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CUSTOMER SATISFACTION AS AN INDICATOR OF SERVICE QUALITY IN TOURISM AND HOSPITALITY

Abstract: One of the greatest challenges for stakeholders is to ensure customer satisfaction, especially in service industries such as tourism and hospitality. The aim of this paper is to show that restaurant guest satisfaction depends on numerous factors as well as to show the connection between satisfaction and loyalty. Customer satisfaction and loyalty are excellent indicators of service quality. For the purpose of this paper, empirical survey was conducted and the results of the research were analyzed by statistical method. Factors which affect customer satisfaction are: kind staff, professionalism, speed of service, food quality, ambience and comfort. This implicates a special need for the introduction of strong Human Resource Management, food safety standards (e.g. HACCP) and effective space planning. The study implies that the care for quality of products and services is necessary at all levels and that it is impossible to ensure the customer satisfaction or create customer loyalty without strong management system (including space projecting) and without controlling it.

Keywords: quality, satisfaction, loyalty, tourism, restaurant, management

Introduction

The concept of customer satisfaction has been known since earlier times. In the 18th century Adam Smith had began the story of customer satisfaction at the time when he had been propagating free market (Hill *et al.*, 2007). The first scientifically based survey of customer satisfaction was the USA study "Index of consumer satisfaction" (Churchill and Surprenant, 1982). Later, various theorists such as Hunt (1977), Day (1977, 1980, 1984), Westbrook (1980a, b) Westbrook and Oliver (1980), Oliver (1980, 1981, 1997, 2014), Engel and Blackwell

(1982), Gerson (1993), Hill (1996) and Vavra (1997) have been dealing with the definition of customer satisfaction and with customer (dis)satisfaction measuring methods.

On the other hand, the concept of customer satisfaction can be regarded as the basis of the marketing concept because the marketing focuses on customers and their needs. The aim of the marketing is a long-term customer satisfaction and its main function is to attract and retain customers (Drucker, 1999). As Fahy and Jobber (2006) stated the company's activities should be focused on customer satisfaction. Due to the fact that we live in a consumer society, a lot of organizations base its strategy on the concepts of customer satisfaction and try to provide solutions to

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meet the modern consumer, the consumer of 21st century. The market is now like a battlefield (Masic, 2007). In order to ensure a satisfied customer it is not enough to meet their expectations, but exceed them and to create value for customers and to build strong relationships with them (Kotler, Armstrong, 2014). As Kotler (2004) states one of the "marketing sins" is that the company is not sufficiently market-oriented and does not understand its consumers. The question of how to satisfy consumers is not just a marketing issue, but it is the basis of good management. Management as a process includes planning, organizing, leading and controlling (Williams, 2013, 2014; Schermerhorn, 2011). Thereby, the ways of how to achieve consumer satisfaction must be included in all of these management phases.

From the standpoint of management and marketing, the best indicator of a location (such as, tourist destination, hotel or restaurant) attractiveness and its offer is the satisfaction of our guests. Competition in the restaurant business is growing stronger and stronger while guests are more and more demanding. The big challenge for restaurants today is how to provide guest satisfaction. It is not enough to ensure guest satisfaction, but also their loyalty. Studies have shown that there is a correlation between satisfaction of consumers, loyalty and profitability of the organization (Hallowell, 1996). We should keep in mind that service quality has a direct impact on customer satisfaction and an indirect impact on customer loyalty. The guests' satisfaction with restaurant service is a sign that the restaurant has met the guests' expectations (Ngoc and Uyen, 2015). On the other hand, the service quality depends on the success of the organization (Parasuraman et al., 1991; Gilbert and Veloutsou, 2006; Tan et al., 2014). Furthermore, the quality of the service represents a source of competitive advantage and it has an impact on consumer behaviour (Cronin and Taylor, 1992; Tan et al, 2014).

In Montenegro, the restaurants offer should be one of the most important elements of the complete tourist offer. When we say restaurant offer, it means good quality of food and beverages, high quality service, quality of atmosphere, physical environment quality etc. The relationship between the restaurant service quality, guest satisfaction, revisit intention and guest loyalty is very inspiring and up to date issue for most of researchers, especially in Montenegro, in the country where tourism and hospitality are strategic orientations.

The purpose of this paper is to analyze the relationship between guest satisfaction and factors such as kind staff, professionalism, speed of service, food quality, ambience and comfort as well as to examine if the guest satisfaction and restaurant service have an effect on guest loyalty. In addition, this paper will examine if the satisfaction of the restaurant guests depends on the guests' characteristics: age, gender, education and income.

The total satisfaction of the guests with the service in the restaurants depends on multiple factors which will be elaborated in the next section.

2. Literature review

Which restaurant the guest will choose depends on numerous factors. Many authors claim that food and beverages, service, hygiene, price and ambience are crucial in the restaurant selection. The quality of the restaurant is often linked to the quality of food and beverages, but also to the quality of atmosphere and service (Marinkovic et al., 2014). Cullen (2004) has recognized the food quality, menu, tidiness of the restaurant, its location and reputation as key variables in decision making process. Furthermore, Jung et al. (2015) have recognized food quality, service quality and price as important determinants, too. Food, physical evidence and service provided by the restaurant staff are considered as key components that

directly influence the guest's perception of the restaurant quality (Chow *et al*., 2007; Jang and Namkung, 2009; Namkung and Jang, 2008; Ryu and Han, 2010; Marinkovic *et al.*, 2014).

Results of a research conducted in Serbia confirmed a significant impact of atmosphere and quality of interaction on guest satisfaction. According to these results, perceived price has no statistically significant impact on guest satisfaction. In addition, satisfaction, atmosphere and perceived price emerged as significant factors of revisit intentions, which is one of the elements of guest loyalty. This study showed guest satisfaction to be an important factor influencing guests' revisit intentions (Marinkovic *et al*., 2014).

Furthermore, a study conducted in China investigated the determinants of customer satisfaction in the Chinese hospitality industry. The results showed that taste of food, service and ambience affect the level of guest satisfaction (Zhang *et al*., 2014a). Petzer and Mackay (2014) state that guest satisfaction depends on food, service and atmosphere. On the other hand, a lot of studies confirmed that service quality has a positive effect on customer satisfaction (e.g., Chow *et al*. 2007; Ha and Jang, 2010a; Hyun 2010; Liu and Jang 2009; Nam and Lee 2011; Qin and Prybutok 2008, 2009; Lai, 2015). According to Cronin and Taylor (1992) satisfaction is a fundamental determinant of customer loyalty (Lai, 2015).

Survey conducted in Hong Kong examined the relations between service quality, perceived value, guest satisfaction and guest loyalty. Actually, the results of this study showed that service quality positively influences perceived value, customer satisfaction and customer loyalty; as well as that perceived value is a mediator of the relationship between service quality and customer satisfaction. However, the results did not show that perceived value has a significant effect on customer loyalty in the examined restaurants (Lai, 2015).

Moreover, a survey implemented in two restaurants in southern China showed significant relations between service quality and customer satisfaction, as well as between service quality and customer loyalty, but not between customer satisfaction and customer loyalty (Chow *et al*., 2007; Lai, 2015). However, we emphasize that numerous researchers have agreed that customer satisfaction positively affects restaurant guest loyalty (Chow *et al*., 2007; Qin and Prybutok, 2008, 2009; Ryu *et al*., 2008; Ha and Jang, 2010b; Hyun, 2010; Nam and Lee, 2011; Lai, 2015). Although authors Cronin and Taylor (1992) and Lai (2015) have agreed that customer satisfaction has a strong effect on customer loyalty, they have not agreed that service quality and customer satisfaction have strong influence on customer loyalty. Namely, in the first study customer satisfaction has stronger influence on customer loyalty than service quality has. In the second study both elements have exactly the same effects on customer loyalty. Survey conducted in Iran by Haghighi *et al*. (2012) confirmed that food quality, price and service quality have a positive impact on customer satisfaction and customer satisfaction has a positive impact on customer loyalty.

In addition, Bowen and Chen (2001) have investigated relationship between customer loyalty and customer satisfaction, too. Based on the results of the research conducted among 564 hotel guests, with an intention to identify the attributes which increase guest loyalty, the authors came to a conclusion that the correlation between these two factors is non-linear. Another research conducted by Namkung and Jang (2008) showed that not only food quality, ambience and service quality, but also appealing food presentation, spatial seating arrangement, fascinating interior design, nice background music, competent employees are important factors of guest satisfaction.

Andaleeb and Conway (2006) recognized that customer satisfaction is the most influenced by responsiveness of the frontline

employees, then by price or food quality. On the other hand, Ryu *et al.* (2012) found that significant determinants of customer perceived value are ambience and food and that customer satisfaction is greatly influenced by customer perceived value. However, the link between perceived price and level of guest satisfaction was not found (Iglesias and Guillén, 2004). In order to investigate the relationships between restaurant quality attributes and customer behavioural intentions, the authors Bujisic *et al.* (2014) have analyzed three common restaurant attributes: food, service and ambience. They concluded that management of restaurants should be focused on food quality, service and physical environment. Analyzing the importance of restaurant attributes Di Pietro and Partlow (2014) found that food and service attributes are marked as the most important by guests, as well as characteristics related to ambience.

Guests' characteristics such as age, gender, education, employment, material status etc. play a significant role in measuring service quality and guest satisfaction. Several authors have agreed that demographic characteristics, for example, age, income, and education have an effect on guests' decision to visit particular restaurant (Au and Law 2002; Cullen 2004; Lai, 2015).

In his study conducted in Hong Kong the author Lai (2015) has investigated the effects of the demographics variables – gender, age, income and education on customer satisfaction with restaurant quality. The results showed that gender has no significant effect, but age, income and education have a moderate effect on customer satisfaction. Furthermore, authors Ozimek and Zakowska-Biemans (2011) found that customers' specific characteristics and individual differences influence their decision-making. What is more relevant for our study, same authors also noted that guests' eating behaviour is also influenced by socio-demographic variables such as age, social class, and place of residence (Rahman, 2012).

Authors Zang H. *et al.* (2014) concluded that there exists a strong relationship between guests' characteristics and their impressions about restaurant service. Specific customers' characteristics such as their cultural background, personality and their gender have significant effect on their impressions of a provided restaurant service. For example, female guests gave higher marks for service quality than male guests did. DiPietro and Partlow (2014) discovered that women pay more attention to healthy food than men do. Guest satisfaction depends on age, prior experience, mood, promotion, price, innovative menu etc (Cullen, 2004; Harrington *et al.*, 2011).

To summarize, many studies, which were investigating the existence of the link between customers' demographic characteristics and their behaviour, concluded the same – there can be a lot of factors with a significant mediating role in choosing a restaurant. Some of these factors are: age, gender and their income (Dube *et al.*, 1994; Lee and Hing, 1995; Johns and Tyas, 1996; Fu and Parks, 2001; Tam, 2004; Schiffman and Kanuk, 2000; Wagar and Lindqvist, 2010; Alalaakkola, 1996; Alexander, 1947; Nysveen *et al.*, 2005; Kotler and Keller, 2006; Mitchell and Walsh, 2004; Gutkowska *et al.*, 2001; Rahman, 2012).

According to the literature review, we propose the following hree hypotheses:

- H_1: Kind and professional restaurant staff, speed of service, ambience, comfort, food quality and prices have significant influence on guest satisfaction.
- H_2: Guest loyalty depends on the degree of guest satisfaction.
- H_3: Guest satisfaction depends on gender, age, education and income of the guests.

3. Metodology and sample

For the purpose of this paper empirical

survey was conducted in the Municipality of Bar (Montenegro). The research was conducted in the period from September to November 2014. The collected data were analyzed with Statistic Package for Social Science software (version 22). ANOVA and Eta Square were used for testing hypotheses. Twenty restaurants located in the Municipality of Bar were included in the survey. The restaurants' structure is shown in Table 1.

Table 1. The restaurants' structure

Capacity of restaurant				
	Frequency	Percent	Valid Percent	Cumulative Percent
up to 50 chairs	16	10.3	10.3	10.3
from 50 to 100 chairs	85	54.5	54.5	64.7
from 100 to 150 chairs	50	32.1	32.1	96.8
over 150 chairs	5	3.2	3.2	100.0
Total	156	100.0	100.0	

A closed questionnaire was prepared and it contained 16 questions. For the purpose of examination, questionnaires were translated into English and Russian. 156 restaurant guests filled in the questionnaire, of whom 50.54% were male, and 49,36% female. Table 2 illustrates the sample's age structure.

Table 2. Age structure

Age structure of survey's participants				
	Number	Percent	Valid percent	Cumulative percent
18-25	36	23,1	23,4	23,4
26-35	55	35,3	35,7	59,1
36-50	47	30,1	30,5	89,6
51-65	7	4,5	4,5	94,2
Over 65	3	1,9	1,9	96,1
To 18	6	3,8	3,9	100,0
No answer	2	1,3		
Total	156	100,0	100,0	100,0

The occupations of the examinees were different: professors (8,97%), teachers (3,21%), field of medicine (7,05%), entrepreneurs (8,33%), artists (5,13%), caterers (8,97%), economists (3,21%), legal workers (4,49%), traders (3,85%), administrators (2,55%), architects (6,41%), service sector (10,90%), farmers (1,28%), executive positions (6,41%), students (14,74%), pensioners (1,92%) and the unemployed (2,56%). The majority of the examinees had a college degree (43,59%), higher education (23,08%), master degree (12,18), high school (19,23%), and the smallest number of the examinees had completed only elementary school (1,92%). The number of the examinees with income over 800€ was the largest (32%), from 200 to 400€ (20%), then the same number of the examinees with income from 400 to 600€ and from 600 to 800€ (19%) and the smallest number with income of under 200€. The examinees were mostly from Russia and Ukraine (24%), then from Montenegro (19%), 16% from other European countries. An equal number of the examinees was from Poland and Serbia; Croatia, Bosnia & Herzegovina, Macedonia, Albania (10%)

and (3%) from other countries.

4. Results

It was examined if kind and professional restaurant staff, speed of service, ambience, comfort, food quality and prices have significant influence on guest satisfaction. The results are presented in Table 3.

Table 3. Results I

ANOVA and Eta Square results I								
		Sum of Squares	Df	Mean Square	F	p	Eta	Eta Square
Overall guest satisfaction * kind restaurant staff	Between Groups	49.437	5	9.887	13.527	0.000	0.557	0.311
	Within Groups	109.640	150	0.731				
	Total	159.077	155					
Overall guest satisfaction * Professionalism	Between Groups	41.750	4	10.437	13.433	0.000	0.512	0.262
	Within Groups	117.327	151	0.777				
	Total	159.077	155					
Overall guest satisfaction * Speed of service	Between Groups	31.865	4	70.966	9.456	0.000	0.448	0.200
	Within Groups	127.212	151	0.842				
	Total	159.077	155					
Overall guest satisfaction * Ambience	Between Groups	34.821	5	6.964	8.407	0.000	0.468	0.219
	Within Groups	124.256	150	0.828				
	Total	159.077	155					
Overall guest satisfaction * Comfort	Between Groups	30.607	5	6.121	7.147	0.000	0.439	0.192
	Within Groups	128.470	150	0.856				
	Total	159.077	155					
Overall guest satisfaction * Food quality	Between Groups	39.734	5	7.947	9.988	0.000	0.500	0.250
	Within Groups	119.343	150	0.796				
	Total	159.077	155					
Overall quest satisfaction * Price	Between Groups	45.383	5	9.077	11.896	0.000	0.534	0.285
	Within Groups	113.688	149	0.763				
	Total	159.071	154					

Note: Overall satisfaction with restaurant service - dependent variable
Kind staff, professionalism, speed of service, ambience, comfort, food quality, price - independent variables.

Using ANOVA we have examined the effect of different factors such as: kind staff, professional staff, speed of service, ambience, comfort, food quality, price on guest satisfaction. It has determined significant statistical effect of the independent variables on the dependent one ($p < 0.05$). Eta square shows the effect of the independent variables on the dependent one is big. Cohen (1988) gives guidelines for the

interpretation of the Eta square value: 0.01=minor effect, 0.06=moderate effect, 0.14=major effect. We can see from the table above that the value of Eta square means major effect of the independent variables on the dependent one. What is more, we can conclude that guest satisfaction greatly depends on kind and professional restaurant staff, speed of service, ambience, comfort, food quality and price. According to the results, the H_1 can be confirmed.

The Table 2 shows the results of examined relationship between the guests' revisit intention and overall guest satisfaction.

Table 2. Results II

ANOVA and Eta square results II								
		Sum of Squares	Df	Mean Square	F	P	Eta	Eta Square
Revisit intension * Overall guest satisfaction	Between Groups	129.848	5	25.970	9.861	0.000	0.497	0.247
	Within Groups	395.050	150	2.634				
	Total	524.897	155					

In this case, too, the statistical analysis shows that total guest satisfaction has a significant effect on revisit intension of the guests. This effect is major as Eta square shows (Eta square = 0.247).We can conclude that it depends on guest satisfaction whether they will visit a restaurant again, and therefore become regular guests. According to the results, the H_2 can be confirmed.

To prove the H_3 we used ANOVA and Eta Square. The dependent variable is overall guest satisfaction and the independent variables are: age, gender, income of examinees and education level. The results are shown in the Table 3.

Table 2. Results III

ANOVA and Eta Square results III								
		Sum of Squares	df	Mean Square	F	p	Eta	Eta Square
Overall guest satisfaction * Age	Between Groups	0.435	5	0.087	0.083	0.995	0.053	0.003
	Within Groups	154.915	148	1.047				
	Total	155.351	153					
Overall guest satisfaction * Guest's income	Between Groups	1.532	5	0.306	0.286	0.920	0.099	0.010
	Within Groups	154.341	144	1.072				
	Total	155.873	149					
Overall guest satisfaction * Gender	Between Groups	2.113	1	2.113	2.073	0.152	0.115	0.013
	Within Groups	156.964	154	1.019				
	Total	159.077	155					
Overall guest satisfaction * Education level	Between Groups	10.534	4	2.633	2.677	0.034	0.257	0.066
	Within Groups	148.543	151	0.984				

	Total	159.077	155					

The statistical analysis shows that the guest's education has a significant effect on the total guest satisfaction ($p<0.05$, $p=0.034$). On the other hand, Eta Square shows that the effect is medium (Eta Square = 0.066). In all other cases there is not any statistical significance, so the H_3 can be only partially confirmed. To summarize, guest satisfaction does not depend on gender, age or income, but it partially depends on guest education.

5. Discussion

The majority of prior studies show that satisfaction with restaurant service is most often conditioned to more different elements, among which some stand out: quality of food, kind and professional staff, and physical environment and ambience. The results we got confirm that guest satisfaction with restaurant service greatly depends on the following factors: kind and professional staff, speed of service, ambience, comfort, food quality and price. It depends most on kind staff (eta squared=0.311) and least on comfort of restaurant (eta squared=0.192).

Pleasant atmosphere and quality of interaction with staff are the elements that significantly contribute to satisfaction with restaurant service (Marinkovic et al., 2014). Our results show that ambiance is one of the factors on which restaurant guest satisfaction greatly depends, so here we can declare the compliance of the findings.

When it comes to the price of restaurant service, in contrast to our results, in this study conducted in Serbia no significant influence on guest satisfaction was found. However, Haghighi et al. (2012) found that price actually has a positive impact on customer satisfaction. In addition, price of service, among the factors that influence guest satisfaction, is at the second place, right after the quality of service of the restaurant staff, and before food quality (Andaleeb and Conway, 2006). On the other hand, a research conducted by Iglesias and Guillén (2004) did not find any significant impact of perceived price on the restaurant guest satisfaction.

Furthermore, our results that satisfaction with restaurant service greatly depends on: food quality, quality of service and ambiance, are in concordance with the finding of Zhang et al. (2014) that food taste, staff service and ambience are among the most important factors of consumer satisfaction. Results found by Bujisic et al. (2014) that food, service and ambience quality are the most important in providing guest satisfaction, also correspond with our findings.

Similar to ours, were the findings of the Southeast United States study, which had discovered that food quality and service quality are the elements that are most important to guests, and that the atmosphere is of moderate importance (DiPietro and Partlow, 2014). Not including food and drinks, which present the framework of the restaurant offer, a set of different services offered in the restaurant, interaction with staff, speed of service etc. are of the greatest importance for guest satisfaction (Marinkovic et al., 2014), which is also identified in our findings. In accordance to these and to our results, there are also the findings that the better service quality is provided the more satisfied the customers are, suggested by Lai (2015). Additionally, according to Jung et al. (2015), the most important attribute in restaurant choice is food quality, which is also in accordance with our research.

In our research it is concluded that the loyalty of the guests depends on the degree of the guest satisfaction with the restaurant service. Marinkovic et al. (2014) recognized that there exists a strong relationship between guest satisfaction and their revisit intension. Actually guest satisfaction presents an important factor influencing repeated visits to particular restaurant and therefore the significant factor of their

loyalty. Thus, the given findings of our research are in accordance with the results of this study conducted in Serbia.

Although many studies agreed that restaurant customer satisfaction positively affects their loyalty, it is interesting to notice that one study conducted in China found that there is no significant relationship between guest satisfaction and their loyalty (Chow *et al.*, 2007; Lai, 2015). However, a positive relationship between customer satisfaction and customer loyalty has been found by Kantsperger and Kunz (2005) in their study conducted in Germany and Austria (Lai, 2015). Lai (2015) finds that customer satisfaction positively influences customer loyalty and customer satisfaction has direct and indirect effects on customer loyalty. These claims, as well as the findings of our study, are in accordance with the findings which claim that guest loyalty is strongly and consistently influenced by guest satisfaction and that satisfaction greatly influences their intentions of purchase, where consumer satisfaction has a greater influence on the choice in purchase than the quality of service (Cronin and Taylor, 1992). Also, the link between guest satisfaction and their loyalty was analyzed by Haghighi *et al.* (2012). They concluded that customer satisfaction indeed has a positive impact on customer loyalty, which is also in accordance with the results we have got.

Based on the results of our research, it can be concluded that the satisfaction with the restaurant service does not depend on gender, age or income of the examinees and that it partially depends on the degree of their education. The results of other studies dealing with consumer demographic characteristics and their behaviour, when it comes to choosing a restaurant, and evaluating service quality and guest satisfaction, are partially different from our findings.

Contrary to the results of our research, the study conducted in Hong Kong has shown that the demographic variables do have moderate effects on perceived restaurant quality and customer satisfaction. According to this study, service quality does have an interaction with demographic factors, in the sense that age, income, and education make moderate effect on service quality, on perceived value, because younger, with higher income, and highly educated customers reported more concern about the value generated by the services encountered (Lai, 2015).

Furthermore, the results of one study conducted in Bangladesh confirmed that consumers' impression is always mediated by consumers' age and gender (differences) and their income (Rahman, 2012). Also, Cullen (2004) concluded that the consumer's age is one of their specific characteristics which greatly influences their evaluation of the quality and degree of satisfaction with restaurant service. However, our research results suggest that customer satisfaction does not depend on their gender, age or income, which is completely opposite to those studies.

One study that examines a consumer's individual characteristics and their influence on restaurant service perception found that there are differences among guest's evaluations, conditioned to their gender. Namely, female customers gave better rankings for the same restaurant service, than the male ones. Furthermore, another study conducted in the United States found only one difference between demographic variables – that the female guests found the healthiness of food more important than the male customers (DiPietro and Partlow, 2014). Contrary to these studies, in our research it is proved that the satisfaction with restaurant service does not depend on the consumers' gender.

6. Conclusion

From the analysis we have done above, we can conclude that the most important thing in tourism and hospitality is a satisfied guest.

Our research, and many others, have confirmed this. We can conclude that the degree of guest satisfaction is a good indicator of service quality on micro, as well as on macro level.

Service quality is a complex category that could not be measured easily. It is necessary to standardize all elements of tourist offer as much as possible if we want to ensure quality. We should keep in mind that primary elements of a tourist destination, such as natural resources, climate, location, history and culture cannot be standardized. On the other hand, secondary elements of a destination must be standardized if we want to compete on the market.

The service quality could be measured by the implementation of national and international sets of standards (ISO standards, Ecolabell, HACPP etc.). Service standardization in tourism and hospitality enables better management, especially controlling, but it is not a sufficient quality indicator. Guest satisfaction must be the most important indicator of the total quality in tourism and hospitality. That is the reason why we have stressed the importance of measuring guest satisfaction.

Guest satisfaction should be the base of management and marketing strategy. Furthermore, it could be great "overture" to space planning. It means ambience and comfort of a restaurant or a hotel can affect guest satisfaction. The exterior and the interior determine the price of tourist product, too.

Food quality also has important role in creating satisfied guests. Namely, if the food in a restaurant is not good enough, small number of guests will become loyal despite extraordinary ambience, kind and professional staff, good prices. In this case we cannot be exclusive, but we have to consider the motives for visiting a particular restaurant. If the primary motive is spending time in a comfortable ambience, lower food and beverage quality can be tolerated, but for short. Unfortunately, there is a great number of restaurants in Montenegro that are recognized as beautiful places at attractive locations, but food and beverage quality is low. The guests want to visit these restaurants, but in that case they spend less money.

In addition, kind and professional staff in tourism and hospitality is a decisive factor in restaurant selection. Guests become loyal thanks to high quality of human resources. It means, staff education must be the management priority goal. Kind and professional staff often neutralize mistakes in operations and disadvantages of a restaurant or a hotel.

Even though we have not identified the connection between guests' characteristics and their satisfaction, market segmentation is key of success in tourism and hospitality, especially in restaurant business. Tourist demand must be well known by first-line, middle and top management. It is crucial for strategic planning.

Finally, we recommend all the restaurants' and hotels' managers to introduce a mandatory survey for their guests using standardized questionnaires that would be simple to complete and process data. The creation of new products, innovation and improvement of the existing ones would be based on good management, service quality, the results of the guest satisfaction survey including books of complaints and "secret guests". After all, without service quality there is no satisfied and loyal customer.

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