Impact of restaurant owners’/managers’ handling of customers’ unexpected incidents on customers’ revisit intention

Tin-Chun Lin

School of Business and Economics,
Indiana University – Northwest,
Gary, IN 46408, USA
Fax: 1-219-980-6916
Email: tinlin@iun.edu

Abstract: The main purpose of this research is to explore whether or not restaurant owners/managers handle customers’ unexpected incidents can affect customers’ intention to revisit the same restaurant. We used the case of coupon incident as an example. We then designed an experiment and conducted a survey, and also developed single-equation regression models (both two-stage least squares and ordinary least squares procedures) to test the hypothesis. Results demonstrate that customers who were unhappy when restaurant owners/managers denied them the use of effective coupons were less likely to revisit the same restaurant, as well as no matter the reasons for disallowing coupon use, customers’ intention to revisit the same restaurant was frustrated by the experience. Consequently, the main contribution of this study is in offering a different analytical perspective on customer post-purchase behavioural intention by verifying whether the way restaurant owners/managers handle customers’ unexpected incidents may influence customers’ revisit intention.

Keywords: revisit intention; customer satisfaction; coupon; customer unexpected incident.


Biographical notes: Tin-Chun Lin received his PhD in Economics from Pennsylvania State University, USA. He is a Full Professor of Economics at Indiana University Northwest, USA. He serves as an Editor-in-Chief for International Journal of Economic Issues and for Asian Journal of Arts, Humanities and Social Studies, and as an Academic Editor for British Journal of Education, Society & Behavioral Science and for Applied Economics and Policy Analysis. He is an Associate Member of the Center for East Asian Studies, University of Chicago, and an Honorary Member at Asian School of Management and Technology. His research focuses on consumer behaviour, education economics, and economic education. He has published over 53 journal articles.

This paper is a revised and expanded version of a paper entitled ‘Impact of restaurant owners'/managers’ handling of unexpected coupon incidents on customers’ intention to return to the same restaurant’ presented at CEANA Session at the 2017 Allied Social Science Associations Conference, Chicago, Illinois, USA, 7 January 2017.
1 Introduction

Previous research has shown that retaining existing customers indeed is more profitable than winning prospective customers, implying that it is cheaper to keep existing customers than to attract new customers (e.g., Bitran and Mondschein, 1997; Verhoef and Donkers, 2001). For that reason, it is important for researchers to identify those factors that determine customer revisit intention. In the restaurant industry, for instance, a number of marketing researchers (e.g., Qu, 1997; Yan et al., 2015) have identified several factors that influence customers’ revisit intention to restaurants. These factors can be summarised as follows:

1. food quality
2. price and value
3. service quality
4. atmosphere and environment
5. advertising and promotion
6. location.

As a matter of fact, these factors are quite common and easier to identify. However, a factor that is in regard to restaurant owners’/managers’ handling of customers’ unexpected incidents has never been discussed and investigated. This factor could possibly have an impact on customers’ intention to revisit the same restaurant.

We normally do not pay much attention to restaurant owners/managers, because they are not the first-line group in serving customers and probably are never visible at restaurants; that is, not visible unless unexpected incidents occur and servers cannot handle these incidents. Nevertheless, the manner in which restaurant owners/managers handle customers’ unexpected incidents could be a critical factor in satisfying customers and hence influencing their intention revisit. For example, after dining at a restaurant, at the end of the meal you forget to give the server a coupon when you use a credit card to pay the bill. So when the server returns the credit card to you and asks you to sign, you immediately give the server your coupon and apologise for forgetting to offer it sooner and ask if the server can refigure your payment. The server may have to ask the owner/manager for a decision. Consequently, the decision of the restaurant owner/manager may be to accept your coupon and re-total the bill or to deny your effective coupon and keep the same charge.

Obviously, this incident is unexpected because it did not occur intentionally and does not happen to every customer every time. Therefore, you may be very happy if the restaurant owner/manager decides to accept your effective coupon and re-totals your bill; or you may be very upset if the restaurant owner/manager decides to deny your coupon and keeps the same charge. Although the discount value of the coupon may be only a few dollars (say, $2–$4), the way the restaurant owner/manager handles your unexpected coupon incident could affect your intention to revisit the restaurant. In other words, the restaurant owner’s/manager’s handling of your unexpected incident could promote or lessen your overall satisfaction with dining at this restaurant.

Based upon evidence from previous studies (e.g., Tam, 2000; Oh, 2000; Yüksel and Yüksel, 2002; Han et al., 2009), a customer’s overall satisfaction actually is an important
factor in determining whether the customer intends to return to the same restaurant. In other words, in this case, the customer may revisit the restaurant because he/she is satisfied with the way the owner/manager handled his/her unexpected incident and appreciated his/her caring about customers’ feelings. On the other hand, it is possible that the customer will no longer revisit the restaurant due to dissatisfaction with the way the owner/manager handled his/her unexpected incident and elects to penalise the owner/manager for not caring about customers’ feelings.

Therefore, to verify whether our hypothesis – the way in which restaurant owners/managers handle customers’ unexpected incidents will affect customers’ intention to revisit the same restaurant – is true, we designed an experiment and conducted a survey. We used the case of coupon incident as an example. We also constructed single-equation regression models (both two-stage least squares and ordinary least squares procedures) to test the hypothesis.

In short, the main contribution of this study is in offering a different analytical perspective on customer post-purchase behavioural intention by verifying whether the way restaurant owners/managers handle customers’ unexpected incidents may influence customers’ revisit intention.

This paper is organised as follows. First, we briefly review the related literature. Second, we report our experimental design, data source, and the development of single-equation regression models. Third, we present our survey and empirical results. Fourth, we discuss the results from the investigation, and conclusions are offered in the final section.

2 Literature review

Numerous researchers have proven that customer satisfaction is strongly related to customer revisit intention, implying that customer satisfaction can be used as an antecedent of behavioural intention to predict a customer’s actual post-purchase behaviour (e.g., Fishbein and Ajzen, 1975; Westbrook and Oliver, 1991; Oh, 2000; Han et al., 2009; Yan et al., 2015). Therefore, the theory of customer satisfaction has been used by a number of researchers in studying the service industry (including tourism, catering, hospital, retail business, telecommunication business, etc.) in order to develop marketing strategies that can be successfully used by full-service operators (e.g., Almanza et al., 1994; Andaleeb and Conway, 2006; Barsky and Labagh, 1992; Gabbie and O’Neil, 1996; James, 1995; Johns and Tyas, 1996; Oh, 1999, 2000; Oliver, 1980, 1981).

It should be noted that many scholars have defined customer satisfaction. For example, Dube et al. (1994) defined customer satisfaction as “an indicator of whether customers will return to a restaurant” (p.39); while Vara (1997) defined customer satisfaction as “the leading criterion for determining the quality actually delivered to customers through the product/service and by the accompanying servicing” (p.8). No matter which definition, as pointed out by Johnson and Fornell (1991) and Fornell (1992), the main concept of customer satisfaction points to a customer’s overall evaluation of post-purchase perceived performance and ante-purchase expectations. That is, for instance, if the customer feels that the service quality is equal to or better than what he/she expected before dining at the restaurant, then the customer is satisfied and is more likely to return to the restaurant again in the future, and vice versa.
Since customer satisfaction is a critical indicator in predicting a customer’s revisit intention, it is important for researchers to identify factors influencing customer satisfaction or dissatisfaction. Researchers, such as Hwang and Zhao (2010), have used the AnswerTree methodology to identify differences between satisfied and dissatisfied customers in restaurants. Their findings have shown that good value, tasty food, and restaurant cleanliness are most likely to affect satisfied customers; while employees’ knowledge of the menu (in addition to good value and tasty food) are most likely to influence customer dissatisfaction. Their study provides restaurant owners/managers information needed in developing a marketing strategy. In addition to those factors mentioned above, emotion can be an important factor in influencing a customer’s satisfaction. Plenty of evidence (e.g., Holbrook and Hirschman, 1982; Havlena and Holbrook, 1986; Holbrook et al., 1984) has shown that the post-purchase period may contain emotional responses (e.g., joy, excitement, pride, anger, sadness, guilt, etc.). Westbrook and Oliver (1991) further demonstrated that a consumer’s satisfaction can be related to his/her consumption emotion.

While some researchers have studied the factors influencing customer satisfaction, others have directly investigated the factors that would affect customer revisit intention (e.g., Alegre and Cladera, 2009; Kim and Moon, 2009; Qu, 1997; Yan et al., 2015; Lee, 2005; Zboja and Voorhees, 2006; Shao et al., 2008; Wang et al., 2004). Although many factors (e.g., satisfaction, trust, number of previous visits, perceived switching cost, customer value, etc.) could affect customer revisit intention, the most important factor is satisfaction – this conclusion also has been supported by a number of researchers, such as Gustaffson et al. (2005), Alegre and Cladera (2006, 2009), Um et al. (2006), Hui et al. (2007), Han et al. (2009), and Campo-Martinez et al. (2010).

In addition, in order to retain existing and attract new customers, many companies promote their customers by giving them coupons to save them a few dollars. Researchers, such as Qu (1997) and Chang (2003), have verified that customer promotion efforts such as coupons are effective marketing strategies for retaining existing customers and attracting new customers. Chang (2003) pointed out that consumers’ purchase decisions are much affected by price cuts. Thus, offering customers coupons implies that companies cut prices for those consumers who receive coupons. In short, promotion is one of the important factors affecting customer satisfaction and in turn influencing customers’ intention to revisit. In other words, whether acceptance or denial of a customer’s effective coupon by the restaurant owner/manager due to an unexpected incident may probably affect the customer’s satisfaction and hence his/her intention to revisit the restaurant.

Therefore, based upon the description above, we formulate two hypotheses for this study:

Hypothesis 1 When a customer is unhappy with the way the restaurant owner/manager handled an unexpected use of an effective coupon, the customer will be less likely to return to the restaurant in the future.

Hypothesis 2 When a customer’s effective coupon is denied by the restaurant owner/manager, it will discourage the customer’s intention to return to the restaurant in the future.

We formulate these two hypotheses, because, based upon the conceptual background, customer satisfaction is an overall evaluation in which a consumer compares post-
purchase perceived performance with ante-purchase expectations. A customer with an effective coupon who initially expects to save a few dollars before dining at the restaurant, and then finds that he/she will not save the money, will feel less satisfaction and thus be less likely to return to the restaurant in the future, and vice versa.

Finally, gender may affect a customer’s intention to revisit the restaurant, although there is no direct evidence to prove this. However, there is sufficient evidence that gender is significantly related to food choice (e.g., Chang, 1997; Stephenson, 1994; Book and Kanarch, 1995; Asp, 1999; Doern and Kates, 1998; Schiffman and Kanuk, 2000; Tian et al., 2002). For instance, as investigated by Stephenson (1994), on average, men normally prefer to visit ‘male’ kinds of restaurants, such as bars or sports bars; while women ordinarily choose to visit ‘female’ kinds of restaurants, such as family-oriented deli restaurants or self-serve buffet restaurants. A male customer who is a football fan and dines at a sports bar restaurant is more likely to return to the restaurant again, especially when there is another football game. Since gender can affect a customer’s food choice, gender may influence customer revisit intention to restaurants. To verify whether or not our hypothesis is correct, we add the variable of gender to our regression models to test the hypothesis.

3 Method
3.1 Experimental design and data collection

The purpose of this study was to investigate whether the way restaurant owners/managers handle customers’ unexpected coupon incident influences customers’ intention to return to the same restaurant. Therefore, we designed an experiment, described below.

We gave diners (i.e., volunteers who participated in the experiment) coupons issued by restaurants. The discount value of each coupon was between $2 and $4. We required volunteers to use credit cards when they paid the bills. These volunteers were asked to pretend that they had forgotten to give their server their effective coupon at the end of meal when they paid their bill. When the server returned the credit card receipt to them and asked them to sign, these volunteers were immediately to give the servers their effective coupons and apologise for forgetting to give them the coupons earlier, and to ask the server to re-total their payment. The servers might have to ask their owners/managers about doing so. Thus, the restaurant owners/managers might either accept their effective coupon and re-total the bill or deny the coupon and keep the same charges. These participants were told not to argue with restaurant owners/managers when their effective coupons were denied. After completing the experiment, these participants filled out a survey.

To process the experiment, we collected more than 300 effective coupons from more than 50 different restaurants during six years from 2009 to 2015. We randomly selected 300 volunteers who were adults (over 20 years old) and were able to pay a bill. When the participants received the coupons issued from the same restaurant, we arranged for participants to visit different locations (e.g., the Red Lobster Restaurant has many different locations). However, if the restaurant only had one location, we arranged for participants to visit the restaurant in different years, because we did not want these restaurant owners/managers to be aware of the presence of an experiment or to feel that these diners were playing a game.
We provided a $20 reward for each participant. To receive the $20 reward, each volunteer had to show his/her payment receipt and return the survey to us; otherwise, they could not receive the reward. If coupons were denied, then they had to return those coupons to us. Denied coupons were not used again. Participants were allowed to dine with their friends together at the restaurants, but the participants had to pay the bills and fill in the survey, and only the participants could receive the reward. It should be noted that we only selected 300 participants due to budget limitations.

To collect data for this study, we created a questionnaire. In total, there were 300 participants. The questionnaire is shown in the Appendix.

### 3.2 Regression models

To investigate Hypothesis 1, a single-equation regression model is required, and the two-stage least squares (2SLS) procedure is needed. Therefore, the consumer’s overall satisfaction with the restaurant except for the coupon issue was estimated in the first stage. The regression model was developed in a linear form, which is shown as follows:

\[ OSA = \alpha_0 + \alpha_1 \text{SER} + \alpha_2 \text{FOD} + \alpha_3 \text{PRI} + \alpha_4 \text{ENV} + \epsilon_1 \]  

where \( OSA \) = overall satisfaction on the restaurant except the coupon issue; \( \text{SER} \) = satisfaction with a server’s service; \( \text{FOD} \) = satisfaction with the taste of the food; \( \text{PRI} \) = satisfaction with the restaurant meal price; \( \text{ENV} \) = satisfaction with the restaurant environment; and \( \epsilon_1 \) = stochastic disturbance with a mean 0 and a variance \( \sigma^2 \).

The results for equation (1) are presented in column 1 of Table 3. \( OSA \) was saved; the predicted value of \( OSA \) was obtained from the reduced form estimates. In addition, we used an interactive dummy variable (i.e., \( \text{DEY} \times \text{UNH} \)) to identify a consumer whose effective coupon was denied by the restaurant owner/manager and was unhappy with the way the restaurant owner/manager handled his/her unexpected incident. Hence, in the second stage, the model for the consumer’s intention to return to the same restaurant in the future can be estimated in a linear form. The regression model in the second stage can be displayed as follows.

\[ RET = \beta_0 + \beta_1 \text{FEM} + \beta_2 OSA + \beta_3 \text{DEY} \times \text{UNH} + \epsilon_2 \]  

where \( RET \) = intention of returning to the same restaurant in the future; \( \text{FEM} \) = dummy variable – female (gender variable); \( \text{UNH} \) = dummy variable – unhappy; \( \text{DEY} \) = dummy variable – coupon denied; \( \text{DEY} \times \text{UNH} \) = consumers whose coupons were denied were unhappy (Interactive dummy variable); and \( \epsilon_2 \) = stochastic disturbance with a mean 0 and a variance \( \sigma^2 \).

Moreover, to investigate Hypothesis 2, a single-equation regression model is also required, and the ordinary least squares (OLS) procedure is needed. Consequently, the regression model for the consumer’s returning to the restaurant in the future is estimated in a linear form, which is expressed as follows:

\[ RET = \gamma_0 + \gamma_1 \text{SER} + \gamma_2 \text{FOD} + \gamma_3 \text{PRI} + \gamma_4 \text{ENV} + \gamma_5 \text{FEM} + \gamma_6 \text{DEY} + \epsilon_3 \]  

where \( \epsilon_3 \) = stochastic disturbance with a mean 0 and a variance \( \sigma^2 \).

In these formulations [equations (2) and (3)], the null hypothesis is that the parameters estimated by coefficients \( \beta_1 \) and \( \gamma_6 \) are zero, while the alternative hypothesis is that the parameters are not zero, implying that the way restaurant owners/managers
handle customers’ unexpected coupon incident does influence customers’ intention to revisit the same restaurant. If the restaurant owner/manager did not properly take care of costumers’ unexpected coupon incident and thus made customers unhappy, then $\beta_3$, $\gamma_6 < 0$ and the effects should be significant.

In addition, it should be noted that all of the error terms listed in the discussion of the regression methods are based on an assumption of homoscedasticity rather than identical variances. Moreover, Table 1 reports descriptive statistics (means and standard deviations for variables).

Table 1  Means and standard deviations for variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction on the server’s service ($SER$)</td>
<td>4.003</td>
<td>0.615</td>
</tr>
<tr>
<td>Satisfaction on the taste of the food ($FOD$)</td>
<td>3.913</td>
<td>0.674</td>
</tr>
<tr>
<td>Satisfaction on the restaurant meal price ($PRI$)</td>
<td>3.457</td>
<td>0.635</td>
</tr>
<tr>
<td>Satisfaction on the restaurant environment ($ENV$)</td>
<td>3.903</td>
<td>0.585</td>
</tr>
<tr>
<td>Intention of returning to the same restaurant in the future ($RET$)</td>
<td>3.380</td>
<td>1.029</td>
</tr>
<tr>
<td>Overall satisfaction except the coupon issue on the restaurant ($OSA$)</td>
<td>3.910</td>
<td>0.614</td>
</tr>
<tr>
<td>Dummy variable – female ($FEM$)</td>
<td>0.360</td>
<td>0.481</td>
</tr>
<tr>
<td>Dummy variable – coupon denied ($DEY$)</td>
<td>0.187</td>
<td>0.390</td>
</tr>
<tr>
<td>Dummy variable – unhappy due to coupon denied ($DEY\times UNH$)</td>
<td>0.150</td>
<td>0.358</td>
</tr>
</tbody>
</table>

4  Results

4.1  Survey results

The survey results are presented in Table 2. Below, we briefly summarise these results:

1  64% of participants were male, while 36% were female

2  81.33% of participants’ coupons were accepted, while 18.67% were denied

3  82.38% of participants whose coupons were accepted were either happy or extremely happy; while 17.62% did not feel differently

4  56.15% of participants whose coupons were accepted were happy/extremely happy because the restaurant owner/manager (or the server) was willing to take care of their problem; while 23.36% were happy/extremely happy because they could save a few dollars ($2–4$)

5  90.16% of participants whose coupons were accepted were likely, somewhat likely, or extremely likely return to the same restaurant in the future even if they do not have a coupon at that time; while 9.84% were not likely to return to the same restaurant
6 All of the participants whose coupons were denied were told why their coupons were being denied, but only 8.93% of these participants were satisfied with the reason; while 91.07% were not satisfied with the reason.

7 80.36% of participants whose coupons were denied were either unhappy or extremely unhappy; while 19.64% did not feel differently.

8 57.14% of participants whose coupons were denied were unhappy/extremely unhappy because the restaurant owner/manager (or the server) was not willing to take care of their problem, which made them unhappy; 17.86% were unhappy/extremely unhappy because they could not save a few dollars ($2–4).

9 69.65% of participants whose coupons were denied were unlikely or extremely unlikely to return to the same restaurant in the future; while 30.35% were somewhat likely or likely return to the same restaurant even if they did not have a coupon at that time.

Table 2  Survey results

<table>
<thead>
<tr>
<th>Questions</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total participants (total number = 300)</td>
<td></td>
</tr>
<tr>
<td>• What is your gender?</td>
<td>• Male: 64%</td>
</tr>
<tr>
<td></td>
<td>• Female: 36%</td>
</tr>
<tr>
<td>• Did the restaurant owner/manager (or the server) accept your coupon and</td>
<td>• Yes: 81.33%</td>
</tr>
<tr>
<td>re-deal with your credit card payment?</td>
<td>• No: 18.67%</td>
</tr>
<tr>
<td>Coupon accepted (total number = 244)</td>
<td></td>
</tr>
<tr>
<td>• When the restaurant owner/manager (or the server) accepted your coupon</td>
<td>• Neither happy nor unhappy: 17.62%</td>
</tr>
<tr>
<td>and re-dealt with your credit card payment, how would you rate your</td>
<td>• Happy: 72.13%</td>
</tr>
<tr>
<td>feeling at that moment?</td>
<td>• Extremely happy: 10.25%</td>
</tr>
<tr>
<td>• You must have several reasons to be happy, but what is the most</td>
<td>• I saved a few dollars ($2–4) due to accepting the coupon:</td>
</tr>
<tr>
<td>important reason for you to be happy?</td>
<td>23.36%</td>
</tr>
<tr>
<td></td>
<td>• The way of the restaurant owner/manager (or the server) in</td>
</tr>
<tr>
<td></td>
<td>taking of my problem made me happy, because he or she was</td>
</tr>
<tr>
<td></td>
<td>willing to take care of my problem and he or she did solve</td>
</tr>
<tr>
<td></td>
<td>the problem: 56.15%</td>
</tr>
<tr>
<td></td>
<td>• Others: 2.87%</td>
</tr>
<tr>
<td></td>
<td>• N/A: 17.62%</td>
</tr>
<tr>
<td>• How likely will you return to that restaurant in the future even if</td>
<td>• Extremely unlikely: 0%</td>
</tr>
<tr>
<td>you do not have any coupon at that time?</td>
<td>• Unlikely: 9.84%</td>
</tr>
<tr>
<td></td>
<td>• Somewhat likely: 30.74%</td>
</tr>
<tr>
<td></td>
<td>• Likely: 43.03%</td>
</tr>
<tr>
<td></td>
<td>• Extremely likely: 16.39%</td>
</tr>
</tbody>
</table>
Table 2  Survey results (continued)

<table>
<thead>
<tr>
<th>Questions</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coupon denied (total number = 56)</td>
<td></td>
</tr>
<tr>
<td>• Did the restaurant owner/manager (or the server) tell you the reason</td>
<td>Yes: 100%</td>
</tr>
<tr>
<td>why he or she denied your coupon?</td>
<td>No: 0%</td>
</tr>
<tr>
<td>• If you answer yes above, were you satisfied with the reason?</td>
<td>Yes: 8.93%</td>
</tr>
<tr>
<td>• When the restaurant owner/manager (or the server) denied your coupon,</td>
<td>Extremely unhappy: 16.07%</td>
</tr>
<tr>
<td>how would you rate your feeling at that moment?</td>
<td>Unhappy: 64.29%</td>
</tr>
<tr>
<td>• You must have several reasons to be unhappy, but what is the most</td>
<td>Neither unhappy nor happy: 19.64%</td>
</tr>
<tr>
<td>important reason for you to be unhappy?</td>
<td></td>
</tr>
<tr>
<td>• How likely will you return to that restaurant in the future even if you</td>
<td>Extremely unlikely: 17.86%</td>
</tr>
<tr>
<td>you do not have any coupon at that time?</td>
<td>Unlikely: 51.79%</td>
</tr>
<tr>
<td></td>
<td>Somewhat likely: 26.78%</td>
</tr>
<tr>
<td></td>
<td>Likely: 3.57%</td>
</tr>
<tr>
<td></td>
<td>Extremely likely: 0%</td>
</tr>
</tbody>
</table>

4.2 Regression results

4.2.1 Hypothesis 1

The results for equation (2) are reported in column 2 of Table 3. As column 2 of Table 3 shows, the null hypothesis was rejected, because unhappy due to coupon denied ($DEY \times UNH$) exerted a negative and statically significant effect on a consumer’s intention to return to the same restaurant in the future ($RET$) at the 1% level.

Therefore, Hypothesis 1 is supported. When customers were unhappy with the way restaurant owners/managers handled their unexpected coupon incident by denying their effective coupons, they were less likely to plan to return to the same restaurant in the future.
Table 3  Regression results

<table>
<thead>
<tr>
<th>Explanatory variables</th>
<th>Explained variables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OLS (1)</td>
</tr>
<tr>
<td><strong>OSA</strong></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>–0.093</td>
</tr>
<tr>
<td></td>
<td>(–0.62)</td>
</tr>
<tr>
<td><strong>SER</strong></td>
<td></td>
</tr>
<tr>
<td>0.321***</td>
<td></td>
</tr>
<tr>
<td>(8.39)</td>
<td></td>
</tr>
<tr>
<td><strong>FOD</strong></td>
<td></td>
</tr>
<tr>
<td>0.411***</td>
<td></td>
</tr>
<tr>
<td>(11.62)</td>
<td></td>
</tr>
<tr>
<td><strong>PRI</strong></td>
<td></td>
</tr>
<tr>
<td>0.084**</td>
<td></td>
</tr>
<tr>
<td>(2.31)</td>
<td></td>
</tr>
<tr>
<td><strong>ENV</strong></td>
<td></td>
</tr>
<tr>
<td>0.209***</td>
<td></td>
</tr>
<tr>
<td>(5.37)</td>
<td></td>
</tr>
<tr>
<td><strong>FEM</strong></td>
<td>–0.072</td>
</tr>
<tr>
<td></td>
<td>(–1.03)</td>
</tr>
<tr>
<td><strong>OŠA</strong></td>
<td>1.209***</td>
</tr>
<tr>
<td></td>
<td>(18.92)</td>
</tr>
<tr>
<td><strong>DEY</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DEY x UNH</strong></td>
<td>–1.395***</td>
</tr>
<tr>
<td></td>
<td>(–15.10)</td>
</tr>
<tr>
<td><strong>R²</strong></td>
<td>0.730</td>
</tr>
<tr>
<td><strong>R²</strong></td>
<td>0.726</td>
</tr>
<tr>
<td><strong>F-statistics</strong></td>
<td>199.21</td>
</tr>
<tr>
<td>Observations</td>
<td>300</td>
</tr>
</tbody>
</table>

Notes: Number in parentheses is *t*-value. **OSA** = overall satisfaction on the restaurant except the coupon issue; **RET** = intention of returning to the same restaurant in the future; **SER** = satisfaction on the server’s service; **FOD** = satisfaction on the taste of the food; **PRI** = satisfaction on the restaurant meal price; **ENV** = satisfaction on the restaurant environment; **FEM** = dummy variable – female; **UNH** = dummy variable – unhappy; **DEY** = dummy variable – coupon denied; and **DEY x UNH** = Unhappy due to coupon denied (Interactive dummy variable). 

***p < .01; **p < .05

4.2.2 Hypothesis 2

The results for equation (3) are reported in column 3 of Table 3. As column 3 of Table 3 shows, the null hypothesis was rejected, because coupon denied (**DEY**) exerted a negative and statically significant effect on a customer’s intention to return to the same restaurant in the future (**RET**) at the 1% level.

Consequently, Hypothesis 2 is also supported. When customers’ effective coupons were denied by restaurant owners/managers, it discouraged customers from returning to the restaurant in the future.
4.2.3 Additional findings

As shown in column 1 of Table 3, satisfaction with the server’s service (SER), satisfaction with the taste of the food (FOD), satisfaction with the restaurant meal price (PRI), and satisfaction with the restaurant environment (ENV) all exerted positive and statistically significant effects on a consumer’s overall satisfaction on the restaurant except for the coupon issue (OSA) at the 1% or 5% levels. This evidence implies that these four factors (SER, FOD, PRI, and ENV) play an extremely important role in determining a customer’s overall satisfaction with dining at a restaurant. Similarly, these four factors in column 3 of Table 3 also exert positively and statistically significant effects on a customer’s intention to return to the same restaurant in the future (RET) at the 1% level, implying that they will affect a consumer’s intention to return to the same restaurant in the future. Our results are consistent with those from previous studies, such as Qu (1997) and Yan et al. (2015).

In addition, as shown in column 2 of Table 3, a consumer’s overall satisfaction with the restaurant except for the coupon issue (OSA) exerted a positive and statistically significant effect on a consumer’s intention to return to the same restaurant in the future (RET) at the 1% level. This finding is also consistent with previous studies (e.g., Fishbein and Ajzen, 1975; Westbrook and Oliver, 1991; Oh, 2000; Han et al., 2009; Yan et al., 2015), implying that a customer’s satisfaction plays a critical role in a customer’s revisit intention. However, the variable of female (FEM) did not exert a statistically significant effect on a customer’s intention to return to the same restaurant in the future (RET) at the 1%, 5%, or 10% levels, implying that gender may not be a factor in determining a customer’s intention to revisit the same restaurant in the future.

5 Discussion and conclusions

In this study, we investigated whether the way in which restaurant owners/managers handle customers’ unexpected coupon incidents does influence customers’ intention to return to the same restaurant. We designed an experiment and conducted a survey using the coupon issue as a customer’s unexpected incident. We also constructed empirical models to test the hypothesis. In light of survey and empirical results, two major findings are offered:

1 customers who were unhappy with restaurant owners’/managers’ denial of coupon use will be less likely to return to the same restaurant in the future
2 no matter what the reasons for denying customers’ use of coupons, restaurant owners’/managers’ reactions may serve to frustrate customers’ intention to return to the same restaurant in the future.

The survey and empirical results offer sufficient evidence to support our belief that the way in which restaurant owners/managers handle customers’ unexpected coupon incidents does influence customers’ intention to return to the same restaurant. It is possibly happened to all of us – we forget to provide our effective coupons to servers at the end of meal when we make a payment. However, it is not impossible for restaurant owners/managers to adjust customers’ payments when customers immediately give servers effective coupons right after making payment but before signing the receipts.
Survey results showed that the majority of restaurant owners/managers were still willing to handle payment adjustments to satisfy their customers.

Restaurant owners/managers may have a reason or a policy for denying customers’ effective coupons, but this policy may directly hurt customers’ feelings. That is, customers care less about whether the reason or policy is proper, but rather about how restaurant owners/managers handle their unexpected incidents – that is, whether or not restaurant owners/managers do their best to resolve customers’ problems in a manner that satisfied them. Clearly, many customers dine at a restaurant because of coupons, which are a very important consumption incentive. Therefore, customers who initially expect to save a few dollars and do not will experience hurt feelings. Customers who feel ill-used may be difficult to attract back in the future, since they may lose confidence and trust in the restaurant.

With regard to this issue, as a matter of fact, restaurant owners/managers could follow several courses of action to resolve customers’ problems. For example, restaurant owners/managers could just take a few minutes to cancel customers’ initial payments and re-process their credit card payments again; or give customers the equivalent value of the coupon in cash. Nevertheless, the worst way to resolve customers’ problems is to simply deny them the use of their effective coupons. Remember, the opportunity cost of this denial may be customer loss.

It should be noted that customers are not always rational; instead, customers are human beings who are emotional and care about their feelings. Numerous researchers, such as Havlena and Holbrook (1986) and Holbrook et al. (1984), indicated that the post-purchase period may include all sorts of emotional responses (e.g., joy, excitement, pride, anger, sadness, guilt, etc.). Westbrook and Oliver (1991) even pointed out that consumption emotion is notably associated with consumer satisfaction judgment, implying that a consumer’s emotion could affect his or her satisfaction and hence influence his/her intention to revisit the restaurant. Simply speaking, there is a possibility that many customers are satisfied or dissatisfied with restaurants depending on their emotions rather than other factors, such as service quality, food quality, etc.

Therefore, even though it is not the restaurant’s fault, customers who receive a little favour show their great appreciation by frequently returning to the restaurant. Evidence has indicated that retention of existing customers actually is more profitable than winning prospective customers (e.g., Bitran and Mondschein, 1997; Verhoef and Donkers, 2001). For that reason, a successful business needs customers to return all the time. Without their repeat business, it would be very difficult to survive in the market. Therefore, a more flexible and generous policy about coupons is extremely important to a company’s marketing strategy. The restaurant may just lose a few dollars, but will win a customer’s confidence and trust and ensure their return, which is the most important element in a restaurant’s success.

In conclusion, a restaurant’s success depends on its ability to always satisfy customers and attract them back to the restaurant in the future. Therefore, the way in which restaurant owners/managers handle customers’ unexpected incidents can be a critical to continued customer satisfaction and ensuring their return to the restaurant in the future. If a little favour such as accepting coupons can win customers’ revisit in the future, then this cost has great worth.
References


Impact of restaurant owners/managers’ handling of customers


**Notes**

1 We used the phone book’s addresses to randomly mail advertisement letters to three hundred residents in Northwest Indiana to seek for volunteers. Some residents did not respond, we then mailed to different residents to reach three hundred volunteers.

**Appendix**

The following questionnaire was used in the study:

1 Your gender is: Male ____; Female ____

2 How would you rate your satisfaction with the server’s service? (Circle one)
   (1) Extremely unsatisfied
   (2) Unsatisfied
   (3) Mediocre
   (4) Satisfied
   (5) Extremely satisfied

3 How would you rate your satisfaction with the food? (Circle one)
   (1) Extremely unsatisfied
   (2) Unsatisfied
   (3) Mediocre
   (4) Satisfied
   (5) Extremely satisfied

4 How would you rate the price of the food? (Circle one)
   (1) Extremely unreasonable
   (2) Unreasonable
   (3) Somewhat reasonable
   (4) Reasonable
   (5) Extremely reasonable
5 How would you rate your satisfaction with the environment of the restaurant? (Circle one)
   (1) Extremely unsatisfied
   (2) Unsatisfied
   (3) Mediocre
   (4) Satisfied
   (5) Extremely satisfied

6 Did the restaurant owner/manager (or the server) accept your coupon and re-deal with your credit card payment? Yes ___; No ___
   If your answer in Question #6 is yes, please go to Question #7
   If your answer in Question #6 is no, please go to Question #9 and complete the rest of questions.

7 When the restaurant owner/manager (or the server) accepted your coupon and re-dealt with your credit card payment, how would you rate your feeling at that moment? (Circle one)
   (1) Neither happy nor unhappy
   (2) Happy
   (3) Extremely happy
   If your answer in Question #7 is (2) or (3), please answer Question #8

8 You must have several reasons to be happy, but what is the most important reason for you to be happy? (Circle one)
   (1) I saved a few dollars ($2–4) due to accepting the coupon
   (2) The way of the restaurant owner/manager (or the server) in taking care of my problem made me happy, because he or she was willing to take care of my problem and he or she did solve the problem
   (3) Others (explain: ____________________________________________)

   After you answer Question #8, please go to Question #12 and complete the rest of questions.

9 Did the restaurant owner/manager (or the server) tell you the reason why he or she denied your coupon? Yes ___; No ___. If you answer yes, were you satisfied with the reason? Yes ___; No ___.

10 When the restaurant owner/manager (or the server) denied your coupon, how would you rate your feeling at that moment? (Circle one)
   (1) Extremely unhappy
   (2) Unhappy
   (3) Neither unhappy nor happy

   If your answer in Question #10 is (1) or (2), please answer Question #11
11 You must have several reasons for being unhappy, but what is the most important reason for you to be unhappy? (Circle one)
   (1) I couldn’t save a few dollars ($2–4) due to denying the coupon.
   (2) The way of the restaurant owner/manager (or the server) in taking care of my problem made me unhappy, because he or she was not willing to take care of my problem although he or she could solve the problem.
   (3) Others (explain: ________________________________)

12 How likely is it that you will return to that restaurant in the future even if you do not have any coupon at that time? (Circle one)
   (1) Extremely unlikely
   (2) Unlikely
   (3) Somewhat likely
   (4) Likely
   (5) Extremely likely

13 If you did not have that coupon, how likely you would be to dine at that restaurant? (Circle one)
   (1) Extremely unlikely
   (2) Unlikely
   (3) Somewhat likely
   (4) Likely
   (5) Extremely likely

14 Overall, except for the coupon issue, how would you rate your satisfaction with the restaurant? (Circle one)
   (1) Extremely unsatisfied
   (2) Unsatisfied
   (3) Mediocre
   (4) Satisfied
   (5) Extremely satisfied