loyal and considering themselves as regular customers. These underlying phenomena provide valuable information for marketing practice in services of this type.

In addition, a pattern emerged from the findings shows that different relationship qualities react differently to individual service attributes. Overall satisfaction, trust and commitment are engendered dissimilarly by attributes classified as service-oriented or social-oriented attributes. To promote commitment for example, the social-oriented elements namely, atmosphere and familiarity should be emphasised. Conversely, overall satisfaction and trust could be attained mainly through the service-oriented factors such as satisfaction with the waiter and food quality respectively.

Following from that, for an effective marketing effort, it should be recognised that these three relationship constructs play different roles in bringing out different mental responses from customers for restaurant relationships. In general, overall satisfaction being on one end of the continuum reacts to the direct perception of the service performance of the restaurant whereas commitment being on the other end corresponds to customers' desire of considering themselves as regular and loyal customers, among others. Overall satisfaction is solely economic whereas commitment is purely relational. Lying in between on the continuum, trust reflects the perceived service being met with expectations, being able to be counted on and having good value for money among others. To summarise, overall satisfaction and

trust are more likely to be engendered through received service. The “reward” received by customers should reinforce their relationships that are seen as having economic relationship quality and are more instrumental and evaluative in nature. In contrast, commitment could be created through interpersonal social elements that are related to interpersonal as well as emotional aspects and therefore can be viewed as social relationship quality. This relationship quality is thus less instrumental and less evaluative in nature, and also serves as the main result of empathy.

These three relationship constructs symbolise discrete mental responses customers have toward the restaurant. The distinction of these three relationship constructs of relationship quality provides a clearer knowledge of how they could be achieved by, and are related to, individual service attributes by revealing their characteristics in relation to service-oriented and social-oriented attributes. Such revelation in turn manifests the relationship between empathy and relationship quality. Therefore, the findings provide insights into the interrelationships of all restaurant constructs, which lead to a better knowledge of empathy as to what its correlates are and how it can interact with other constructs, and more importantly what potential consequences empathy could create for consumers. Overall knowledge of these restaurant constructs offers a broader view for more effective marketing strategies for customer purchase behaviour.

On the perspective of restaurant service attributes, food quality, the core service of the restaurant, prompts the feelings of trust the most, and more importantly it directly generates FPI. This shows that high quality of food is the most effective marketing tool for creating FPI in upscale restaurants. This outcome also signifies that it is a service-oriented attribute that determines FPI, which may explain why empathy does not have a direct impact on FPI. Moreover, food quality is also the valuable marketing means to eliminate customers’ sense of uncertainty and risk about the restaurant service. Satisfaction with the waiter could also lead to FPI through overall satisfaction to which it contributes the most. Therefore, focusing on the waiter’s service performance that entails interactions with the customer should equally warrant the marketing result of creating repeat patronage. In addition, this service attribute also determines empathy. Hence, service performance by the waiter (e.g.,

satisfaction with the waiter) merits extra consideration for marketing purposes. In practice, employee training for improving their job performance in technical and people skills is recommended when in contact with customers, particularly in these types of restaurants.

With regard to familiarity, this aspect of service attributes could lead to FPI through the construction of relationship commitment and concerns with the personal relationship between the waiter and the customer rather than his service skills per se. Thus, the marketing effort could rest on relationships with the customers at a personal level in terms of friendship or closeness for instance, for the anticipated outcome of relationship commitment and in turn FPI. However, high managerial value is gained with the results that familiarity causes an inverse effect on overall satisfaction. The contact employee should be trained in a way that they can subtly screen both the service situation and customers for a favourable service result, due to the fact that customers may have different preference for relationships. In general, compared to occasional customers, those who consider themselves as regular customers favour a closer relationship with the waiter and the restaurant. As such, familiarity would achieve a better service outcome on the regular group than on the occasional group.

In relation to familiarity, the same approach can also be applied to the context of transaction orientations among customers that are classified into boundary-open and boundary-closed transactions. The former tends to desire a more “open” relationship with the waiter whereas the latter does not. Such classification also relates to dining occasions that act as a benchmark for the waiter to determine what service approach to initiate. In business dining, which constitutes most of the upscale restaurant dining, diners could be considered boundary-closed. Conversely, customers could be more boundary-open if they are in a more casual dining mode. Furthermore, some customers, by personality, favour either one of the transaction orientation types irrespective of the dining occasions. In summary, customers should be approached accordingly based on internal and external cues particularly in the service relationship of upscale restaurants. The above discussion about familiarity suggests the fact that there are customers who do not favour a personal relationship with the waiter, which provides a perspective for market segmentation strategy through which customers

with different preferences for relationships should be marketed differently and separately for the upmost positive service outcome. This knowledge provides the background for the understanding of empathy through the effect of familiarity, which also partly explains the negative relationship between empathy and overall satisfaction.

With respect to atmosphere, marketers and managers should pay attentions to the design of the service environment in which the customers spend a relatively long time for the service, particularly in service 'factories' such as upscale restaurants. In the findings, atmosphere has been shown to provoke multiple effects of commitment, trust and overall satisfaction through customers' physical and emotional responses during service encounters. That highlights the importance of atmosphere in a restaurant of such type. In particular, atmosphere shows the greatest effect on commitment followed by trust and overall satisfaction. This evidence suggests that atmosphere is perceived more as a social-oriented attribute than as a service-oriented attribute as it mainly creates a sense of commitment toward the restaurant. Specifically, the results may imply the close association between atmosphere and social interpersonal interaction,. In addition, there may be a market segment that particularly desires an atmosphere when dining out and therefore generates relationship commitment. In summary, managers should not overlook this highly expected service attribute although it appears to involve little human component.

With regard to relational preference among customers, the findings demonstrate that significant differences exist in relationship quality and the subsequent FPI shown between regular and occasional customers. Specifically, regular customers form significantly positive restaurant relationships such as overall satisfaction, trust and commitment, which entail both economic and relational relationship quality, and most importantly demonstrate determined FPI. Inferred from this finding, marketers and managers may be further advised to deal with the issue of converting short-term customers into long-term customers such as regular customers through the marketing effort such as empathic behaviours by the contact employee, while paying attention to the notion that some customers may prefer a relationship at distance.

The perception of each restaurant construct between these two groups of customers is distinctive. This phenomenon provides a twofold marketing consideration for marketers. Firstly, regular customers are inclined to judge services more positively and develop more favourable relationships (overall satisfaction, trust and commitment) and determined FPI because of their predetermined attitudes toward the restaurant. Secondly, it seems that better service or social benefit is exclusive for, or more available to, regular customers because of the relationship developed between the customer and the waiter, and therefore they tend to rate the overall performance more positively, which subsequently leads to positive restaurant relationships and FPI. In any case, having regular customers (showing commitment) could assure long-term business profit. One of the avenues to achieve the relationship conversion from non-commitment to commitment could be made successful through the application of empathy. This relational element could promote relationship commitment among customers. Equally important from a marketing perspective, occasional customers show overall satisfaction with the restaurant through which their FPI may be reached. For customers of this segment, the marketing effort should be directed at the service performance for a maximised service result.

In addition, to enhance market share, every effort should be made to retain the patronage of existing customers, particularly those who are loyal regular customers. Attempts should also be made to capture those occasional customers. Based on the positive service outcomes shown by regular customers, they are not only inclined to develop trust and commitment but also overall satisfaction. Hence, marketing campaigns targeted at them should aim to promote service assurance that meets their expectations for trust and encourage their sense of commitment to the restaurant through social contact by the service staff while maintain a satisfactory level of service performance. Conversely, occasional customers are more responsive to overall satisfaction in an economic relationship. Hence, marketing efforts aimed at this segment should highlight the unique features of food and service offered by the restaurant to increase their level of overall satisfaction. Based on the outcomes shown by occasional customers, a restaurant should be seen as offering a substantial comparative advantage for this group of customers in order to justify their patronage.

Extending from the above findings of customer types, it is worth noting though that some customers may not favour having a relationship with the restaurant due in part to their predisposition. In dealing with such a notion, marketers and managers should be mindful in placing emphasis on the service attributes and empathy on this customer group in promoting relationship building particularly with commitment. For those shorter-term customers, the marketing strategies should be focussed on optimising the general impression of overall satisfaction through service-oriented attributes that are regarded as more rewarding.

In addition, the comparison between two restaurant types suggests that a country restaurant has a great advantage with a natural landscape. Being in the regional area, the atmosphere of the country type is perceived positively by its customers over its city counterpart. In addition to the realisation of the differences in performance between the two types, this comparison study also results in an unexpected implication for regional tourism in which a country restaurant could promote its exclusive atmosphere along with other service offerings to attract more tourists to the region.

As for the social demographic characteristics between these two customer groups, regular customers are shown to have a lower level of education compared to occasional customers. While having little marketing value, it does suggest a possible path to achieving determined FPI for all customer types regardless of their level of education through relationship building while taking into account their relational preference. It is hoped that through the established relationships their loyalty behaviour toward the restaurant could be solidified and the effect of their education on their purchase behaviour could be minimised. In addition, the differences in customers' social demographics namely gender, age, and living arrangements between restaurant types are also revealed. The differences provide marketing strategies for customer segmentation, allowing the focus on customers that fit in the profile. Specifically, for the country type, the marketing effort could be allocated more to male and older customers, whereas for the city one, female and younger customers should be given more marketing attention. Such marketing efforts for both

restaurant types, however, could warrant better results if they are all directed at customers who tend to have a higher level of education.

The overall findings enlighten marketers and managers with comprehensive insights into the phenomena of customers' FPI in the restaurant context. Rather than merely searching for a link between the service attributes and loyalty, both marketers and managers may also attempt to establish marketing strategies which emphasise on relationship building with customers with a view to securing customer loyalty behaviour. For customers' relationship quality with the restaurant, efforts should be emphasised differently for overall satisfaction and trust, and commitment. While overall satisfaction and trust are motivated by service-oriented elements, commitment could be facilitated with social-oriented elements. In sum, both service-oriented and social-oriented attributes have separate effects on relationship quality and are equally important in the light of market segmentation. The study findings on relationship constructs of relationship quality in relation to restaurant service attributes allow the marketing efforts to be allocated accordingly for favourable business results. Especially, a clear understanding of the determinants of overall satisfaction and commitment can allow the marketers to distribute efforts to the corresponding factors for achieving FPI effectively.

Empathy in particular could be utilised as the driving force for trust and commitment and in turn to achieve FPI. In other words, empathy should be promoted for relationship building with the organisation through which loyalty behaviour could be achieved. Essentially, empathy is proved to be relational. In addition, this interpersonal relationship could be more effective in the context of customers' relationship orientation. That is, empathy could function to its full capacity among relational orientation customers while the same capacity may not be witnessed among the transactional group. The true understanding of empathy allows marketers and managers to apply empathy in suitable service settings and the appropriate context for the utmost service results.

#### **8.3.4 Methodological Implication**

The conceptual framework developed for this study and its multiple analytical techniques will provide guidance for other related studies. It is therefore suggested

that additional studies should be undertaken for the effect of empathy among others, on the relationship quality and FPI using this model for applicability and validity. In addition, the attributes that are suited to the intended study setting and contain interpersonal, social elements should also merit an investigation for their association with this communal relationship, empathy. Such focus should result in warranted outcomes in terms of the correlates and effects of empathy in service studies of similar types.

The application of structural equation modelling (SEM), principal components analysis (PCA), and confirmatory factor analysis (CFA) also contribute to the existing literature. PCA can be applied to reveal the underlying dimensions of constructs in other restaurant studies with reduced items or indicators. The objective of the analysis is to examine whether there are different dimensions in restaurant service attributes in other studies of similar settings and to find any like dimensions in a similar or dissimilar order of importance. CFA can be utilised to attest the dimensionality of constructs confirmed in this study in other service settings. These variances in dimensions can be subjected to SEM for potential latent relationships that are not included in this study and for further confirmation of the proposed relationships. The application of SEM allows regressions among factors to be carried out simultaneously and yet their regression weights can still be taken into consideration.

This study generates its findings primarily based in a Western society where restaurant operators and customers are mainly Westerners. Based on the developed conceptual framework a similar study can be carried out in an Eastern society where the cultural context is distinct followed by a comparative study which could produce intriguing results in terms of the influence of empathy on relationship quality and FPI. Particularly, empathy is worth further examination in a different cultural setting in which the interpersonal relationship between people in two different cultural backgrounds may vary dramatically in terms of interaction frequency and depth that in turn could reflect overtly on customers' subsequent behaviours. Summarising, this study can also be duplicated in other service settings of different cultures in order to test its applicability and validity.

In addition, the use of online surveys can be adopted for future research especially in the hospitality industry where the management is usually extremely concerned for its customers and therefore tends to refuse cooperation with a research survey. Online surveys can indeed minimise the inconvenience caused to both the management and particularly the customers. Along with the popularity and increasing necessity of computers, consumers are more likely to search information online on specific service or products for the sake of convenience, time saving, and uncertainty reducing among others. This study exploited the consumer online behaviour with respect to need specificity for conducting the online survey in which consumers tended to search specific information of target restaurants that fell into their intended needs. The online survey in this study generated relatively large responses by surveying restaurant diners (customers who dine at the target restaurants of this study) and non-diners (those who search online for their need specificity) while minimising the inconvenience of a paper survey. Therefore, the target population was not limited to that of the participating restaurants and thus more generalised. An important note is that the sample population should be well confined within the target population and can match the characteristics of online users who are generally better educated, with higher income, and with higher accessibility to the internet. This survey strategy is demonstrated as efficient and effective, and more importantly the responses are generalisable. As such, online surveys are suggested as the discreet surveying methods if deemed suitable for the intended study context and the target population.

#### **8.4 Limitations**

Like any study, this study certainly has limitations that suggest important directions for future studies. Firstly, although two different types of restaurants participated, the data were limited to upscale restaurant customers in Australia. The findings should not be generalised to other customer groups of non-service oriented or geographic areas other than Australia. Secondly, it should be recognised that there could be a small number of potential respondents who do not have access to internet due to a lack of computer or internet service. For future research, a combination of survey methods such as an online survey and mail survey could be adopted for more comprehensive results. However, such a problem should diminish dramatically in the

very near future as computers and internet access become more common, and even become necessities. Thirdly, for the comparison of the two restaurant types it should be noted that although respondents were to a greater extent the diners, there were some respondents that were non-diners but counted as potential customers of these two restaurant types who may not have actually referred their dining experience to the two restaurant types. Therefore, non-diners' experience of similar restaurant types as in the current study could be biased to a certain extent. Fourthly, in relation to the relationship between familiarity and overall satisfaction, dining occasions in terms of business and occasional dining were not considered in this study. The results could differ had dining occasions been included. Fifthly, although it was beyond the scope of this study to check customers' stated purchase intentions toward the restaurant against their real purchase, it would be helpful to conduct a longitudinal study to compare the stated intentions and actual purchase for the comprehension of the relationship between the two behaviours. Sixthly, only FPI was tested as the expression of customer loyalty. FPI alone may not embrace the whole essence of customer loyalty, which could contain resistance to switching and positive word-of-mouth, and therefore not capture the full underlying meaning of loyalty for a more revealing result. Seventhly, a number of assumptions were made in the research design regarding the service attribute, familiarity with the waiter. First of all, it was presumed that respondents were in dyadic encounters. That is, there was a single employee and a single customer interacting together during the service encounter. Further, the questionnaire sought information about the customer liking the feeling served by the same waiter. This may not necessarily be the case in reality. Customers often interact with more than one contact employee although the service employee (the waiter) of this study refers to the one that interacted the most with the customers. In addition, repeat customers may not encounter the same waiter each time they visit the restaurant. Eighthly, although the sample size collected through the use of online survey is considered sufficient, it may have unavoidably included those who were not real upscale restaurant diners participating in the survey, and therefore may not be able to represent the real population of restaurant customers of this type. Additionally, the respondents participating in the online survey could be biased due to the technical and technological requirement from a survey of this type. For instance, the older customers with age 55 and more may have limited knowledge

or facilities in accessing internet for the survey so that they represented a relatively small portion of the sample attained.

### **8.5 Suggestions for Further Research**

There are additional fruitful avenues for research that emerge from this study. The model proposed could provide a theoretical foundation for determining the purchase intentions in settings that are high in service character or content. With the model, customers' purchase behaviour is primarily manifested and fortified through relationship building such as overall satisfaction and commitment that subsequently determines the customers' purchase intentions. It is desirable that the model will be also applicable to other service industries with a similar nature. Following the results of an insignificant relationship with FPI in a direct path, empathy can be further examined for its relationship with other loyalty dimensions such as business referral and resistance to switching to gain a more complete knowledge of its influence on other dimensions of customers' behavioural intentions, which may also symbolise customer loyalty.

In addition, it is worthwhile to look into the precursor of empathy at the organisation level besides attribute level. In other words, will the recognition and support of empathy by the management or the corporate culture, affect employees' empathic delivery to its customers provided they have this empathy capacity? If so, how can the management cultivate such "empathic" culture in order to achieve this objective? This is a proactive approach that should merit some rewarding results for both the academic field and management. Further, in order to understand the level of empathy capacity among waiters and its potential impact, it is suggested that in future studies the waiters' empathy capacity can be examined, which can be checked against the perceived empathy by customers to understand whether these two have a positive correlation. The outcome of such investigation can be used as information for employee recruiting. In addition, job satisfaction and work experience of employees can also be explored in relation to their empathic behaviours toward customers. The results from the investigation can provide feedback for the organisation on job design, employee training and employee benefits for the organisation.

With respect to relational preference by customers, it is also suggested to conduct a similar study in another restaurant setting in an effort to further examine the effect of different relationship orientation on customers' service evaluation, relationship quality and FPI. Questions as follows require some further understanding. What are the influential factors that foster the long-term relationship from customers with the organisation in other service settings? Will it generate different responses based on their subjective preference for a long-term relationship in other service settings and restaurant settings apart from upscale restaurants? In other service settings, will empathy perceived by relational orientation customers affect their FPI? Subsequently, will the identification of relationship orientation toward the organisation (i.e., regular customers) produce consistent findings as the ones of the current study? Further, do regular customers actually receive relational benefits during service encounters and how will those benefits affect their relationship quality and FPI? Overall, the study on customer types has given rise to more questions. Further study could look at the relationships between the constructs of the model amongst the regular customers. These investigations should warrant fruitful results and serve as marketing and confirmative purposes.

Another further study regarding regular customers could be explored and broadened. For instance, regular customers are also seen as a loyal segment and therefore could be further classified into "latent" loyals and "real" loyals. The former refers to those who express determined FPI but without actual purchase while the latter refers to those whose intentions and actual purchase match. Such investigation requires a longitudinal study and could produce a thorough understanding of the purchase behaviour of regular customers with regard to their stated intent and real purchase behaviour. Following that, a comparison can then be conducted for a better insight into the differences of purchase intent and real purchase behaviour shown by the two groups of regular customers.

In addition, regarding familiarity it is suggested to have further comparison and validation in another service setting where the nature of the service relationship between the customer and the contact employee is dissimilar to that of the current study. The example of which could be a professional service offering legal advice to

clients or providing medical consultation in a health care context. These services could be appropriately described in terms of power-dependent relations in which one party or the service provider holds the special skills or professional knowledge that is perceived as power in the relationship, which make the other party, the customer, dependent on the service provider (Emerson, 1962; Kelley and Thibaut, 1978). Those services may entail a higher degree of risk and uncertainty due to their highly intangible nature. The service relationships of those services between the customer and the service provider are thought to vary from the current one embodying an asymmetry service relationship with the contact employee being submissive or at a lower social status. Although this study does not deal with the realm of power-dependent relationships, the underlying meaning may result in different findings from the ones in the current study. Familiarity in those types of service settings may generate different results with respect to relationship quality and FPI. Therefore, another avenue for further validation of the study could be to attest the dining occasions such as business versus casual dining in upscale restaurants. Following that, the relationship between familiarity and overall satisfaction may also vary dependent on the dining occasion. The investigation of familiarity will indirectly assist the understanding of empathy.

It is also suggested that demographic characteristics should be taken into consideration with household income being included when conducting further studies especially in a cross-cultural context. The inclusion of household income in a study of upscale restaurant settings should warrant some fruitful results that could further verify the findings of this study, allowing a more precise allocation of marketing resources to the market segments sought after.

The last issues involve the considerations of research design. Since the study is mainly based on quantitative measures, it is therefore suggested that a qualitative method may be followed in order to validate the results of the study. It is also desirable to cross check by separating the respondents of diners and non-diners and conducting the hypotheses testing based solely on responses of diners.

## 8.6 Summary

The results presented in this study match to a great extent the theory-based propositions that causal relationships are valid and exist among the restaurant constructs studied. Particularly, empathy shows distinct linkages with restaurant service attributes and relationship quality, which strongly determines FPI. Although the primary hypothesis of the study for the relationship between empathy and FPI is not supported, its relationship with FPI is hence comprehended, that is, through relationship commitment. Therefore, the nature of empathy and how it affects customers' loyalty behaviour in such a service setting is realised. To establish other relationships among restaurant constructs in the model, numerous hypotheses have been proposed, tested, and found valid and convincing. The study has proposed a comprehensive model for customer loyalty in the form of FPI and a range of theoretical constructs; and applied a number of sophisticated analytical techniques.

Primarily, this research offers a more detailed understanding of customer behaviours in terms of relationship quality and FPI in response to service attributes and empathy in high contact and complex service settings namely upscale restaurants. The upmost significance of the research, however, lies in the investigation of the effect of empathy on customers' purchase intentions. Empathy in this study is concomitantly conceptualised as a communal relationship to explore its correlation with other restaurant constructs in question. Initially, the study has shown a significant relationship between restaurant service attributes and empathy. A causal relationship is established, indicating that service attributes could lead to empathy, the communal relationship. This important finding has identified its link with attributes and thus facilitates understanding the root of empathy from such a relationship with service attributes. For marketers, precursors of empathy are revealed and thus become more manageable and effective in daily operations. It also provides valuable information for staff recruiting with regard to empathic capability and other corresponding skills.

Consequently, empathy has been pinpointed for relationship development with the restaurant in terms of trust and commitment in which the latter affects FPI. In other words, the communal relationship could determine organisation-level relationships through which commitment affects customers' purchase intentions. As a result of this,

empathy could influence customers' identification with the restaurant as regular customers through the relationship of commitment. The findings present the evidence of how empathy associates with service attributes, interacts with relationship quality and relates to FPI in upscale restaurants. In sum, empathy is relational representing a relationship at the individual level, which could evolve into the relationship a organisation level. To achieve loyalty behaviour among customers through empathy, efforts have to be put into relationship building. These results are encouraging and are of both theoretical and managerial importance for other services of a similar nature.

With regard to the relationships among restaurant service attributes, relationship quality and FPI, the linkages are not as simple and straightforward as was originally assumed. However, the study produced fruitful results for the main investigation. The resultant association between service attributes and relationship quality is primarily hinged on the nature of the service attributes. More precisely, the service-oriented attributes have more impact on relationships of overall satisfaction and trust whereas commitment is determined chiefly by social-oriented attributes. This distinction offers the allocable marketing efforts to different attributes for corresponding relationships of relationship quality. In the setting of upscale restaurants, the rewarding, service-oriented attributes appear to produce a more immediate and noticeable effect on relationships such as overall satisfaction and trust, and more importantly FPI. Unlike the service-oriented attributes, the social-oriented attributes appear to imply a gradual process leading to the relationship such as commitment as it involves more interpersonal, social characteristics in which commitment usually could be better nurtured at an extended interaction. Generally, overall satisfaction and trust are regarded as economic relationship qualities that are more instrumental in nature. Commitment, on the contrary, is seen as social relationship quality that is more relational and less evaluative in nature. Such unfolded nature of, and association among, these restaurant constructs provide the additional yet critical knowledge for understanding empathy.

The identified relationships among empathy, relationship quality and FPI by no means claim to provide the whole picture of empathy and its influences. Restaurant

service attributes play important roles for a complete and broader view of empathy and customer behaviour relating to relationship quality and FPI. Atmosphere, for instance, shows a distinct influence on commitment, trust and overall satisfaction, while food quality is also proved as an important factor for achieving trust and overall satisfaction, and it is the only attribute with a direct link with FPI. Satisfaction with the waiter influences overall satisfaction the most, while the other service attribute, familiarity, plays a deciding role in building a restaurant relationship, commitment, with the latter having as an inverse effect on overall satisfaction. This unusual association could reflect the unique nature of the service relationship in the hospitality industry where the customer and service employee dyad seems to require a close yet professional relationship. In upscale restaurants, it is service-oriented attributes that have an impact on FPI rather than social-oriented attributes. Overall, the understanding of restaurant service attributes has presented a clearer picture for empathy, and its linkages with restaurant relationships and customer loyalty behaviour.

Additionally, the findings inform us that customers' FPI can be fortified and strengthened through the presence of relationship quality as the intervening construct that firmly links the service attributes, empathy and FPI. The study suggests that by the establishment of relationship quality, a long-term relationship with the restaurant could be better attained and purchase intentions are ensured. Except for food quality showing its direct link with FPI, relationship quality namely overall satisfaction and commitment, mainly serves as a liaison for restaurant service attributes, empathy and FPI.

Theories namely exchange theory and relationship marketing theory principally support the model and provide the underpinning for the conceptual framework. In accordance with exchange theory, empathy as a communal relationship promotes the relationships between customers and the restaurant. Furthermore, suggested by relationship marketing theory, these restaurant relationships are shown to predict customers' FPI. These two theories subsequently explain the relationships between empathy and FPI. In addition, as a supporting theory, affect theory also describes the relationships between restaurant service attributes/empathy and relationship quality.

This theory argues that feelings or emotions generated from the perception of service attributes and empathy could lead to relationships with the organisation. Consistent with affect theory, restaurant service attributes and empathy all show their individual influences on relationship quality.

In addition to the investigation based on the conceptual model, this study has also revealed interesting yet insightful findings from two comparative studies of customer types and restaurant types. With respect to customer types, the study has shown the distinctiveness between customers with different relational preferences in relation to their service evaluation and their subsequent behavioural reactions. Compared to occasional customers, regular customers perceive service attributes and empathy more positively, form more favourable relationship quality signifying satisfying and long-term relationships with the restaurant namely overall satisfaction, trust and commitment, and show more determined FPI. In regard to service perception, regular customers show favourable perception of all restaurant service attributes namely familiarity, atmosphere, food quality and satisfaction with the waiter compared to occasional customers. Similarly, empathy is highly regarded by regular customers. Especially, the affective part of empathy is more intensely felt by them, implying that they could be more induced by, or inclined to, emotions and therefore more relational. Nevertheless, the general aspects of empathy including the cognitive ones are well perceived by regular customers as opposed to their occasional counterpart. Overall, service perception is relatively positive among regular customers.

With regard to service outcomes, regular customers express not only favourable overall satisfaction with the service performance of the restaurant but also positive trust and commitment that signal a high relational bond. It can be assumed that the positive service outcomes shown by regular customers could have bearing on their disposed attitudes toward the restaurant that could entail the halo effect on the perception and expression of restaurant constructs. In other words, regular customers are likely to process information more holistically or with less instrumental than do occasional customers. Moreover, relational benefits such as service assurance and deeper empathy exclusive for regular customers, to name a few, could be involved and therefore could also play a certain role in the outcomes of their information

process. These conditions could all contribute to positive service perception and service outcomes among regular customers. Deduced from the discussion, one particular note should be kept in mind pertaining customers with different predisposition toward the relationship with the restaurant. That is, marketing strategy should be flexible and develop accordingly taking into account the notion that some customers may favour arms-length relationships rather than close ones, and react to overall satisfaction more deeply than to trust and commitment. In addition, FPI appears to be more determined among regular customers, implying that they are generally more loyal and therefore visit the restaurant more frequently than occasional customers.

In addition, to enhance the level of purchase intentions it is suggested that for average customers of upscale restaurant the marketing efforts should be initially placed on good performance of service attributes for their overall satisfaction with the restaurant as the stepping stone for loyalty. Meanwhile, a relationship approach with these customers could also be discriminately applied for possible relationship building for establishing their long-term relationships with the restaurant.

The significant differences found in social demographic characteristics, namely age, gender and living arrangements, reflect differences in several facets between the two types of restaurants. The distinctive perception of atmosphere by customers further attests to the dissimilarity between the two due to the differences in location and types yet their other similarities are compliant to the general characteristics of upscale restaurants. In general, the differences between the two restaurant types with regard to restaurant service attributes offer valuable information for marketing purposes.

This study has attempted to examine empathy as an interpersonal relationship at the individual level for its influence on relationships at organisation level, relationship quality, and more importantly on FPI as an indication of customer loyalty in a high contact service setting. In other words, besides the investigation on the association with FPI through relationship quality, this study principally sets out to reveal whether or not the empathic relationship between the customer and the waiter or behaviour conveyed by the waiter could impact the customer's FPI. Although the direct

relationship with FPI is not found to be significant, the nature and the effect of empathy is unfolded through its identified antecedents of restaurant service attributes and its revealed consequence of relationship quality. For the precursors of empathy, familiarity and satisfaction with the waiter that are social and interpersonal in nature could promote empathy from the waiter. With regard to the effect of empathy, organisation-level relationships or restaurant relationships of trust and commitment serve as the function of empathy in which commitment subsequently determines FPI. In other words, the influence of empathy on FPI is through relationship commitment. In addition, from an aspect of the study of customer types, empathy is positively perceived by regular customers who demonstrate apparent FPI. Empathy could thus be summarised to be relational and could be triggered by social service attributes and could have the maximum effect on relationship establishment with the organisation from which customer loyalty can be attained. In addition, empathy seems to post greater influence on relational orientation customers such as regular customers who are more into social interactions. As such, to gain a clear picture of empathy, the relationship between empathy and FPI in upscale restaurant settings needs to be discussed with the consideration of the relational preference by customers.

While this study has produced significant results, it has also raised more questions and led to more untapped areas that require further investigation. It is advisable that those questions and areas suggested be explored to contribute to the advancement in knowledge in this area. It is also believed that those avenues would warrant rewarding results and provide deeper understanding in consumer behaviours in high contact services.

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## APPENDIX I

## **PART A**

### **Introduction to Web Survey of City Restaurant Type**

## Introduction

The School of Hospitality, Tourism, and Marketing, Victoria University of Technology in conjunction with Ezard at Adelphi is conducting a survey of customers' perception of services in an upscale restaurant. The survey is designed to reveal the customers' future purchase intentions toward the restaurant.

We would like you to participate in this survey. The questions relate to your fine dining experience. If you are a customer of Ezard at Adelphi, please answer the questions based on your experience with our restaurant. However, if you have not dined at Ezard at Adelphi as yet, please answer the questions based on your experience with a restaurant of similar standing.

The information you will provide will help in understanding how restaurant customers perceive the restaurant attributes in influencing their future visits. The findings will be helpful to both academics and restaurant operators.

**This survey is to be completed on the Internet.** The participation is voluntary. Your responses will be kept confidential. Only the aggregate findings will be reported

A draw of a dinner for two

You will be offered to participate in a draw of a dinner for two at Ezard at Adelphi as a token of appreciation of your participation if you complete the Internet survey.

Time needed to complete:

The time to complete this survey is approximately 10 minutes.

Non-diners

You are welcome to participate in this Internet survey even if you have not dined at this restaurant. However, you need to have dining experiences at an upscale restaurant in similar standing to Ezard at Adelphi to take part in this survey.

If you have any questions or concerns about this survey, please contact Mr Hungchen Hsieh at [hungchen.hsieh@research.vu.edu.au](mailto:hungchen.hsieh@research.vu.edu.au) Ph: (03) 9248-1056 or Dr. Ruhi Yaman at [ruhi.yaman@vu.edu.au](mailto:ruhi.yaman@vu.edu.au) Ph: (03) 9248-1259 School of Hospitality, Tourism, and Marketing, Victoria University, or Ms Tracey Jessup at [tracey@ezard.com.au](mailto:tracey@ezard.com.au) Ph: (03) 9639-6811 at Ezard at Adelphi

Thank you for your participation.

Hungchen Hsieh  
Ph.D researcher  
School of Hospitality, Tourism, and Marketing  
Victoria University  
Melbourne, Victoria

**PART B**

**Introduction to Web Survey of Country Restaurant Type**

## Introduction

The School of Hospitality, Tourism, and Marketing, Victoria University in conjunction with Lake House is conducting a survey of customers' perception of services in an upscale restaurant. The survey is designed to reveal the customers' future purchase intentions toward the restaurant.

We would like you to participate in this survey. The questions relate to your fine dining experience. If you are a customer of Lake House, please answer the questions based on your experience with our restaurant. However, if you have not dined at Lake House as yet, please answer the questions based on your experience with a restaurant of similar standing.

The information you will provide will help in understanding how restaurant customers perceive the restaurant attributes in influencing their future visits. The findings will be helpful to both academics and restaurant operators.

**This survey is to be completed on the Internet.** The participation is voluntary. Your responses will be kept confidential. Only the aggregate findings will be reported

A draw of a dinner for two

You will be offered to participate in a draw of a dinner for two at Lake House as a token of appreciation of your participation if you complete the Internet survey.

Time needed to complete:

The time to complete this survey is approximately 10 minutes.

Non-diners

You are welcome to participate in this Internet survey even if you have not dined at this restaurant. However, you need to have dining experiences at an upscale restaurant in similar standing to Lake House to take part in this survey.

If you have any questions or concerns about this survey, please contact Mr Hungchen Hsieh at [hungchen.hsieh@research.vu.edu.au](mailto:hungchen.hsieh@research.vu.edu.au) Ph: (03) 9248-1056 or Dr. Ruhi Yaman at [ruhi.yaman@vu.edu.au](mailto:ruhi.yaman@vu.edu.au) Ph: (03) 9248-1259 School of Hospitality, Tourism, and Marketing, Victoria University, or Ms Larrissa Wolf-Tasker at [larrissa@lakehouse.com.au](mailto:larrissa@lakehouse.com.au) Ph: (03) 5348-3329 at Lake House

Thank you for your participation.

Hungchen Hsieh  
Ph.D researcher  
School of Hospitality, Tourism, and Marketing  
Victoria University  
Melbourne, Victoria

## **PART C**

### **Online Survey Questionnaire**

## RESTAURANT CUSTOMERS' FUTURE PURCHASE INTENTIONS SURVEY

This set of questions is about your impressions of restaurant dining experiences. All information obtained will be completely **anonymous** and **confidential**. Only the aggregate results will be included in the thesis. Please answer each question as honestly as you can. There is no right or wrong answers. It should take you about 10 minutes to complete the entire questionnaire.

The term 'the restaurant' is used throughout the questionnaire. If you have visited the restaurant featured on this website, then your answers should relate to your experience in this restaurant. If you have not visited the restaurant featured on this website, then your answers should relate to your experience with another fine dining establishment similar to this restaurant.

If you have any questions, concerns or suggestions regarding this study, please contact Ph.D. researcher Mr Hungchen Hsieh at [hungchen.hsieh@research.vu.edu.au](mailto:hungchen.hsieh@research.vu.edu.au) ph: (03) 9248-1056 or Dr Ruhi Yaman at [ruhi.yaman@vu.edu.au](mailto:ruhi.yaman@vu.edu.au) ph: (03) 9248-1259, School of Hospitality, Tourism, and Marketing, Victoria University.

As a thank you a draw for dinner for two people will be offered upon completion of this questionnaire

1. Have you dined at this restaurant before? Yes \_\_\_\_ No \_\_\_\_ (If no, please go to question number 3)

### FREQUENCY OF VISITS

2. How many times in the past three years have you visited this restaurant? \_\_\_\_\_

### FAMILIARITY WITH THE WAITER

(Please circle the number for each statement.)

|                                                                              | Strongly<br>agree |   |   |   | Strongly<br>disagree |
|------------------------------------------------------------------------------|-------------------|---|---|---|----------------------|
| 3. I prefer being served by the same waiter each time I visit the restaurant | 1                 | 2 | 3 | 4 | 5                    |
| 4. I like the feeling of getting familiar with the waiter                    | 1                 | 2 | 3 | 4 | 5                    |
| 5. I feel that I know the waiter at the restaurant                           | 1                 | 2 | 3 | 4 | 5                    |

**EMPATHY**

|                                                                                                             | Strongly agree |   |   |   | Strongly Disagree |
|-------------------------------------------------------------------------------------------------------------|----------------|---|---|---|-------------------|
| 6. The waiter usually understands what I mean                                                               | 1              | 2 | 3 | 4 | 5                 |
| 7. The waiter's response to me is usually so fixed and automatic that I don't really get through to him/her | 1              | 2 | 3 | 4 | 5                 |
| 8. I feel as if the waiter is on the same wavelength as me                                                  | 1              | 2 | 3 | 4 | 5                 |
| 9. The waiter seems to feel what I need when we talk about my food orders                                   | 1              | 2 | 3 | 4 | 5                 |
| 10. The waiter shows consideration for my feelings and reactions during service                             | 1              | 2 | 3 | 4 | 5                 |
| 11. The waiter does not wait for me to ask for help, but anticipates needs and offers assistance            | 1              | 2 | 3 | 4 | 5                 |
| 12. The waiter is able to sense my level of satisfaction from non-verbal cues                               | 1              | 2 | 3 | 4 | 5                 |

**SATISFACTION WITH THE WAITER**

|                                                                                                                                                  | Strongly agree |   |   |   | Strongly Disagree |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---|---|---|-------------------|
| 13. Overall, I am satisfied with the waiter at the restaurant                                                                                    | 1              | 2 | 3 | 4 | 5                 |
| 14. On the quality of the service by the waiter, the restaurant compared favourably with other restaurants of the same standard in my experience | 1              | 2 | 3 | 4 | 5                 |

**FOOD QUALITY**

|                                                              | Strongly agree |   |   |   | Strongly Disagree |
|--------------------------------------------------------------|----------------|---|---|---|-------------------|
| 15. Appearance of the food is attractive                     | 1              | 2 | 3 | 4 | 5                 |
| 16. Food is hygienically prepared and served                 | 1              | 2 | 3 | 4 | 5                 |
| 17. They serve the food at the correct temperature           | 1              | 2 | 3 | 4 | 5                 |
| 18. I can always find something that I like on the menu      | 1              | 2 | 3 | 4 | 5                 |
| 19. They serve appropriate sized portions                    | 1              | 2 | 3 | 4 | 5                 |
| 20. The food tastes good                                     | 1              | 2 | 3 | 4 | 5                 |
| 21. The choice of dishes on the menu is balanced and healthy | 1              | 2 | 3 | 4 | 5                 |
| 22. They offer a good variety of dishes                      | 1              | 2 | 3 | 4 | 5                 |
| 23. They regularly change the selection of dishes they offer | 1              | 2 | 3 | 4 | 5                 |
| 24. The food they serve is fresh                             | 1              | 2 | 3 | 4 | 5                 |

**ATMOSPHERE**

|                                                         | Strongly agree |   |   |   | Strongly Disagree |
|---------------------------------------------------------|----------------|---|---|---|-------------------|
| 25. Level of comfort in the restaurant is high          | 1              | 2 | 3 | 4 | 5                 |
| 26. Level of noise in the restaurant is acceptable      | 1              | 2 | 3 | 4 | 5                 |
| 27. View from the restaurant is good                    | 1              | 2 | 3 | 4 | 5                 |
| 28. Cleanliness of the restaurant is favourable         | 1              | 2 | 3 | 4 | 5                 |
| 29. The layout of the restaurant enables dining privacy | 1              | 2 | 3 | 4 | 5                 |

**OVERALL SATISFACTION**

|                                                                                             | Strongly agree |   |   |   | Strongly Disagree |
|---------------------------------------------------------------------------------------------|----------------|---|---|---|-------------------|
| 30. Overall, I am satisfied with the restaurant                                             | 1              | 2 | 3 | 4 | 5                 |
| 31. Overall, the restaurant compared favourably with other restaurants of the same standard | 1              | 2 | 3 | 4 | 5                 |

### TRUST WITH THE RESTAURANT

|                                                                                          | Strongly agree |   |   |   | Strongly Disagree |
|------------------------------------------------------------------------------------------|----------------|---|---|---|-------------------|
| 32. The performance of the restaurant always meets my expectations                       | 1              | 2 | 3 | 4 | 5                 |
| 33. The restaurant can be counted on to give good service                                | 1              | 2 | 3 | 4 | 5                 |
| 34. I can always trust the service standard at the restaurant to be excellent            | 1              | 2 | 3 | 4 | 5                 |
| 35. The quality of the service at the restaurant is consistently high                    | 1              | 2 | 3 | 4 | 5                 |
| 36. I am convinced that the experience at the restaurant represents good value for money | 1              | 2 | 3 | 4 | 5                 |

### COMMITMENT TO THE RESTAURANT

|                                                               | Strongly agree |   |   |   | Strongly Disagree |
|---------------------------------------------------------------|----------------|---|---|---|-------------------|
| 37. I consider myself as a regular customer of the restaurant | 1              | 2 | 3 | 4 | 5                 |
| 38. I feel a sense of commitment to the restaurant            | 1              | 2 | 3 | 4 | 5                 |
| 39. I care about the long-term success of the restaurant      | 1              | 2 | 3 | 4 | 5                 |
| 40. I am a loyal customer of the restaurant                   | 1              | 2 | 3 | 4 | 5                 |

### FUTURE PURCHASE INTENTIONS

|                                          | Strongly agree |   |   |   | Strongly Disagree |
|------------------------------------------|----------------|---|---|---|-------------------|
| 41. I plan to go back to this restaurant | 1              | 2 | 3 | 4 | 5                 |

### DEMOGRAPHICS

42. Your age group?

- 25 years or younger
- 26 to 35 years
- 36 to 45 years
- 46 to 55 years
- 56 to 65 years
- 66 years or over

43. Your gender?

- Female
- Male

44. Which of the following best describes your highest level of formal education?

- Secondary School
- TAFE
- Tertiary
- Higher Degree

45. Which of the following best describes your living arrangements?

- Single
- With partner, no children under 12 years of age
- With partner and one or more children under 12 years of age

46. What is your post code?

**THANK YOU VERY MUCH FOR YOUR COOPERATION**

Please turn to the next page for contact details for a draw if you wish to participate

If you would like to be included in the draw for **A DINNER FOR TWO PEOPLE**, please provide your contact details below.

NAME: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_

EMAIL ADDRESS: \_\_\_\_\_

**PART C**

**Formal Letters to Country Restaurant Type and City Restaurant  
Type**

H. Ruhi Yaman

25 October 2004

Ms Alla Wolf-Tasker  
Lake House  
King Street, Daylesford  
Victoria, 3460



Dear Ms Wolf-Tasker,

My name is Ruhi Yaman. I work with the School of Hospitality, Tourism and Marketing at Victoria University. I am writing this letter to you in my capacity as the supervisor of Paul Hsieh. He has been in touch with you with regards to his doctoral thesis survey. I am grateful that you are considering assisting with Paul's research. The purpose of this letter is to inform you of our intended way to continue with the project.

We have been working on the best way to conduct the survey for some time now with Ms Tracey Jessup of Ezard at Adelphi, another fine establishment which is taking part in the study. It has become apparent at the early stages of the discussion that an intercept during dining hours would be too intrusive for the guests. Experience shows us that there is a very low response rate when the customers are asked to send the questionnaire at their leisure. Therefore, we have decided on a web survey. We are now working with the web designer of the restaurant to put the questionnaire on line in the most acceptable way. I would like to suggest the same approach with your fine establishment.

There is the question of separating the actual diners from those who just visit the website. From the point of view of the survey, it is not material that the respondents are the actual customers of the particular restaurant. It is a survey that measures attitudes and the respondents are now asked to relate their perceptions based on their experience with any fine dining establishment. However, from the restaurant's point of view it is important to separate the actual diners from those who visit the website out of curiosity or for some other reason. To enable us to separate these two types of respondents we added a question asking them whether they are an actual customer of the establishment or whether they have not had the experience yet. The rest of the questions are also altered to accommodate this change.

I suggest that it will be as important for you to know the number and various demographic characteristics of people who visit your establishment's website but are not yet your customers. It will give you the chance to determine their reasons for non-attendance. After all, they are at least curious enough to visit the website. Another issue was to prevent multiple entries by one person and discussions with the webmaster revealed that there are ways to prevent this – the most effective being the small hidden programs called 'cookies'.

I suggest respectfully that we employ the same technique with your customers. However, another way would be to utilise your database. By the way, my wife and I are ardent fans of your establishment and we have enjoyed many a fine lunch there in

the past. We have also celebrated our wedding anniversary a few years ago at the Lake House. Ill health and increased commitments prevented us from coming back for more than a year, but we intend to remedy that soon. That is how I know that you have a mailing list – my wife is on it and we receive your newsletter regularly.

We have also added a few questions to assist Ms Jessup to uncover some information that is relevant to her needs. We will gladly do the same for you.

Finally, there will be a draw for a night for two people at Lake House offered as incentive to respondents. The cost of this will be met by the researchers.

I will be away as of next Friday until mid-November. Paul will be in touch with you in the meantime to receive your suggestion on the best way to continue with the study.

Again, I am grateful for your participation and assure you of our best attention at all times.

Best regards,

H. Ruhi Yaman, PhD, CHA

H. Ruhi Yaman

6 November 2004

Ms Tracey Jessup  
Ezard at Adelphi  
187 Flinders Lane  
Melbourne city, Victoria 3000



Dear Ms Jessup,

I am writing to you on the recommendation of a colleague.

My name is Ruhi Yaman and I am an academic with the School of Hospitality, Tourism and Marketing of Victoria University. I was a hospitality executive for many years before I joined the academe. Among other duties, I supervise a number of doctoral research students. One of those students is a Taiwanese scholar named Hungchen (Paul) Hsieh. Paul, who had his higher education in the United States, was a practitioner in the hospitality field before he became an academic in a state-run hospitality college in Taiwan. He is currently completing his PhD at Victoria University. This letter is a request regarding Paul's research project.

Paul's research involves an investigation of the determinants of future purchase intentions of the customers of upscale restaurants. Specifically, he is studying to determine general customer attitudes toward the service provider; evaluate the impact of empathy the customer contact employee has for the customers on the overall satisfaction, trust, commitment and future purchase intentions and; to explore the effect of management practices in developing an empathic environment for employees

The answers to these questions are expected to help form a new perception of the global evaluation of customer loyalty in the service industry, with particular emphasis on foodservice. The study is the first of its kind in the world. As well as considerable academic implications, this study will provide management with a whole new perspective as to the determinants of customers' future purchase intentions and the employee recruiting and training processes in relation to the cultivation of empathic emotion in an establishment.

The research methodology involves a survey of the customers of three or four upscale restaurants through a self-administered short questionnaire. Paul will telephone you within a few days to make an appointment to explain personally the purpose of the survey and to seek your cooperation. The results of the study will be presented in the form of a management report to the participating establishments.

Best regards,

H. Ruhi Yaman, PhD, CHA

## **APPENDIX II**

### **Descriptive Statistics of the Sample**

### Descriptive Statistics

| Items   | N         | Means     | Std.      | Skewness  |            | Kurtosis  |            |
|---------|-----------|-----------|-----------|-----------|------------|-----------|------------|
|         | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic | Std. Error |
| PREFER  | 647       | 2.739     | 1.1190    | .249      | .096       | -.589     | .192       |
| FAMILI  | 647       | 2.365     | .9890     | .538      | .096       | -.093     | .192       |
| KNOW    | 647       | 3.088     | 1.1511    | .035      | .096       | -.756     | .192       |
| UNDER   | 647       | 1.883     | .6962     | .494      | .096       | .408      | .192       |
| FIXED   | 647       | 2.150     | 1.0019    | .724      | .096       | .028      | .192       |
| WAVE    | 647       | 2.257     | .8019     | .263      | .096       | -.076     | .192       |
| FEEL    | 647       | 2.071     | .7876     | .579      | .096       | .462      | .192       |
| CONSI   | 647       | 1.930     | .7926     | .854      | .096       | 1.187     | .192       |
| ANTIP   | 647       | 2.065     | .8948     | .757      | .096       | .457      | .192       |
| SENSE   | 647       | 2.229     | .8711     | .695      | .096       | .638      | .192       |
| SATWAI  | 647       | 1.731     | .7182     | .727      | .096       | .360      | .192       |
| QUASER  | 647       | 1.730     | .7747     | .930      | .096       | .728      | .192       |
| FOOAPPE | 647       | 1.380     | .5789     | 1.389     | .096       | 1.672     | .192       |
| TEMPER  | 647       | 1.507     | .6341     | 1.089     | .096       | 1.088     | .192       |
| MENU    | 647       | 1.600     | .7683     | 1.337     | .096       | 1.806     | .192       |
| PORTION | 647       | 1.799     | .8308     | .991      | .096       | .912      | .192       |
| TASTE   | 647       | 1.331     | .5664     | 1.820     | .096       | 4.221     | .192       |
| BALANC  | 647       | 1.776     | .7675     | .818      | .096       | .580      | .192       |
| VARIETY | 647       | 1.725     | .7800     | .876      | .096       | .340      | .192       |
| SELECT  | 647       | 2.168     | .8960     | .168      | .096       | -.746     | .192       |
| FRESH   | 647       | 1.379     | .5970     | 1.418     | .096       | 1.381     | .192       |
| COMFOR  | 647       | 1.549     | .6395     | .921      | .096       | .820      | .192       |
| NOISE   | 647       | 1.838     | .7649     | .763      | .096       | .644      | .192       |
| VIEW    | 647       | 2.074     | 1.1062    | .803      | .096       | -.225     | .192       |
| CLEAN   | 647       | 1.380     | .5947     | 1.579     | .096       | 2.996     | .192       |
| LAYOUT  | 647       | 2.048     | .9307     | .644      | .096       | -.046     | .192       |
| OVERALL | 647       | 1.487     | .6291     | 1.116     | .096       | 1.023     | .192       |
| FAVOUR  | 647       | 1.501     | .6789     | 1.367     | .096       | 2.072     | .192       |
| MEETEX  | 647       | 1.723     | .7076     | .636      | .096       | -.114     | .192       |
| COUNT   | 647       | 1.581     | .6966     | 1.141     | .096       | 1.613     | .192       |
| SERSTAN | 647       | 1.648     | .7315     | .919      | .096       | .485      | .192       |
| QUALSER | 647       | 1.657     | .7443     | .898      | .096       | .324      | .192       |
| VALUE   | 647       | 1.878     | .7843     | .778      | .096       | .741      | .192       |
| REGULAR | 647       | 3.201     | 1.1933    | -.223     | .096       | -.781     | .192       |
| COMMIT  | 647       | 2.870     | 1.1438    | .063      | .096       | -.803     | .192       |
| SUCCESS | 647       | 2.085     | .9688     | .0751     | .096       | .227      | .192       |
| LOYAL   | 647       | 2.737     | 1.1303    | .084      | .096       | -.675     | .192       |
| BACK    | 647       | 1.476     | .7643     | 1.729     | .096       | 3.042     | .192       |