ABSTRACT

Assessing service industry is much more difficult than assessing any product oriented industry. When the discussion comes to customer loyalty this is even more difficult to assess and maintain the customer loyalty for a longer period of time. If the food industry is considered the taste and preferences of the customer towards the food and the restaurants providing the food keeps changing as the food industry is the most dynamic in nature. This becomes harder when the consideration is towards the chains of restaurants. The chains of restaurants need to maintain the same quality all over the place with reference to the localization. This localization is very essential as this leads to one of the factors for the positive word of mouth. Evaluating the customer loyalty in one of the chains of restaurant considering a particular geographic location is a competing task to adhere to and complete it successfully. Not many studies have contributed to this challenging area of business concern. This study has adopted evaluating the customer loyalty across four different chains of restaurant in the domain of Tamil Nadu state.

As many researchers like Parasuraman et al, Sanghyup Sean Hyun have in their study mentioned various ways and dimensions of studies with regard to customer satisfaction, trust and loyalty of service offered by chains of restaurants are difficult to assess by customers owing to its complex nature. Not many studies have been carried out yet, to measure the customer loyalty in chains of restaurants in emerging economies like India. It is important for the chains of restaurants to pay sufficient attention to customer satisfaction, trust, word of mouth in order to iterate the customer loyalty through creativity and innovation. Although many customer loyalty concepts have been proposed by marketing scholars, this study has employed the relationship quality proposed by Sanghyup Sean Hyun (2010) and the word of mouth proposed by Lean Jean Harrison Walker (2001).

The model given by Sanghyup Sean Hyun has dimension like customer behavior which includes food quality, service quality, price, environment and location, and then the relationship quality which includes customer satisfaction and trust. These customer behavior and relationship quality leads to the outcome variable
customer loyalty. The model proposed by Lean Jean Harrison Walker suggests the inclusive of the attribute word of mouth along with the customer behavior aspects for the outcome variable customer loyalty to be framed. The study has empirically evaluated the relationship between customer behavior and relationship quality are found to be significant. The study used the Partial Least Square Structural Equation Modeling (PLS-SEM) method because such a model can be used with non-normal data, small sample size etc., and is useful in various research studies. The PLS-SEM has used widely in marketing domain and this study employed the SmartPLS software.

The construct “customer behavior” is important for any organization because it is responsible for customer loyalty which is an important variable in the marketing arena. There is empirical evidence in this study; that customer behavioural aspect has a positive effect on behavioural intention. The theoretical notion that relationship quality variables have a positive influence on customer loyalty was tested and found to be significantly true. Mediation analysis was performed with word of mouth as the mediator, customer relational quality as antecedent and customer loyalty as outcome variable.

Multistage sampling was used to select the samples and the sample obtained was 593 from four different chains of restaurants, implying that the respondents selected are can be scattered geographically. Descriptive statistics were generated using SPSS and the data do not possess any major problem. The study performed the convergent and discriminant validity using Fornell Larcker criterion (1981).

The constructs had Average Variance Extracted (AVE) above 0.5 which suggest of adequate convergent validity and AVE is greater than the square root of the correlation of other constructs exhibit discriminant validity.

The study performed the convergent and discriminant validity using Fornell Larcker criterion (1981). The constructs had Average Variance Extracted (AVE) above 0.5 which suggests adequate convergent validity. The AVE is greater than the square root of the correlation of other constructs, and this shows discriminant
validity. Thus the constructs involved in this study possess good psychometric properties. The theoretical model has good predictive power of 56% ($R^2$) which is sufficiently high in social science.

The global goodness of fit is 0.56 which is much higher than the cut-off value of 0.36. The reliabilities (Cronbach alpha) of all the constructs are much above the specified cut off value of 0.7 by Nunnally.