

The Factors Affecting Customer Loyalty on Ethnic Restaurants in Sri Lanka; with Special Reference to Colombo District

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The strategic importance of food and beverage in the hospitality sector has made a significant growth in the restaurant industry worldwide. Modern customers are looking for more comprehensive experience within the restaurant beyond food and beverages. Hence, ethnic restaurants have been popularized around the world. However, attracting and retaining loyal customers have become a challenge in the sector due to the growing competition. Hence, this contemporary study was conducted to investigate the factors affecting on customer loyalty in ethnic restaurants in Sri Lanka. The data were collected using questionnaires distributed to the customers who visited selected 10 ethnic restaurants in Colombo district. For each restaurant type, 2 restaurants were selected and from those restaurants 30 guests were selected. The research sample consisted of 281 guests using convenient sampling, Descriptive statistics and structured equation modelling was used for data analysis. Results of the analysis illustrated that the most important factor that impact on customer loyalty was restaurant image. Results of hypothesis showed that restaurant image, price perception and quality of the restaurant had a positive effect on the customer satisfaction and customer trust while customer satisfaction, customer trust had a positive effect on customer loyalty. There was a partial mediation effect between independent variables and dependent variable when customer trust and customer loyalty act as mediator. Based on the results, quality of the restaurant and customer loyalty has the highest indirect effect due to the mediators. Lowest number of factor loading is gain by 'Knowledge of the staff about the menu' (0.38) and educating and training staff will improve it. This study will help to identify the factors that mostly affecting to the customer loyalty in Sri Lanka relevant to ethnic restaurants and to identify about customer attitudes regarding the ethnic restaurants and their preferences.

Keywords: Ethnic restaurant, Restaurant image, Quality of the restaurant, Price perception, Customer trust, Customer satisfaction, Customer loyalty