Measuring the Dining Experience: The Case of Vita Nova

Kesh Prasad

Frederico J. Frederico

University of Delaware

Follow this and additional works at: https://scholarship.sha.cornell.edu/chrtools

Part of the Food and Beverage Management Commons

Recommended Citation
Measuring the Dining Experience: The Case of Vita Nova

Abstract

The considerable penetration of computers and internet connections makes it feasible to use electronic surveys to determine whether restaurant guests are satisfied with their meals. As demonstrated by the proprietary software in this case study, electronic surveys can provide rapid and effective feedback regarding guests’ assessment of food and service. Beyond that, correctly designed electronic surveys can gauge customers’ loyalty to a restaurant and raise warning signals when something is amiss. The demonstration takes place in Vita Nova, which is the teaching restaurant at the University of Delaware. Open only during academic terms, Vita Nova was expressly designed to teach restaurant students. Results of the survey showed that guests at this restaurant were highly satisfied and remarkably loyal, as calculated by a new measure, the Loyalty Power Index. This case study underscores the value of customer surveys in ensuring customer satisfaction.

Keywords

Cornell, tools, case studies, dining, restaurants, guest satisfaction, customer surveys

Disciplines

Food and Beverage Management | Hospitality Administration and Management

Comments

Required Publisher Statement

© Cornell University. This report may not be reproduced or distributed without the express permission of the publisher.
Measuring the Dining Experience: The Case of Vita Nova

Cornell Hospitality Tools
Tool No. 12, February 2009

by Kesh Prasad and Fred J. DeMicco, Ph.D.
Thank you to our generous Corporate Members

Senior Partners
- American Airlines Admirals Club
- General Growth Properties, Inc.
- job.travel
- McDonald’s USA
- Philips Hospitality
- Southern Wine and Spirits of New York
- Taj Hotels Resorts Palaces
- TIG Global LLC

Partners
- AIG Global Real Estate Investment
- Davis & Gilbert LLP
- Deloitte & Touche USA LLP
- Denihan Hospitality Group
- Expedia, Inc.
- Four Seasons Hotels and Resorts
- Fox Rothschild LLP
- FX Real Estate and Entertainment, Inc.
- HVS
- InterContinental Hotels Group
- JohnsonDiversey
- Jumeirah Group
- LRP Publications
- Marriott International, Inc.
- Marsh’s Hospitality Practice
- Mobil Travel Guide
- PricewaterhouseCoopers
- Proskauer Rose LLP
- Smith Travel Research
- SynXis, a Sabre Holdings Company
- Thayer Lodging Group
- Thompson Hotels Group
- Travelport
- WATG
- WhiteSand Consulting

Friends
- American Tescor, LLP
- Argyle Executive Forum
- Caribbean Hotel Restaurant Buyer’s Guide
- Cody Kramer Imports
- Cruise Industry News
- DK Shifflet & Associates
- Hoteler.com
- EyeforTravel
- Fireman’s Fund
- 4Hoteliers.com
- Gerencia de Hoteles & Restaurantes
- Global Hospitality Resources
- Hospitality Financial and Technological Professionals
- hospitalityinside.com
- hospitalitynet.org
- Hospitality Technology
- Hotel Asia Pacific
- Hotel China
- HotelExecutive.com
- Hotel Interactive
- Hotel Resource
- International CHRIE
- International Hotel and Restaurant Association
- International Hotel Conference
- International Society of Hospitality Consultants
- iPerceptions
- Lodging Hospitality
- Lodging Magazine
- Milestone Internet Marketing
- MindFolio
- Parasol
- PhoCusWright
- PKF Hospitality Research
- RealShare Hotel Investment & Finance Summit
- Resort+Recreation Magazine
- The Resort Trades
- RestaurantEdge.com
- Shibata Publishing Co.
- Synovate
- The Lodging Conference
- TravelCLICK
- Unifocus
- WageWatch, Inc.
- WWOHC.COM
Measuring the Dining Experience: The Case of Vita Nova

by Kesh Prasad and Fred J. DeMicco

ABOUT THE AUTHORS

Kesh Prasad is a former director, hotel practice at J.D. Power and Associates, and a former manager, consumer research for Promus Hotels, now owned by Hilton (kpr3321@aol.com). A management consultant, he runs the software startup that is the subject of this report, and is executive in residence in the department of tourism and hospitality management at the business school at George Washington University.

Frederico J. DeMicco, Ph.D., is professor and ARAMARK Chair in the department of hotel, restaurant and institutional management at the University of Delaware (fdemicco@udel.edu). His chief research interests are international strategic management and innovation, especially in Asia and Italy. Author or coauthor of more than 100 publications in the area of hospitality and tourism management, he serves on the editorial board of the Hospitality Research Journal.

The web survey developed for this report was made possible by a grant from ARAMARK.
The considerable penetration of computers and internet connections makes it feasible to use electronic surveys to determine whether restaurant guests are satisfied with their meals. As demonstrated by the proprietary software in this case study, electronic surveys can provide rapid and effective feedback regarding guests’ assessment of food and service. Beyond that, correctly designed electronic surveys can gauge customers’ loyalty to a restaurant and raise warning signals when something is amiss. The demonstration takes place in Vita Nova, which is the teaching restaurant at the University of Delaware. Open only during academic terms, Vita Nova was expressly designed to teach restaurant students. Results of the survey showed that guests at this restaurant were highly satisfied and remarkably loyal, as calculated by a new measure, the Loyalty Power Index. This case study underscores the value of customer surveys in ensuring customer satisfaction.
When restaurant guests leave a restaurant never to return, one question that arises is why those guests do not come back. While some guests seek the novelty of a different restaurant each time they dine out, others may have found something dissatisfying about a particular restaurant. Many restaurant operators use customer surveys to determine whether guests are satisfied with the restaurant’s food and service quality, menu variety, and ambience. Winning back disaffected guests is an unlikely proposition, but learning about guests’ reactions to the restaurant can assist in improving operations to earn the patronage of new guests. Moreover, upgrading operations based on guests’ feedback can boost customer satisfaction and loyalty, which have been shown to increase profits.
In this report, we explain the electronic survey research application that we have developed for restaurants. Although this is proprietary software, we show how it is used in Vita Nova, the teaching restaurant at the University of Delaware, and we explain how it can be purchased. In the course of the discussion, we specify questions that should be asked and analyses that should be conducted. We believe that surveying customers is worthwhile for restaurants, due to the connection between customer satisfaction and improved profits.

Conceptual Underpinning
Over the years, studies of customer satisfaction in different industries conducted by the American Customer Satisfaction Index project (www.theacsi.org) have repeatedly shown that companies which do the best job of satisfying their customers earn more revenue, have better profits, and, in the case of publicly traded companies, have better price-to-earnings ratios than those with lower guest satisfaction.¹

The importance of satisfied customers cannot be overstated. For instance, Michael Johnson and Anders Gustafsson wrote: “Over the last three decades business organizations have evolved from a focus on quality to a focus on customer satisfaction, and onwards to a focus on loyalty as a means of creating value.”²

Hotel chains have been using survey tools to track guest satisfaction and monitor quality among their properties at least since the 1980s. Based on an analysis of chains that have purchased the annual survey by J.D. Power, hotel brands with higher satisfaction scores tend to have better RevPAR than the brands with lower scores.³ This is also true for restaurants, as demonstrated in a 2007 study published in the Cornell Quarterly. A Cornell research team used intention to return as a measure of customer satisfaction, linking that to increased sales. The factors that drove customer satisfaction in that study were delicious food, an appropriate cost, a cheerful greeting, and attentive service.⁴ That study...


supports our contention that management should concentrate on the specific factors that contribute to customer satisfaction.

Although the American Customer Satisfaction Survey, which we just mentioned, includes an index for restaurants, it is at an aggregate level. To focus on specific restaurants, we wanted a more detailed, research-based approach to assess how guests view a restaurant. The 2007 Cornell study begins to establish a relationship between satisfaction and loyalty or repeat business with a survey-based mechanism. We believe that restaurant guests should be surveyed shortly after their dining experience to gain the most accurate assessment of their experience. Although our case study deals with a stand-alone restaurant, we see a use of this kind of survey for multi-unit restaurant operations, which could conduct surveys at every location throughout the year to assess comparative levels of operational consistency and guest satisfaction.

Many restaurants use paper surveys to measure guest satisfaction, with survey forms included with the guest check, dropped on the table by servers, or set up with table tents. Paper surveys, however, are cost prohibitive and unreliable. Since the respondent pool is self-selected and represents a small percentage of customers, the data are suspect. Worse, paper surveys are open to cheating. Employees might fill them out, and managers could throw away “bad” evaluations, unless the surveys go to an impartial tallying agency.

Changing Guest Behavior and Intensifying Competition

Changing guest preferences can undermine even a well-run restaurant. Too many restaurants use only cover counts and sales volumes as gauges for customer satisfaction and preferences. Those are critical ratios, but survey research allows restaurateurs to monitor changes in guest preferences and dining styles before cover counts drop. Few restaurants succeed indefinitely, because guests’ tastes change and new competitors continually appear. Although we realize that restaurants fail for many reasons not related to guest satisfaction, it’s clear that no restaurant can succeed without satisfying customers.

Logically, any restaurateur would seek to keep a restaurant’s food and service quality as high as possible (given the operation’s financial constraints and objectives) and offer guests an excellent dining experience every time, without service failures. We recommend that information on these issues be collected regularly and systematically.

Technology to Measure Experience Satisfaction

Our survey methodology relies on internet and web technology. Electronic surveys have dramatically changed the nature of survey methodology. We consider electronic methods to be better, faster, and cheaper than either paper- or telephone-based methods. Properly constituted surveys allow respondents to complete the survey at their convenience on a secure web site. Unlike paper surveys, if a guest decides not to do the survey, no cost is incurred beyond the initial setup.

We must note that the argument in favor of a software-based survey tool rests on the assumption that most people who patronize casual-dining restaurants either own or have access to a computer and to the internet. A Pew research study reported that in 2007 some 80 percent of U.S. residents owned a computer or had access to computers at work, school, or a library, and the same study estimated that 78 percent of U.S. residents go online at least occasionally.

Given those statistics, we believe that a web-based tool is not demographically biased, or at worse, we can say that it prob-

5 For example, ASCI issued ratings for Pizza Hut, Papa John’s, McDonald’s, KFC, Taco Bell, and Burger King in a May 2008 press release. See: www.theacsi.org/images/stories/images/news/0508Q1.pdf.


ably gives a fair representation of the population patronizing casual dining restaurants.

**Studying Vita Nova**

Supported by an ARAMARK grant, we developed a web survey for Vita Nova, the student-run teaching restaurant at the University of Delaware. Using the Active Server Pages (ASP) script engine from Microsoft, we developed a web survey tool that we called Restaurant Quality Management System or QMS. We used ASP because it is freely available, and our idea was that the solution should not require any investment in hardware or software.

In the remainder of this report we show our analysis of the data thus collected for Vita Nova during the 2006–07 academic year and examine key metrics for measuring performance excellence. Using those success metrics we develop the concept of a Loyalty Power Index, which we believe would be useful for the restaurant industry. Throughout this report we offer screen captures to demonstrate the available QMS reports based on the survey data.

**Vita Nova**

The fifty-seat Vita Nova restaurant is a fully functioning facility expressly designed to teach students to manage a restaurant. Started in 1998, Vita Nova is positioned as an upscale casual-dining restaurant and has earned a solid reputation in Newark for food and service quality. Vita Nova operates only when the university is in session, but it otherwise functions like any commercial restaurant. Students majoring in the University of Delaware's restaurant management program rotate through fifteen positions, including line cook and restaurant manager, to learn all aspects of restaurant operation. Restaurant classes meet on the premises when the facility is not open to the public. In addition to the restaurant, the facility includes the adjoining Darden Bistro, which focuses on wine and tapa-type menu items. As a teaching tool for students, the restaurant has asked its customers to fill out paper comment cards, but that system was replaced in August 2006 with the QMS web survey system.

**QMS Procedure**

When the student server drops the check at the end of a meal, every guest also receives the attractively printed invitation card shown in Exhibit 1. Based on the restaurant's annual cover counts, the students distributed 1,400 such cards for lunch and 800 for dinner. In the academic year 2006-2007, a range of just under 30 to over 50 guests each month accepted the invitation soon after their restaurant visit, usually in no more than four days. Thus, we had a response rate of over 12 percent, which we consider to be fairly strong. The web address on the card opened the Vita Nova web page with the “take a survey” button, as shown in Exhibit 2. Those who clicked that button found themselves at the questionnaire in Exhibit 3 (next page).
When the guest completed the survey by hitting the submit button, the system would send instant feedback to the student manager via email. The feedback reports the scores on the completed survey, as shown in Exhibit 4. In the case of a bad rating, the manager can contact the guest to apologize for the poor experience and try to make amends. This facilitated by a reply button on the instant feedback screen that sends a message back to the guest. Almost all guests left an email address that allowed such instant replies.

### Analysis of Annualized Data

In the first year of this test, Vita Nova was open during eight months of the 2006-2007 academic year. Since the monthly sample base was relatively small, we cumulated the data and added in responses that were received when the restaurant was closed to achieve a sample base of about 300 responses. The monthly response pattern is shown in Exhibit 5.

### Reports

The system makes six reports available online in real-time to Vita Nova’s managers, as follows.

**Alert**—Shows responses by day and month-to-date for surveys where the respondents had problems (bottom-2 box and bottom-3 box);
**Exhibit 6**

Guests’ comments about staff—April 2007

<table>
<thead>
<tr>
<th>Date of visit</th>
<th>Comments about staff members</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/05/2007</td>
<td>It is always a great time when we come. The conversations with the servers are great. Our captain was [Server Name]. She and the entire staff were excellent. This was probably the best overall staff we have seen in our three years of regular dining at Vita Nova.</td>
</tr>
<tr>
<td>04/06/2007</td>
<td>[Server Name] was extremely pleasant and friendly. Service was top-notch.</td>
</tr>
<tr>
<td>04/09/2007</td>
<td>[Server Name] was very helpful and friendly. Our assigned waiter never came to us and we waited a long time before [Server Name] came and offered to help us. It was a good dining experience the three times I was there. My companion during the third time somewhat felt uncomfortable with “too much attention” from our server, but I do understand why, so I didn’t mind.</td>
</tr>
<tr>
<td>04/10/2007</td>
<td>[Server Name] was our server. She was pleasant, friendly and overall she did a great job.</td>
</tr>
<tr>
<td>04/11/2007</td>
<td>Very good experience! Including the dessert as the 4th course was great!</td>
</tr>
<tr>
<td>04/12/2007</td>
<td>[Server Name] (not sure of the spelling) was an excellent server and very knowledgeable regarding today’s menu and explained the course structure of this facility and the rotation process.</td>
</tr>
<tr>
<td>04/12/2007</td>
<td>[Server Name] was very polite and considerate. Served food and beverages well. Service was great and the overall experience was wonderful. However we did have to keep asking for water refills and after waiting to have our wine glasses refilled, we refilled them from our bottle of wine ourselves.</td>
</tr>
<tr>
<td>04/13/2007</td>
<td>[Server Name] was our server. It was my mother’s birthday and she took great care of her for her Birthday. She was very pleased with the service. Thanks for making her 78th Birthday so special. We ordered a bottle of wine and noticed the server was having some difficulty opening the bottle. Oddly enough, the previous 2 times we dined at Vita Nova, this same thing occurred. Maybe your wine servers require some training?</td>
</tr>
<tr>
<td>04/18/2007</td>
<td>It was a pleasure to be served in all areas of our dining experience by such dedicated students.</td>
</tr>
<tr>
<td>04/19/2007</td>
<td>[Server Name] spoke too softly—hard to hear him.</td>
</tr>
<tr>
<td>04/18/2007</td>
<td>Filet Entrée for one person. Also, the Veal Chop was just OK and the mashed potatoes were not good at all. Soup was excellent and desserts were just OK as well.</td>
</tr>
<tr>
<td>04/20/2007</td>
<td>More dates into the summer, but I know you do not have students.</td>
</tr>
<tr>
<td>04/09/2007</td>
<td>We thought the breadsticks were just passable, nothing special. Also, I would recommend just lightly heating the Hazelnut crepes before serving them. Other than that, we thought the entire meal was wonderful. Our visit was on Wed. Feb. 28.</td>
</tr>
<tr>
<td>04/20/2007</td>
<td>Dipping oil for breads.</td>
</tr>
<tr>
<td>03/07/2007</td>
<td>No changes at this time.</td>
</tr>
<tr>
<td>03/08/2007</td>
<td>Maybe another fish option...but there really are a lot of great choices!</td>
</tr>
<tr>
<td>03/08/2007</td>
<td>Steamed vegetable could be replaced with another vegetable. Suggestions: serve smaller portions of salads—wonderful, but need to focus on entrée. 4 entrées quite good, suggested improvements: risotto too sweet and unappealing appearance. Crêpes with lobster need to be more delicate—lighter and thinner.</td>
</tr>
<tr>
<td>03/09/2007</td>
<td>Everything was excellent.</td>
</tr>
<tr>
<td>03/09/2007</td>
<td>I think the menu is fine; there is a nice mix of carbohydrates and proteins. I haven’t seen the 2007 menu yet, but I like to order things that are not practical to make at home due either to necessary size (rack of lamb for one) or amount of prep time.</td>
</tr>
<tr>
<td>03/13/2007</td>
<td>Veal removed.</td>
</tr>
<tr>
<td>03/14/2007</td>
<td>More Crème Brûlée—you ran out before we were finished our meal (reservation was 12:30).</td>
</tr>
<tr>
<td>03/15/2007</td>
<td>Mineral water.</td>
</tr>
<tr>
<td>03/22/2007</td>
<td>I miss the little grilled tomatoes.</td>
</tr>
</tbody>
</table>

**Exhibit 7**

Guests’ suggestions

<table>
<thead>
<tr>
<th>Date of visit</th>
<th>Suggestion</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/01/2007</td>
<td>Filet Entrée for one person. Also, the Veal Chop was just OK and the mashed potatoes were not good at all. Soup was excellent and desserts were just OK as well.</td>
</tr>
<tr>
<td>03/02/2007</td>
<td>More dates into the summer, but I know you do not have students.</td>
</tr>
<tr>
<td>03/02/2007</td>
<td>We thought the breadsticks were just passable, nothing special. Also, I would recommend just lightly heating the Hazelnut crepes before serving them. Other than that, we thought the entire meal was wonderful. Our visit was on Wed. Feb. 28.</td>
</tr>
<tr>
<td>03/02/2007</td>
<td>Dipping oil for breads.</td>
</tr>
<tr>
<td>03/07/2007</td>
<td>No changes at this time.</td>
</tr>
<tr>
<td>03/08/2007</td>
<td>Maybe another fish option...but there really are a lot of great choices!</td>
</tr>
<tr>
<td>03/08/2007</td>
<td>Steamed vegetable could be replaced with another vegetable. Suggestions: serve smaller portions of salads—wonderful, but need to focus on entrée. 4 entrées quite good, suggested improvements: risotto too sweet and unappealing appearance. Crêpes with lobster need to be more delicate—lighter and thinner.</td>
</tr>
<tr>
<td>03/09/2007</td>
<td>Everything was excellent.</td>
</tr>
<tr>
<td>03/09/2007</td>
<td>I think the menu is fine; there is a nice mix of carbohydrates and proteins. I haven’t seen the 2007 menu yet, but I like to order things that are not practical to make at home due either to necessary size (rack of lamb for one) or amount of prep time.</td>
</tr>
<tr>
<td>03/13/2007</td>
<td>Veal removed.</td>
</tr>
<tr>
<td>03/14/2007</td>
<td>More Crème Brûlée—you ran out before we were finished our meal (reservation was 12:30).</td>
</tr>
<tr>
<td>03/15/2007</td>
<td>Mineral water.</td>
</tr>
<tr>
<td>03/22/2007</td>
<td>I miss the little grilled tomatoes.</td>
</tr>
</tbody>
</table>

Control—Shows all responses by day and month-to-date to closed-ended questions (top-box and top-2 box);

Trend—Shows all responses by month to closed-ended questions and includes problem diagnostics chart;

Staff Recognition—Shows when guests have taken the opportunity to name an outstanding wait person (see Exhibit 6);

Suggestions—Lists all suggestions made by the respondents for improvement of service or the sales experience (see Exhibit 7);
Response Database—Shows all responses to all questions in a tabular format, including text comments that can be exported into Excel for further processing for advanced statistical analysis (Exhibit 8).

Lessons from Vita Nova

The restaurant earned high ratings from its guests. Some 97 percent gave an overall satisfaction rating of 4 or 5, where 5 is excellent (see Exhibit 9). Thus, the students seem to be doing a good job in this restaurant. Not surprisingly, then, nearly all guests said that they would return and would recommend the restaurant to others (Exhibit 10). We know that a 100-percent return rate does not happen in reality, but this particular enterprise has remarkably loyal supporters. We note the possibility that people do not want to be too critical of students-in-training and may slant their responses upwards because of their desire to help the students. Considering the comments listed in Exhibits 6 and 7, we doubt that guests suspend their honest judgment. It’s also possible that their expectations are low because it’s a student restaurant. We think the latter is not the case, at least, since the survey tool found that nearly 68 percent of the guests surveyed had previously been to Vita Nova (see Exhibit 11). Moreover, 88 percent said that they would “definitely” return.

It appears that a substantial number of guests visit Vita Nova repeatedly (see Exhibit 12). Sixteen percent of the guests on this survey had been to the restaurant at least three times in six months prior to the visit recorded in this survey.

Word of mouth. Among the 32 percent of guests on their first visit, the graph in Exhibit 13 shows that in some months all guests had first heard about Vita Nova via word of mouth, and in other months the tally for word-of-mouth guests was never less than 60 percent, for an average of 77 percent. This worked out to be about 25 percent of the total sample. By adding that 25 percent of the total sample to the 68 percent who are returning guests, we could roughly calculate that 93 percent of the covers in the sample were attributable to loyalty and related behavior.
Advanced Analytics

Finally, the survey tool gives a summary of the Vita Nova statistics, which can be easily copied or exported to other databases for performing advanced analytics such as multiple regression and driver analysis (see Exhibit 14). Data such as these allow deep analysis of consumer behavior.

Conclusion and Observations

The Vita Nova restaurant is a student-managed learning laboratory. The restaurant operates as a real business where students apply theory learned in the classroom to running an actual business. The environment of the restaurant provides a structure to apply guest-services management techniques in a live setting. Because it is a functioning restaurant, Vita Nova is treated as a retail center where budgets must be made and profit achieved. Looking at the comments about the individual servers (in Exhibit 6), we note that the comments are almost entirely complimentary. We suggest that this outcome debunks the belief that surveys attract a disproportionate number of negative comments. However, we must also acknowledge that these guests are aware that students run this restaurant, leaving open the possibility of a positive bias to their responses. The relationship of guests to student workers is demonstrated in the helpful suggestions found in Exhibit 7.

Knowledge, insight, and action. The case study leads to the following conclusions. Capturing data electronically generates considerable objective knowledge about restaurant consumer behavior. While academics could use the data to conduct various types of sophisticated data analysis and build some predictive models, restaurant owners and managers could use the tool to monitor excellence in dining experiences and to foster guest loyalty.

Measuring excellence from the guests’ perspective. The case study also demonstrates that this tool works well over time and provides robust data. Vita Nova thus offers a convincing example of what the key metrics for quality in dining experience could be, as shown below.

**Exhibit 11**
Returning guests

**Exhibit 12**
Guest loyalty

**Exhibit 13**
Word of mouth referrals

**Exhibit 14**
Sample variable analyses

<table>
<thead>
<tr>
<th>Key guest metrics (n = 300)</th>
<th>Vita Nova Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Food quality—top box</td>
<td>76 percent</td>
</tr>
<tr>
<td>2. Service quality—top box</td>
<td>76 percent</td>
</tr>
<tr>
<td>3. Returning guests</td>
<td>68 percent</td>
</tr>
<tr>
<td>4. First-timers</td>
<td>32 percent</td>
</tr>
<tr>
<td>5. Word of mouth among first-timers</td>
<td>77 percent</td>
</tr>
<tr>
<td>6. Word of mouth among all guests in the sample</td>
<td>25 percent</td>
</tr>
<tr>
<td>7. Guests’ overall satisfaction as excellent—top box</td>
<td>79 percent</td>
</tr>
<tr>
<td>8. Return definitely—top box</td>
<td>88 percent</td>
</tr>
<tr>
<td>9. Recommend to others definitely—top box</td>
<td>92 percent</td>
</tr>
</tbody>
</table>
The Loyalty Power Index measures loyalty based on the word-of-mouth and returning-customer data.

**Restaurant Loyalty Power Index (LPI)**

We believe that these data permit us to develop a new measure to assess loyalty based on the word-of-mouth and returning-customer data found in our survey. We call this the restaurant Loyalty Power Index (LPI), and it would be calculated by summing the returning guest percentage with the percentage of those first timers or new guests who heard about the restaurant from friends and family (as we did above). We believe that sharing word of mouth and repeatedly visiting a restaurant are indicators of loyalty behavior.

Looking at Vita Nova’s LPI of 93, we believe any LPI above 90 is excellent, since 100 is a perfect score. An LPI of 80 to 89 could be called “good,” and so on down. This would make comparisons possible resulting from a standardized LPI survey.

We feel that LPI is a new concept to measure loyalty. It stands for the power of a restaurant or a hotel or a brand to attract loyal guests measured by what the customers say about their behavior and not by attitude. This concept is worth a serious consideration by both academics and practitioners.

**A Commercial Application**

Many researchers have tried to estimate lifetime value of a guest by calculating the revenue contributed by a guest in a particular year times the number of years in a lifetime. We see no practical way to make this actual calculation, but in offering our QMS to the restaurant industry, we argue that its cost is far exceeded by the benefits of determining customers’ assessments of a restaurant and finding a Loyalty Power Index. This case study describes in some detail how the QMS web survey operates. A survey similar to that used for Vita Nova would typically have a one-time cost of $400 to $600 for building the database and web survey. Depending on the number of respondents, running the survey would cost approximately $30 per month for the subscription to survey data and analytics.

**Final thoughts.** Readers are invited to send us their comments, thoughts, and ideas. We believe that the industry can definitely benefit from the web survey in measuring delivery of excellence in dining.

---

8 Keiser *et al.*, *op.cit.*
2009 Reports

Vol. 9, No. 2 Don’t Sit So Close to Me: Restaurant Table Characteristics and Guest Satisfaction, by Stephani K.A. Robson and Sheryl E. Kimes, Ph.D.

Vol. 9, No. 1 The Job Compatibility Index: A New Approach to Defining the Hospitality Labor Market, by William J. Carroll, Ph.D., and Michael C. Sturman, Ph.D.

2008 Reports
Vol. 8, No. 20 Key Elements in Service Innovation: Insights for the Hospitality Industry, by Rohit Verma, Ph.D., with Chris Anderson, Ph.D., Michael Dixon, Cathy Enz, Ph.D., Gary Thompson, Ph.D., and Liana Victorino, Ph.D.

Vol. 8, No. 19 Nontraded REITs: Considerations for Hotel Investors, by John B. Corgel, Ph.D., and Scott Gibson, Ph.D.

Vol. 8, No. 18 Forty Hours Doesn’t Work for Everyone: Determining Employee Preferences for Work Hours, by Lindsey A. Zahn and Michael C. Sturman, Ph.D.

Vol. 8, No. 17 The Importance of Behavioral Integrity in a Multicultural Workplace, by Tony Simons, Ph.D., Ray Friedman, Ph.D., Leigh Anne Liu, Ph.D., and Judi McLean Parks, Ph.D.

Vol. 8, No. 16 Forecasting Covers in Hotel Food and Beverage Outlets, by Gary M. Thompson, Ph.D., and Erica D. Killam

Vol. 8, No. 15 A Study of the Computer Networks in U.S. Hotels, by Josh Ogle, Erica L. Wagner, Ph.D., and Mark P. Talbert

Vol. 8, No. 14 Hotel Revenue Management: Today and Tomorrow, by Sheryl E. Kimes, Ph.D.

Vol. 8, No. 13 New Beats Old Nearly Every Day: The Countervailing Effects of Renovations and Obsolescence on Hotel Prices, by John B. Corgel, Ph.D.

Vol. 8, No. 12 Frequency Strategies and Double Jeopardy in Marketing: The Pitfall of Relying on Loyalty Programs, by Michael Lynn, Ph.D.


Vol. 8, No. 10 Private Equity Investment in Public Hotel Companies: Recent Past, Long-term Future, by John B. Corgel, Ph.D.

Vol. 8, No. 9 Accurately Estimating Time-based Restaurant Revenues Using Revenue per Available Seat-Hour, by Gary M. Thompson, Ph.D., and Heeju (Louise) Sohn

Vol. 8, No. 8 Exploring Consumer Reactions to Tipping Guidelines: Implications for Service Quality, by Ekaterina Karniouchina, Himanshu Mishra, and Rohit Verma, Ph.D.

Vol. 8, No. 7 Complaint Communication: How Complaint Severity and Service Recovery Influence Guests’ Preferences and Attitudes, by Alex M. Susskind, Ph.D.

Vol. 8, No. 6 Questioning Conventional Wisdom: Is a Happy Employee a Good Employee, or Do Other Attitudes Matter More?, by Michael Sturman, Ph.D., and Sean A. Way, Ph.D.

Vol. 8, No. 5 Optimizing a Personal Wine Cellar, by Gary M. Thompson, Ph.D., and Steven A. Mutkoski, Ph.D.

Vol. 8, No. 4 Setting Room Rates on Priceline: How to Optimize Expected Hotel Revenue, by Chris Anderson, Ph.D.

Vol. 8, No. 3 Pricing for Revenue Enhancement in Asian and Pacific Region Hotels: A Study of Relative Pricing Strategies, by Linda Canina, Ph.D., and Cathy A. Enz, Ph.D.

Vol. 8, No. 2 Restoring Workplace Communication Networks after Downsizing: The Effects of Time on Information Flow and Turnover Intentions, by Alex Susskind, Ph.D.

Vol. 8, No. 1 A Consumer’s View of Restaurant Reservation Policies, by Sheryl E. Kimes, Ph.D.

2008 Hospitality Tools
Tool No. 11 Building Managers’ Skills to Create Listening Environments, by Judi Brownell, Ph.D.

2008 Industry Perspectives
Industry Perspectives No. 2 Sustainable Hospitality®: Sustainable Development in the Hotel Industry, by Hervé Houdré