



Evaluation of Factors Affecting Customer Loyalty on  
Ethnic Restaurants in Sri Lanka:  
(With Special Reference to Colombo District)

This Dissertation is Submitted as a Partial Fulfilment of the Degree of  
Bachelor of Hospitality, Tourism and Events Management  
August, 2018

K. Wickramasurendra  
UWU/EX/14/0335  
Department of Public Administrations

## ABSTRACT

The restaurant industry has been growing through past years. New restaurants are establishing and new restaurant concepts are rising. Such as themed restaurants, independent restaurants, ethnic restaurants, and chain restaurants. Among these concepts ethnic restaurants are the booming restaurant concept in the industry. This research focus on investigating the factors affecting to ethnic restaurants. The data were collected using questionnaires distributed to the customers who visited selected 10 ethnic restaurants (Sri Lankan, Chinese, Indian, Italian, Thai and Japanese restaurants) in Colombo district. For each restaurant type 30 guests were selected. The research sample consisted of 281 guests. Structured equation modeling was used for data analysis and hypothesis testing for this study. The researcher performed descriptive analysis of the guest profile as the first step of this study and then investigated factors to identify factors that impact on customer loyalty. Afterward researcher investigated the relationship between restaurant image and customer loyalty, quality of the restaurant and customer loyalty, and price perception and customer loyalty with the presences of mediator. The results obtained from the analysis illustrated that most important factor that impact on customer loyalty was restaurant image. Results of hypothesis shows that restaurant image, price perception and quality of the restaurant had a positive effect on the customer satisfaction and customer trust while customer satisfaction and customer trust had a positive effect on customer loyalty. However, due to the insignificant and weakness of the path coefficient value alternative hypothesis of Hc1 (The price perception has a positive effect on customer trust) rejected while accepting the null hypothesis ( $H_0$ ). Afterward mediator analysis was conducted to investigate the mediating effect. Based on the results there was a partial mediation effect.

Key words: Ethnic restaurant, restaurant image, quality of the restaurant, price perception, customer trust, customer satisfaction, customer loyalty