Best Cornell Hospitality Quarterly Article: Satisfied Restaurant Customers Mean Better Profits

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Top *Cornell Hospitality Quarterly* Article of 2007 Examines Revenue Consequences of Satisfied Restaurant Customers

Ithaca, NY, May 21, 2008 – Restaurant managers have long suspected that satisfied customers are a key to a successful restaurant, but until recently, no research study had established this profitable connection. A *Cornell Hospitality Quarterly* article published in August 2007 does exactly that and has been named the best article of CQ volume 48. The *Cornell Hospitality Quarterly* is available by subscription from Sage Publishing (http://www.sagepub.com/).

"Guest Satisfaction and Restaurant Performance," by Sachin Gupta, Edward McLaughlin, and Miguel Gomez, analyzed the performance of three restaurant chains that recorded 80,845 customer visits and established the significant connection between customer satisfaction (as measured by intention to return) and increased sales.

The authors found that, for these three concepts, a 1-percent increase in customers' likelihood of returning would amount to as much as $1.3 million in extra sales (even though the daily increase in sales from satisfied customers is small). While the relationship would be different for other restaurant concepts, the principle is the same. When the likelihood that customers will return increases, so does revenue.

For the chains in this study, four factors drove consumer satisfaction meaning that managers should focus on those items. They are delicious food, an appropriate cost, a cheerful greeting, and attentive service. These attributes might be different for other restaurant concepts, but this analysis provides a means of focusing management's attention on the specific attributes that will improve customer satisfaction and subsequent sales.

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