

ABSTRACT

The main objectives of this study were to identify attributes that influence customer satisfaction and determine their relationships with customer satisfaction. The variables included in this research are service quality, food quality, ambience, and price as independent variables and customer satisfaction as mediating and loyalty as the dependent variable. A survey questionnaire which consisted of three parts to measure demographic factors, independent variables, and dependent variables was constructed based on items determined by past research.

200 respondents from one of the well restaurant in Surabaya, INDONESIA were selected as a sample. From the findings, there were positive significant relationship between service quality ($\beta=0.358$, $p=0.000$), ambience ($\beta=0.290$, $p=0.000$), food quality ($\beta=0.286$, $p=0.000$), and price ($\beta=0.119$, $p=0.001$) with customer satisfaction in that order and so with the mediating variable - satisfaction with the dependent variable – loyalty ($\beta=0.799$, $p=0.000$). For the future research, more related indicators can be added to make the survey more precise and more applicable to the foodservice industry.

For practical implications: full service restaurants in Surabaya especially the Fu Yuan Palace restaurant should focus on four elements – service quality, ambience, food quality, and price – if customer satisfaction & loyalty is to be treated as a strategic variable.