

## **A Study on the Association between Customer Satisfaction and Customer Loyalty in the Inhouse Restaurant in Selected Hotels of Ludhiana City**

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### **Abstract**

*In today's hospitality market scenario so many new budget hotels are emerging. In this competitive market and tough times, hotels are finding difficulty in retaining customers and maintain a suitable standard of hotels' food outlets facilities. The extent of Customers' enjoyment and dedication towards any organization depends on the level of services provided by them. Loyal customers are valuable assets for the company as they keep on repeat visits which lead to the growth of the firm. Therefore, the objective of this research is to look out the association between customer delight and customer returning intention in the food and beverage outlets of budget hotels. A quantitative research methodology was applied to find out the effect of quality of services upon customers' contentment. 150 respondents participated in this survey. Correlation and descriptive analysis were conducted to test the hypothesis. Our results show that respondents aren't satisfied with the services provided by the in-house food service outlets of budget hotels. Additionally, price, food quality, and waiting time is not up to the mark. This research result has many practical implications for budget category hotels food outlets of Ludhiana city. It will guide them to improve the areas of weak performance and will further guide them to achieve customer satisfaction and retention.*

**Key-words:** Service Quality, Customer Loyalty, In-house Food Outlet, Budget Hotel, Customer Satisfaction.

### **1. Introduction**

The hotel industry is one of the rapidly growing sectors in the travel and touring sector. India has the largest number of domestic recreational tourists in the world. Independent/ unbranded hotel segments comprise greater than three forth from the total hotel rooms obtainable. Business tourists are

successively rising in number, by the rapid growth of the information technology segment and the appearance of various multinational organizations. Subsequently, from the last two decades, many new hotels and restaurants are mushrooming in and outside the city. Which leads to tough competition in the marketplace.

Hotel and restaurant industry facing many problems nowadays. One of the greatest challenges faced by the hospitality industry is service quality. Employee management is a major challenge faced by the industry. Attrition increased because of the lack of quality manpower and cutthroat contest for skilful employees through competing service sector. Almost all budget hotels have a room dining facility for the in-house guests, Banquets and party hall, a coffee shop, and a specialty restaurant. The food service department is the major revenue-generating area of a hotel. Also, customer's overall hotel stays and dining experience and their degree of satisfaction level and loyalty will decide their repurchase intention in the next visit from the same organization. A great many examples exemplified that the foodservice industry cultivates customer satisfaction and retention as contrary to merely upgrade on the quality performance of services and strategies. Because of this reason, it is necessary to know the determinants of customer delight and their loyalty is eventual to become a necessary condition for the future survival of hotels inhouse food outlets.

## **Service Quality**

Delivery of excellent service quality is the main area of improvement which is faced by food service managers. It is a necessary prerequisite for prosperity coming into existence in the cutthroat competitive and universal foodservice industry. Perfection in service quality is the primary feature in obtaining customer satisfaction. Service quality is a powerful condition associated with products, services, people, and atmosphere that meets or exceeds customers' expectations. Service quality also quickly adopts the degree of influence a firm has on its customers, environment, and community. Customers of any firm are based on the quality of products and services they receive and on the regular contact they have with the employees working in the firm.

To ensure what customers expect from the services is primal in meeting or exceeding the service quality. Discretion of service quality standards relies on upon in a manner customers expect and understand the real execution in the situation they have expected from the service. The perceived service standard is outlined like the range of distinction amid the customer's expectations plus their perceptions. It is related to where, when, and how the service is encountered by the customer.

Additionally, service quality is a consideration and consequence through an assessment procedure by which customers differentiate their anticipations by the services and product achieved by them.

### **Service Quality and Customer Retention**

The catering industry is a prerequisite division of the tourism sector. Customer loyalty in restaurant business context it is patrons wish to become a permanent client for a long period utilizing its products and services on a repeated basis and suggesting to friend and families. Nowadays every firm wants its customers to be loyal to them. Because a loyal customer is always profitable to the company and saves money in terms of spreading positive words and repeat purchases. Customer Loyalty is when patrons believe they have received the best quality of products and services as against the amount spent on it.

Restaurant managers/owners believe that the organization can increase its revenue by delivering quality service and satisfying customers. Studies showed, all the same, that only satisfying customers will not solve the case because leaving the customers satisfied will not guarantee their repurchase intention. Now, it is clear that faithful and loyal customers are more important than just satisfied customers in any business organization's prosperity. As they do repeat purchases which ultimately involved in more businesses and free of cost brand image publication.

Increasing competition and customer demand for more options have constituted new defiance to foodservice managers. Restaurant management, thus, finding the driveway to the most impactful outcome of customer satisfaction and retention. The consequences of this research will assist both the branded and unbranded hotels' food and beverage service managers in the instrumentation of policies to ensure that inhouse food outlets will receive customer satisfaction and loyalty from existing and new customers either.

### **Research Question and Hypothesis**

$H_1$  = There is a significant and positive association amid customer satisfaction and customer loyalty.

$H_0$  = There is no significant and positive association amid customer satisfaction and customer loyalty.

## 2. Literature Review

### Association Amid Service Quality and Customer Satisfaction

According to (Marc Oliveras, et al., 2020), authors described the fragile components which affect the service quality of sustainable success in the hospitality industry are physical atmosphere, business dealing, employee factors, customer motivation, and customer relationship management. Hotel building design, equipment, and facilities, competence human resource, excellent service quality, superior product quality, the price-value ratio in respect to what the customer gets and pays for it, customer and employee relationship are the most influential factors for long run business and sustainability in the hospitality industry. (Sandeep & Manoj, 2021), found that staff behavior, man and machine work together, service quality, fresh ingredients, regular audits, new machines, and technology are responsible for the improvement of service quality. additionally, improved service quality positively and significantly influences customer enjoyment in QSR. To conclude, restaurant chains need to inculcate new business strategy as employees with a positive attitude, modern machinery that make the work easy and fast, food quality, using fresh ingredients which can be obtained from local farmers, customer feedback, and customer relationship management to know what exactly customers want and their desirable need. (Amer and Raja, 2020), found that there is a significantly positive relationship between quality of food, service quality, and customers' dining experience. The same result was also found in many similar studies. Additionally, repeat purchase positively related to restaurant services, food quality, the atmospheric condition of a fast-food restaurant. Apart from the intangible quality improvement, tangible quality must be considered while planning for new project development as physical ambient provide the pleasure feeling and spending more time and money as well. (Ashish, et al., 2020), found that many factors influence customer satisfaction such as location, parking facility, types of restaurants, price, different cuisine, employee professionalism, service quality, physical atmosphere, festival offers, and restaurant managed by the celebrity chef. In addition, most liking by customers is the availability of dishes and different cuisine followed by the convenient location, safe parking place for their belongings, and service quality. More, discounts offered in the promotional activity, festivals, live cooking, chefs' presence, price value ratio are other factors that impact customer satisfaction. (Syariful & Untung, 2020), revealed that, factors affect customer satisfaction and loyalty are food quality and service quality. Subsequently, service quality attributes didn't much influence on customer satisfaction. And customer satisfaction leads to customer loyalty. service quality components are useless if the food and beverage quality is not up to the mark. customer

satisfaction and customer loyalty depend on how good food and services are provided by the firm. (Sachin, et al., 2020), found that six atmospheric colour are colour, sitting layout, sound, room temperature, incandescence positively impacts the customer. Subsequently, Atmospheric essence has a significant impact on customers' revisit intention. Customers are also agreed to pay more on atmospheric elements of restaurant ambiance and they want repeat visits.

In research by (Andre and Juliana, 2020), found that empathy, reliability, and tangible dimensions influence service quality. In addition, the empathy dimension has the most influential element followed by the reliability and physical environment of the outlets. Better service quality more satisfied customers and low service quality no customer satisfaction. (Morelight, et al, 2019), authors confirmed that safeness, responsible, and the price has a significant effect on customer enjoyment of internet service provision. So, internet providers need to more focus on the following factors namely, they have to be dependable and consistent, ensure that the corrections have been done on time if anything goes wrong, provide exactly as ordered by users, serve on promised time, and quick responses to consumers, and provide extra effort to their special requests, price should be reasonable, no hidden cost should be levied to gain customer delight. (Gautam and Raju, 2018), described that waiting time, delivery of foods, yummy and taste of food items, reasonable price and pocket-friendly, convenient location and hygiene factors positively influence customer satisfaction in the quick-service restaurant of the university campus. When they find a good place providing all these needs and fulfill their requirement, they patronize the place. (Mohinder and Anish, 2018), revealed that intangible components have a big impact on customer satisfaction than tangible elements. In Chandigarh, most food outlets are well designed and have beautiful infrastructure and equipment, but have the only differences from one restaurant to another are the service team and their efficiency in dealing and providing the best services to the restaurant visitors. the warm welcome of guests, anticipate customer's needs, comfortable sitting, make them feel special, timely delivery of food, billing accuracy, menu suggestion, menu knowledge, ingredients used and preparation method are some of the queries asked by the patrons. (Gautam, et al., 2018), authors revealed that courteous service staffs, hygienically handling of food, comfortable seating, complaint handling, good administration, accessibility, kids' friendliness, proper communication, and fast service as well are positively and significantly impact customer satisfaction. In addition, there are mixtures of attributes in terms of tangibles and intangible quality dimensions that need to be upgraded to satisfy customers. (Ishmael & Ghana, 2018), found that customer satisfaction depends on service quality and time taken for the delivery of food. As faculty, students and staffs have very little time to spend in the food outlet so they want prompt and quick service response. Food quality has less impact on customers as the menu variety is limited and known

to them. In addition, the functional quality which is rendered by the service staff needs to improve by the campus foodservice sector. (Anshul & Maria, 2016), observed that physical atmosphere, employee behavior, and food quality influence customer enjoyment. From colour to furniture and fixtures choices and incandescence, restaurants aesthetic increases brand image and effective way to generate interests and that attracts customers. Customers prefer honest waiting staff; food is the main product of the restaurant and surely impacts how respondents perceive their dining experience.

In a study by (Agnes, et al., 2016), authors revealed that insufficient staff and unskilled service staff, uncomfortable environment, improper layout, obsolete equipment are the main reason for delayed service and customer discomfort. The tangible aspects such as furniture and fixtures, facility design, space area for easy movement, electronic devices, appearance of staff, clean and hygienic atmosphere, parking space, and other such components need to be renewed or replaced. Proper welcome of customers, efficient and courteous service staff, professionalism, anticipate customers' needs and wants, timely service of food, billing accuracy, and taking special care of the customer will lead to restaurant success and customer retention.

According to (Junaid, et al., 2016), the authors confirmed that customers are concerned about infrastructure, ambiance, facility, equipment, decoration, lighting, and colour combination. Customers look for dependability and consistent quality of food and service, attentive and caring service staff, and good response as they want prompt and quick service from the quick-service restaurant. (Douglas, 2015), revealed that the Smell of the restaurant and atmosphere has the most liking by the customers followed by lighting and air quality and temperature, respectively in a pizza restaurant. Atmospheric conditions such as bright lighting, fresh aroma, and proper air-conditioning particularly when the footfalls increase as temperature and air quality have gone down and the customers feel awkward. (Shaher & Muhammad Ali, 2015), revealed that food quality and service quality are important factors in choosing for dining out, other factors like the location of the restaurant and spacious parking facility. (Giacomo, et al., 2016), revealed that friendly employees, a convenient and clean environment, options for entertainment for those who are waiting for a long time in the airport campus are important aspects of service quality that significantly influence older customers' satisfaction. Free wi-fi, comfortable seats, proper air conditioning, channel music, widescreen television are preferred. (Lawrence & Lucy, 2016), authors found that technical competency, quick response, timely delivery of services, courteous employees, solve problems quickly, ability to communicate properly, competent and effective staff are some of the service qualities which enhance customer satisfaction. In addition, the upper level of service quality is the key to success and differentiates from others in four-star and above-category hotels.

According to (Mhlanga, et al., 2014), found that in fine dining restaurants food quality and service quality are positively correlated to the customer dining experience. Authentic cuisines in a lively environment that reflects particular cultures and traditions. menu knowledge, method of preparation, ingredients are more demanding. the authenticity of food, presentation, flavour, colour, texture, temperature, portion size. The warm welcome of customers, meeting and greeting, timely delivery of food, properly portioning of dishes, suggestive selling, serve food exactly as ordered by customers, and billing accuracy lead to customer satisfaction.

(**Shimiao Li, 2020**), found that except empathy rest of the service quality dimensions have a strong impact on customer satisfaction and revisit intention. further added hotel customers are more interested and satisfied with tangibles and visual attractions and employee behavior and the services rendered by them. Customers were least bothered about personalized service. The responsive part is the second important factor for customer satisfaction. (Shaher & Muhammad, 2015), found that ambiance, assurance, responsiveness, and reliability, and the least important aspect is the empathy dimension. Newcomers are less satisfied with the service quality than regular visitors. Employees must take care of old as well as new customers. The comfortable sitting arrangement, music, lighting, food quality, and quantity, spacious parking, convenient location significantly influence customer satisfaction. (**Sanjeev & Deepali, (2017)**), found that food quality has more impact on customer satisfaction than service quality in the three-star category hotels restaurants. The study also says that food and service attributes have an impact in deciding destiny as a home away from home. (Sohyun, et al., 2018), revealed that solo diners perceived service quality are food quality, service quality, and physical atmosphere. Food quality is the most significant and positive impact on Solo diner's revisit intention. Further, service quality and physical environments do not influence solo diner's revisit intention. (**Mireille & Carole, 2019**), revealed that all the service quality dimension are equally important and has strongly and positively influence on customer overall satisfaction. Further, to maintain the standard and to improve tangibles such as more on design and facility planning, ambiance, atmosphere, layout, interior and exterior design of the dining area to attract more students, academicians, and staffs of the university. Cleanliness and hygiene were other important factors after menu variety and location which attracts consumers to dine in for different meals taken throughout the day. Proper pricing, value for money, variety of food items, and interactive and friendly staff members all have equal contributions in satisfying customers' dining experience. According to (Bandara and Dahanayake, 2020), found equipment and artifacts, employee uniforms, menu cards, brochures, and other such materials and intangibles like reliable and responsive staff, employees' assurances have a positive relationship with customer satisfaction. (**Krishna and Tefera, 2017**), reveal that service

quality components other than physical objects affect customer satisfaction. Previous studies also confirmed higher service quality always resulting in more happy and satisfied customers. Service staffs must be given continuous training and must provide with handsome pay packages and other benefits to motivate them for better performance. (Simachew, 2018), authors revealed that service quality dimensions have an impact on customer satisfaction. Physical setup has the strongest force for customer satisfaction. While responsiveness is the other constituent that is responsible for the customer's entire satisfaction level. Customers are not satisfied with the services rendered by the employees. As customers, faced communication problems and employees are unable to build trust and confidence with the customers.

### **Customer Satisfaction and Customer Loyalty**

The study by (Abdullah & Ramazan, 2020), found that customer loyalty is considerably and positively associated with customer satisfaction. Customer loyalty is the outcome of excellent food and service quality. When customer's perception exceeds the expectation in terms of service quality, food quality, atmosphere, and value for money they become satisfied which resulting in customer loyalty and revisit intention. The important factors of customer loyalty are food quality, friendship and social bonds, pleasant atmosphere, variety seeking, dining experience, perceived value, switching cost, price-value ratio, and more. Determinants of customer satisfaction are service quality, food quality, waiting time, interaction with service personnel, consumption feeling, and restaurant environment. According to (Aliff, et al., 2018), revealed that service quality components have the biggest influence after that restaurant image and food product quality have significantly and positively impact on customer loyalty. Moreover, service quality, food quality, and image factors are responsible for customer loyalty. Consumers will be loyal to the firm if all the above-mentioned aspects have been met and provide more will certainly surplus respondent expectation level in the budget category of hotel restaurants of Terengganu, Malaysia.

In research by (Jamal & Dandis, 2018), found that when the customer gets all his needs and desires fulfilled, they become loyal to the organization. No other elements can satisfy customers and become loyal other than excellent service provided by the firm. Customer loyalty is the result of customer satisfaction and customer satisfaction obtained through service quality. Therefore, service quality dimensions are the most important factors which are rendered by the service staff are the determinants of customer satisfaction and loyalty. (Ana & Iva, 2015), hospitality management must

invest more in employee training to achieve customer satisfaction through providing excellent service quality which undoubtedly leads to customer loyalty.

A study by (Anahita & Rohaizat, 2015), revealed that just satisfied customers not always loyal to the organization. Preferably, providing extra value, attentive to key customers, extra service, strong bond, customer relations, forecasting customers wants and delivered them before the competitors provide it. All these will lead to customers' delight and lead to customer loyalty. In research by (Nikhil, et al., 2015), the influence of loyalty and image of old food outlets on new ones, authors revealed that when the customers get more than their expectation, they become satisfied. Customer satisfaction is the result of the services received from the restaurant such as excellent food quality, hygienic and clean atmosphere, healthy food options, and the well-mannered and supporting employee was the most prerequisite factors that determine customer loyalty. Moreover, customer loyalty and image rely on the marketing strategy of selling off the right product, its price, advertisement, right place, target group, accessibility, and physical appearance. Frequent restaurant visitors are looking for organic fresh food, innovative creation, renovation of infrastructure, new and different ambiance and reasonable pricing strategy are the need of the customers.

According to (Krist & Barbara, 2014), found that, food & beverage quality, service quality attributes, and physical atmosphere straightaway influence customer satisfaction, which further enhance customer loyalty in the quick-service restaurant. Satisfied customers are most loyal to the firm. Customers will be more loyal when they receive excellent food, the fast service delivery of eatables, a pleasant physical environment, and a memorable dining experience. (Petr & Maria, 2019), found that, customers became more loyal when they purchase more of the same product. The customer gains more product knowledge when they repeat purchase. This way the two variables satisfaction and loyalty are interrelated and depend on one another. Further, when the service quality and product value are more than the price does not affect other factors. In research by (Shivratan & Divya, 2019), authors revealed that service quality dimension such as assurance and reliability dimension is relevant and most important factors for customer satisfaction and retention in the traditional Indian restaurant business setup. Knowledgeable and experienced employees who can give information about food products, methods of preparation, provide comforts and confidence in a business deal. Foods served on time promised, serves exactly what is being ordered, provides accurate billing, and quickly correct if anything goes wrong. The customer becomes satisfied and goes for a repeat purchase if the above-mentioned needs are fulfilled.

(Aymar & Joseph, 2019), found that only service quality is not enough for satisfying customers and win over them. Factors such as Price, product quality, physical layout, and ambiance are the

important factors of customer delight and become faithful to the organization. (Amrik, et al, 2019), revealed that both food and service quality are important elements for customer satisfaction and revisit intention. Food quality has the highest and strongest factors for customers' choice in their dining experience. Service quality attributes are also enhancing customer satisfaction. If food quality is not up to the standard as required by the customers, they will not enjoy the service as well. So, both attributes are equally important for highway travelers. Innovative menu, Festival special dishes, Interior design, ambiance, clean toilets, spacious parking, convenient location, price value ratio all have a positive impact on the dining experience. (Krishna, 2017), the study reveals that customer loyalty is the result of overall satisfaction achieved by customers from the firm. When the customer's perception surplus customer expectation then customers become delighted resulting in customer loyalty. Until and unless customers are loyal to the company, they will not repurchase from the same firm so every firm must be assured that their customers are happy and spread good words. (Kartika, et al, 2015), the author's investigation reveals that customer satisfaction and loyalty factors are food quality, physical setup of the outlet, reliability, and the customers perceived value. Customers will be satisfied and loyal when they will receive excellent food quality, comfortable seating, reliable and trustworthy service staff who can make them feel comfortable and provide a memorable dining experience.

(Waqar Rana, et al, 2021), described that Food quality, service quality attributes, and price value ratio are the three most important components that affect brand image and behavioural intention of fast-food chain restaurant customers. Furthermore, the reliability factor has a great impact on customer loyalty. This is in line with (Hee & Yongping, 2020), which revealed that reliable and trustworthy service staff may create customers feel comfortable and pleasurable dining experience which ultimately led to customer loyalty in the quick service restaurants. Timely service and delivery of food ordered, trust worthy, accurate billing all crate customer loyalty. Fast food restaurant management must focus on customer and staff interaction in a service encounter rather than just to handover the food to the customer on the counter. They need to take special care of their customers. Weng-Kun, et al, 2016), investigated and found that customers happen to be loyal when the service quality level is high. Customer satisfaction also acts as an intermediary amid service quality and loyalty.

An investigation by (Ying Tuan, et al, 2018), reveal that customer's perception of service quality is overall dining experience, relationship quality, and emotions which positively and significantly builds a good relationship with the service providers. Relationship quality means when customers receive all the service quality components like excellent food, very good service quality, environment, price-value ratio, other convenience factors such as warm welcome, special care, discounts on certain

occasions like birthdays, anniversary, then relationship quality build up and customers emotions increases that attach to the firm's environment and with employees over some time which results in customer loyalty. Customers become loyal to the organization in the long run when they attached to the emotions of the restaurant as emotion is the deeper form of relationship. Management must train the service staff to win over the emotional and relational bonds with customers to retain them for the long run business. (Elif Ahmet, 2020), authors revealed that tangibles, assurance and empathy dimension affect customer satisfaction and loyalty. Male customers are more loyal than female customers as female customers have high service quality perception than their male counterparts. Satisfied customers are the most loyal customer. Satisfaction is a mental attitude that changes over time and depends on the customer's mood and their belief. Old customers are most loyal as they know restaurant employees and visited many times. For new customer it takes time to become familiar with the waiting staff and their services.

### **Factors Determining Customer Satisfaction**

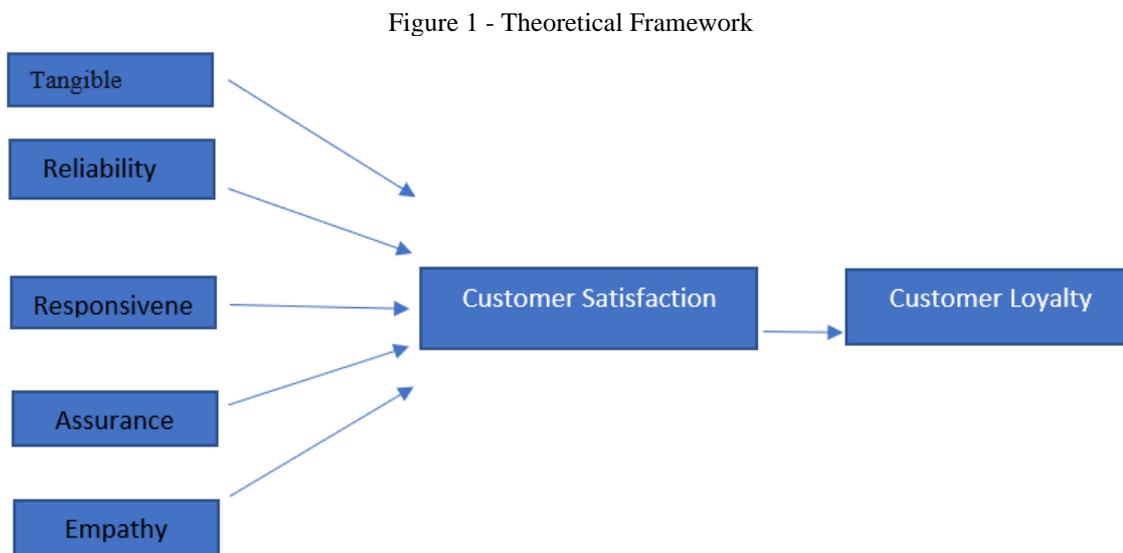
The study by (Ali, 2019), found that restaurant diners observe food quality, timely delivery, physical atmosphere, and value for money in deciding their satisfaction level. In addition, reasonable price and value for money, Beauty of interior decoration, friendly atmosphere and dedicated staff members, excellent food and beverage quality is the basic need for any customer in their dining experience. Therefore, management must improve the quality of tangibles and intangibles accordingly to have happy customers. (R. Kannan, 2017), reveals in mid to upscale restaurants taste of food, temperature, portion dish with covered lid, menu variety, sound choice, nutritious menu, are among the few food and service qualities that influence customer satisfaction and behavioural intention. Further, the dish with fitting lids does not directly influence customer satisfaction but it surely impacts customers' behavioural intentions. Therefore, apart from the above said a restaurateur must focus and take special care on food quality components for a memorable dining experience and customer delight.

According to (Andala, et al., 2019), reveals that customer relationship management in providing service quality such as friendly behaviour, technological changes, communication system, facilities in the hotel, and lodges are positively influencing customer satisfaction. (Kye-Hong, 2016), reveals that Korean customers are intended about the food quality attributes such as freshness of ingredients, taste, followed by the warm welcome of customers, skilful and kindly service staffs, and cleanliness in choosing their food outlets. Korean restaurants are slowly gaining popularity over the last decade. Multinational customers and globalization increase the choice for ethnic foods among local people and

other nationals. Ethnic restaurants are a good place to introduce Food culture and national image to foreign nationals. Ethnic restaurants must focus on traditional and authentic food elements, their originality, and the proper way of service. Service staff must have fluency in the English language so they can able to describe the ingredients used, and process of food preparation. They must wear traditional outfit, music, equipment, interior design, and other such related items which showcase the ethnic culture. (Ali-Raza, et al, 2019), authors investigated customers' preferences of Hyderabad restaurants and revealed that genuine price, variety of food and beverage choice, friendly and enthusiastic service staffs, attractive building, comfortable atmosphere, excellent food, and service quality influence customer satisfaction. Further, added yummy food, reasonable and fast service are the major factors that attract customers for dining. As the customers are hungry and need food and drinks after shopping in the city market place.

### 3. Research Model

Figure 1. Illustrates the model of the study. The two variables i.e., Customer satisfaction and customer loyalty were studied to know association between the two variables.



### 4. Research Methodology

The objective is to find out the association between customer satisfaction and loyalty in the in-house food service outlets of Jalandhar city. Based on past studies, the dependent variable customer

loyalty and independent variable customer satisfaction have developed. Hypothesis generated to examine the association between the two variables.

Hypothetical structure and also, a detailed literature review was conducted for framing the questionnaire. The survey observation viewed the expectation and perception of respondents who had their meals in the hotel's food outlets by asking customers the repetition of their visits, service quality, waiting for staff's behaviour, physical ambiance, and most important reason for coming to the restaurant. The questionnaire includes the demographic profile of the respondents in section-A and Section-B comprises questions on tangibles (Physical objects), reliability, responsiveness, assurance, empathy, loyalty, retention, and customer satisfaction respectively included for this study. The targeted sample belongs to the middle class and upper-middle-class group staying in the room rooms and local customer who visits at least once in a month. The data were collected during six weeks, and personally visited different food outlets of budget hotels and approached the volunteer diner and told them either tell or fill the questionnaire. SPSS version 20 was used to calculate the collected and usable data.

## **Data Collection**

To evaluate the dining experiences of restaurant customers regarding service quality factors such physical environment of the restaurant, reliability, responsiveness, assurance and empathy, customer satisfaction, customer loyalty, and customer retention and hypothesis contemplated for the structure. A questionnaire survey was conducted for the collection of data. Detailed information of 150 respondents (both inhouse guests and local customers) who had visited the different hotels and dined out in the food and beverage outlets located in Ludhiana city via hand-to-hand distribution also using social media like Facebook, WhatsApp, LinkedIn, and Messenger. Each question of the questionnaire was scaled on a 7-point Likert scale. The scale is limited to '1' being not important at all and '7' extremely important.

The operating scale was based on the SERVQUAL scale to measure service quality dimensions, namely Tangibles (10 objects), Reliability (5 objects), Responsiveness (3 objects), Assurance (6 objects), Empathy (5 objects), Customer loyalty (3 objects), and Customer retention (4 objects) which were used to assess the dependent variable Customer Satisfaction (6-items) level and to examine the formulated hypothesis. All together 42 variables out of that independent variable customer loyalty and dependent variable customer satisfaction were examined for checking hypothesis distinctively. Data collected in the month of February 2021 using the convenience sampling method

from the hotels situated in different places of the city. Out of 200 questionnaires, 150 fully completed questionnaires were received.

## 5. Analysis, Interpretation, and Discussion

We have used SPSS-20 version software was used for analysing the data. Data implanted in MS excel and further processed in the SPSS Software. Descriptive analysis was conducted such as the Reliability test, and Pearson Correlation analysis. Pearson correlation analysis is helpful for reporting the association between two variables as it characterizes the strength and the direction as well. To check the internal consistency of collected data, Cronbach’s alfa was calculated using Reliability Analysis. The result obtained through SPSS were then examined to sort out the customer satisfaction and loyalty of the diners in contrary to service quality dimensions. The final output received was examined ahead of whether they are in a sequence with the hypotheses.

### Reliability Analysis

Before performing the analysis of the questionnaire, we have checked the validity of the questionnaire’s responses. Cronbach’s alfa is the commonly used technique to measure the reliability effect. If the value of alfa is closer to 1 or greater than 0.6, the data is reliable and we can analyse that data. But, if, it is not greater than 0.6 we cannot go for analysis on that data because the data is not reliable.

Table 1 shows, Cronbach’s alfa for customer loyalty variables is .846 which much greater than 0.7. Therefore, the instrument using here is reliable.

Table 1 -Reliability Statistics - Customer Loyalty		
Cronbach's ( $\alpha$ )	Cronbach's ( $\alpha$ ) on the basis Standardized items	Number $\alpha$ of Items
.845	.846	3

Table 2. shows, Cronbach’s alfa for customer satisfaction variables is .827, which is far greater than 0.7. So, the instrument using here is reliable. Cronbach’s alfa should be equal and greater than 0.7.

Table 2 - Reliability Statistics - Customer satisfaction		
Cronbach's ( $\alpha$ )	Cronbach's ( $\alpha$ ) on the basis Standardized items	Number of Items
.546	.827	6

## Descriptive Analysis of Customer Loyalty

Question number -3, I will come to this restaurant again, got the best mean value of 5.52. Then second question number, (I will recommend this restaurant when I talk with other people about it) mean value is 5.42 and first question number, (I will say a good word for this place to my friends and peer groups) mean value is 5.31. That means customers are slightly loyal to the firm as all have the mean value falls under the category between slightly agree and agree.

Table 3 - Descriptive statistics Customer Loyalty construct

S No.	Items	Mean value	Std. Deviation	Cronbach's Alfa
1	I will say a good word for this place to my friends and peer groups	5.3133	1.55065	<b>.846</b>
2	I will recommend this restaurant when I talk with other people about it	5.4200	1.41074	
3	I will come to this restaurant again	5.527	1.4549	

## Descriptive Analysis of Customer satisfaction

The highest mean value is 5.72, satisfaction with the overall dining experience. Customer satisfaction level in overall dining experience falls between slightly agree and agree. Followed by satisfaction with food quality, mean value 5.70, I had a great time eating, mean value 5.62, satisfied with food and beverage prices of this restaurant, mean value 5.48, waiting time, mean value 5.51, and the least scored mean value is 5.20, satisfaction with the service quality of the restaurant. Means respondents are little satisfied by the service quality of the in-house food outlets.

Table 4 - Descriptive statistics Customer Satisfaction construct

Sl No.	Items	Mean value	Std. Deviation	Cronbach's Alfa $\alpha$
1	I am happy with the overall dining experience	5.7267	5.12645	<b>.827</b>
2	I had a great time eating	5.6200	1.20218	
3	The waiting time was fine	5.5133	1.23014	
4	I am happy with the service quality at this restaurant	5.200	1.28319	
5	I am satisfied with the quality of food of this food outlet.	5.7000	1.24647	
6	I am agreed with the food prices of this restaurant	5.4867	1.40821	

## Correlation of Variables

Correlation analysis is the analysis of the relation between two variables, it is termed as correlation analysis. Correlation measures the direction and strength of relationship. Because our data is on a ratio scale, we have chosen the correlation coefficient symbolise as (r).

It does not provide any information about cause and effect. Correlation does not speak of the influence of one variable over the other as well. Correlation relation is not equal to causation.

### Problem

To investigate the association between customer satisfaction and loyalty.

**H<sub>1</sub>:** *There is a significant and positive association amid customer satisfaction and customer loyalty.*

**H<sub>0</sub>:** There is no significant and positive association amid customer satisfaction and customer loyalty.

Pearson product correlation of Customer satisfaction and loyalty was found to be very low and negligible positive and statistically significant ( $r = .097$ , the p-value is less than .001).

Pearson correlation value is .079, it is significant as the  $P < .05$  Hence, H<sub>1</sub> was supported i.e. There is a significant relationship between customer satisfaction and loyalty. This shows enhancement in customer satisfaction would lead to higher customer loyalty of consumers. And rejected the null hypothesis, i.e., There is no significant and positive association amid customer satisfaction and loyalty.

Table 5 - Pearson's Correlations table

			I am happy with the overall dining experience
Pearson correlation	I will come to this restaurant again (Loyalty)	Sig. (2-tailed)	.239
		N	150
		Pearson Correlation	.097

## 6. Conclusion

This study unearthed the correlation between customer satisfaction and customer loyalty in the in-house food outlets of budget hotels of Ludhiana city. Service quality dimensions such as physical quality, reliability, responsiveness, assurance and empathy are applied to know the customers

satisfaction level on overall dining experience and brand loyalty towards the organisation. On the basis of this interpretation and depiction results, descriptive analysis (reliability and correlation analysis) among dependent and independent variables have been analysed. The correlation of Customer satisfaction and loyalty was found to be very low and negligible positive and statistically significant as  $r = .097$ , which is significant as  $P < .05$  and p-value is less than  $<.001$  presented in table 5.

Therefore, Food outlet managers should improve service quality, food quality, and reasonably priced menu items. If food outlets maintain and provide excellent food and services to their customers, better result may be able to boost customer loyalty and future purchase intention. Factors such as pleasant atmosphere, unique food, timely service of food, polite and attentive staff are important factors in achieving customer satisfaction and loyalty (Aymar and Joseph, 2019; Anahita and Rohaizat, 2015; Kartika, et al, 2015; Abdullah and Ramazan, 2020). Krishna and Orthodox, (2017) expressed that Customer loyalty is the outcome of overall satisfaction achieved by customers from the firm. When the customer's perception surplus customer expectation then customers become delighted resulting in customer loyalty. Petr Suchaneka and Maria, (2019), found that if the product price is set according to product quality, then the price will not affect other factors. Hee and Yongping, (2020), Proper pricing strategy with excellent food quality and service delivery are the basis in reaching the goal of customer satisfaction and customers repurchase intention.

Thus, based on the study it is found that customers satisfaction and customer loyalty have positive and significant relationship. And most of the time satisfied customers are loyal to the organization and say good words for them. Therefore, in-house food service outlet manager's first choice is to keep customers satisfied so that loyalty come automatically.

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