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# Understanding and Improving Customer Loyalty at The Sole Proprietor Restaurant

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Understanding and Improving Customer Loyalty at The Sole Proprietor Restaurant

A Major Qualifying Project Report

submitted to the Faculty

of the

WORCESTER POLYTECHNIC INSTITUTE

in partial fulfillment of the requirements for the

Degree of Bachelor of Science

by

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Date: April 22, 2008

Sponsored by:

Madeleine Ahlquist

Robb Ahlquist

Founders and Owners

The Worcester Restaurant Group

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Professor Michael B. Elmes  
Project Advisor

## **Abstract**

The Sole Proprietor, an upscale seafood restaurant in Worcester, Ma, sought innovative methods to enhance and track customer loyalty. Research suggests that incentive-based customer loyalty programs are an innovative and successful tool for such customer-relationship-management initiatives. Two focus group sessions and an electronic survey with a sample of The Sole Proprietor's customers suggested that a well-managed loyalty program would facilitate increased guest loyalty.

## Executive Summary

The Sole Proprietor is a top-tier seafood restaurant located in Worcester, Massachusetts. This restaurant is one of three Worcester restaurants owned by Robb and Madeleine Ahlquist. The Ahlquists are always seeking innovative ways to help compete in the ever-growing restaurant industry. In the years between 2002 and 2004, the number of restaurants in the United States increased by 14,000 (Hobler, 2006, p1). Such a variety of restaurant selections has caused restaurant owners and managers to seek new ways to anticipate customer behavior and create a loyal customer base.

Over the summer of 2007, the Ahlquists expressed interest in a research project to better understand customer satisfaction and loyalty and learn about methods for tracking customer data. Although The Sole Proprietor and its two sister restaurants, One Eleven Chophouse and Via, are all very successful, profit-yielding establishments, the Ahlquists believe in continuous improvement, especially in such a growing industry.

At the start of this project, the Ahlquists described four main objectives to be considered throughout our research and analysis: what makes customers loyal, what percentage of The Sole Proprietor's customers are loyal, what are some innovative techniques for tracking customer loyalty, and how can this knowledge be used to improve loyalty. Secondary objectives included understanding the difference between customer satisfaction and customer loyalty as well as capturing customer's overall opinion of the restaurant.

In order to accomplish the aforementioned objectives, research was conducted into customer satisfaction, customer loyalty, and methods for tracking each. This early research from industry experts such as Frederick Reicheld and Keki Bhote suggested that customer loyalty is one step above customer satisfaction, or in other words, customer satisfaction occurs when

expectations are met whereas customer loyalty occurs when expectations are exceeded. A Xerox study shows that a totally satisfied customer is six times more likely to make a repeat purchase within 18 months than a mere satisfied customer (Bhote, 1996, p35). Although the time scale may be different for a restaurant, the theory and implications are still relevant.

Understanding the significance of customer loyalty only furthered the Ahlquists' desire to find a method for tracking and increasing loyalty. Continued research uncovered the relatively new concept of customer loyalty programs for restaurants. A study in 2004, showed that 50% of table-service customers surveyed would be more likely to patronize a restaurant that had a loyalty program (Hobler, 2006, p1). Upon presenting this concept to the Ahlquists, they informed us that they had considered the use of loyalty programs in the past but were unable to devote enough time to the research required before implementing a program.

The major goal of this project became determining whether or not a customer loyalty program at The Sole Proprietor would increase customer loyalty, and if so, what type of rewards would be of interest. To do so, two focus groups and an electronic survey were conducted with samples of the restaurant's customers. Focus group 1 consisted of loyal customers in order to understand what makes them loyal and what their ideas are regarding a loyalty program at The Sole Proprietor. Focus group 2 consisted of satisfied but not necessarily loyal customers to identify what is lacking in their experience that keeps them from becoming loyal while asking if a loyalty program could increase their loyalty. The electronic survey was targeted at customers in The Sole Proprietor's database who were at least satisfied with the restaurant. A link to the survey was sent via email to customers within the restaurants' database of emails. A link was also posted on The Sole Proprietor website.

Over one-thousand people completed the electronic survey, yielding an overwhelming amount of data to be analyzed. Analysis showed that The Sole Proprietor has two customer segments of interest: loyalists and defectors. Loyalists can be compared to the completely satisfied members of focus group 1 (4% of survey respondents) and defectors can be compared to the satisfied but less loyal members of focus group 2 (25% of respondents). The main difference between the two customer segments was that loyalists came at least twice a month and were not affected by price. Defectors, however, were more price sensitive and therefore frequented the restaurant less often. Our findings showed that defectors were also less likely to provide referrals to the restaurant. This presented an opportunity to explore how a loyalty program might help to turn defectors into loyalists by offering them incentives to patronize the restaurant. Since price was a major concern in both the electronic survey and focus group 2, we discovered that hard rewards such as discounts or gift cards would encourage guests to patronize more often and become increasingly satisfied.

Despite the differences between the loyalists and the defectors, over 90% of each customer segment answered that they would join a loyalty program at The Sole Proprietor if it were offered. Each segment also agreed that complimentary items, discounts/coupons, preferred seating and special members-only events are rewards of interest for a loyalty program at the restaurant. Both segments were also in agreement that plastic program member cards, unrealistic reward structures and difficult reward tracking systems should be avoided.

Based on the focus groups and electronic survey results, it is clear that a loyalty program will likely improve loyalty with a large percentage of The Sole Proprietor's customers. If, however, the costs associated with a loyalty program provided by a vendor are too excessive at this time, there are steps the restaurant could take to improve loyalty without a vendor driven

program such as creating a better wait experience, having raffle contests, utilizing better signage for additional parking, increasing personalized attention and having special reduced price nights.

## Authorship

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Executive Summary – Kimberly Ramsdell

Introduction –Eric Ruscitti

Literature Review - Kimberly Ramsdell

Methodology - Eric Ruscitti

Results - Kimberly Ramsdell & Eric Ruscitti

Analysis - Kimberly Ramsdell

Recommendations - Eric Ruscitti

Conclusions - Eric Ruscitti

Appendix A: Works Cited – Kimberly Ramsdell & Eric Ruscitti

Appendix B: Loyalty Program Vendor Comparison – Kimberly Ramsdell & Eric Ruscitti

Appendix C: Electronic Survey – Kimberly Ramsdell & Eric Ruscitti

Appendix D: Focus Group Outline – Kimberly Ramsdell

Appendix E: Focus Group 1 Transcription – Eric Ruscitti

Appendix F: Focus Group 2 Transcription – Kimberly Ramsdell



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**Sponsor:** The Worcester Restaurant Group

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# 1 Introduction

When the number of restaurants increases exponentially in relation to population, restaurants need to discover new ways to keep customers coming back. In 2004 the number of restaurant establishments in the United States was approximated at 858,000. This number represents an increase of 14,000 restaurants since 2002 (Hobler, 2006, p1). Such an extensive variety of restaurant selections have caused restaurant owners to seek ways to anticipate customer behavior and create a loyal customer base. Many companies that want to do this try implementing a loyalty program, but not all companies can dedicate the required time, money, and resources to set up and use this program effectively and it fails.

Smaller establishments have fewer resources than large chain restaurants and must work harder to attract new business as well as retain existing customers. This is the case with the owners of the Worcester Restaurant Group, Madeleine and Robb Ahlquist. The Ahlquists own and operate three restaurants in Worcester, MA: The Sole Proprietor, The One-Eleven Chophouse, and Via Italian Table.

With innovations in customer-relationship-management (CRM) the Ahlquists would like to implement a system to track customer behavior to generate greater loyalty from their clientele. They had considered implementing a system in the past but they were unable to dedicate the resources required to conduct research and discover the best CRM tool for their restaurants. The Ahlquists feel that if they are better able to understand the preferences of their customers, they will better understand how to increase and monitor customer loyalty. In order to do so, the Ahlquists decided to initiate this pilot study at their oldest and highest traffic restaurant, The Sole Proprietor. The Ahlquists believe that the results of the study with The Sole Proprietor will be applicable to their other two restaurants in the group. Therefore, in order to save time and

money, this project will focus on understanding customer loyalty at The Sole Proprietor as a basis for recommending a customer loyalty program.

One of the more recent CRM initiatives in the restaurant industry is a type of loyalty program called a frequent-diner reward based system. In a study in 2004 by the National Restaurant Association, 50% of table-service customers said that they would be more likely to patronize a restaurant that had a loyalty program (Hobler, 2006, p1). Loyalty programs have large up front costs, however, causing their adoption to be less common within the industry. They are a long-term investment, which, if done correctly could produce a significant return on investment: “It’s an investment in time, but money wise, it can’t be done inexpensively” (Hobler, 2006, p2). More recent studies, as of July 2007, suggest that the cost of loyalty programs is getting lower, with new companies offering point-of-sale tracking devices and loyalty tracking services (Leahy, 2007, p1).

The Ahlquists would like to implement a loyalty program that is based on customer preferences, not just what they think the customers want. They also want the program to stand out and be unique relative to other loyalty programs implemented by similar types of restaurants.

In order to determine if implementing a loyalty program at The Sole Proprietor would be beneficial, it must be determined that such a system would add value for its customers.

Determining customer interest in a loyalty program as well as the most enticing reward system must be investigated and analyzed. Data relating to customer behavior and trends are difficult to capture and correctly interpret and therefore must be done with care. In this project, information on customer preferences will be gathered using multiple research techniques.

To collect and analyze the necessary data, it is imperative to get input from current customers on what they would like out of a customer loyalty program. The data collected from

customers will then be used to evaluate customer loyalty vendors. The vendor who is the best fit to the customer data will be recommended as the customer loyalty program provider. If the restaurant group accepts our recommended loyalty program vendor, the information collected from the customers can be used to inform the loyalty program provider how to structure the reward system to optimize customer loyalty and increase business at The Sole Proprietor. As an inherent feature, this loyalty program needs to be scalable and flexible in order to implement it at the other two restaurants in the Worcester Restaurant Group, pending its success at The Sole Proprietor.

## **2 Literature Review**

The following section is a literature review containing the background research necessary for understanding a customer-relationship-management system. Sections include the history of The Sole Proprietor, background information on the importance of customers, loyalty rewards programs, and research methodologies and design. This document also contains the benefits associated with this project and how it will help The Worcester Restaurant Group attain its goal of understanding and increasing customer loyalty.

### **2.1 Worcester Restaurant Group**

Over twenty-five years ago, Madeleine and Robb Ahlquist founded their first restaurant in Worcester, MA. They pride themselves on offering their clientele top caliber service, entrees, as well as an enjoyable atmosphere. Their mission is to offer what they refer to as the “total dining experience” with the customer as the center of their guiding vision. They define the total dining experience as a value proposition encompassing the quality of the food, service and atmosphere (Worcester Restaurant Group Philosophy, 2008, p1).

#### **2.1.1 History**

Named the area’s best seafood restaurant by *Worcester Magazine* every year since 1991, The Sole Proprietor was the first restaurant that the Ahlquists opened. Located on Highland Street, The Sole Proprietor, or more commonly referred to as The Sole, has received four-star reviews and has been awarded several prestigious honors. In 2005, The Sole was named one of America’s top ten seafood restaurants by *America’s Top Ten Club*.

In 1999, the Ahlquists introduced Worcester to their second restaurant, The One Eleven Chophouse. One Eleven Chophouse was named the “Best Steakhouse” by *The Landmark* and was also honored with the “Award of Excellence” by the *Wine Spectator* on several occasions.

Over the years, the Ahlquists have taken several trips to Italy and brought their favorite recipes and wine lists along with them. Via, Italian Table, opened its doors in 2007 to offer Italy-inspired recipes coupled with American favorites. They have not been operating long enough to receive any formal awards but they continually receive accolades from *Worcester Magazine* and local newspapers (Quinn, 2007, 1).

Madeleine, Robb, and the other executive members of the Worcester Restaurant Group are consistently seeking ways to enhance their relationship with their customer. They currently utilize a rechargeable gift card, the Ultimate Dining Card to gather basic customer information for those who register. It does not offer comprehensive data storage or tracking capabilities since it is not linked to a database to track purchasing behaviors. As with any business, knowing the customer and tracking their behavior helps to shape the offerings of an organization. In order to understand customer behavior, it is important to first define the customer.

## **2.2 The Customer**

Simply defined, a customer is someone who pays for goods or services. To understand customer loyalty and behavior, organizations must understand their external customers, the clientele of the restaurants. Today’s customers are increasingly driven by the value they place on their overall experience (Bhote, 1996, p26). For example, when customers are deciding where to dine, they will consider a list of attributes such as quality of food and service, atmosphere, and even the ease of transaction. Price alone is not the sole determining factor.

## 2.2.1 Types of Customers

There are four basic types of external customers: loyalists, defectors, mercenaries, and hostages. Loyalists are a company's customers of interest. Loyalists are completely satisfied with the restaurant. Defectors are not necessarily unhappy with a particular company, they are just driven by price rather than value for that particular product or service. Mercenaries are completely satisfied customers today, but they are trend followers and their future purchasing behavior cannot be predicted. A hostage is the most problematic type of customer because they tend to be the most outspoken regarding unsatisfactory experiences. They frequent a particular restaurant simply because they view this restaurant as a monopoly in some way. Whether it be a monopoly for a type of food in a particular region or because of its proximity, the hostage is not satisfied. For example, if a customer favors seafood on a particular night, this customer will attend the local seafood restaurant simply because it is the only one around, regardless of unsatisfactory past experiences (Bhote, 1996, p29).

Although loyalists are the customers of choice, it is important to ensure that the loyal customers are the right customers. In other words, it is in an organization's best interests to derive the most profits from their loyal customers. The Sole Proprietor may have three or four customers that come in every night for a couple of drinks. They are loyal customers, but they do not necessarily bring in profits. If The Sole Proprietor wishes to keep these customers, it would be in their best interests to make them more profitable by encouraging them to spend more. This could be done by introducing these customers to appetizers or other lighter fare entrees. According to the Pareto Principle, twenty percent or fewer of customers bring in eighty percent or more in sales volume (Bhote, 1996, p16). By understanding this principle as well as

understanding what makes a loyal customer, restaurants can learn to better their loyal customers spending habits and make each one more profitable.

### **2.2.2 Retention**

The cost to acquire a new customer is seven to ten times the cost of retaining an existing customer. Also, a five percent improvement in customer retention can result in up to a seventy percent increase in profitability (Hanks, 2007, p1).

Keeping a customer does not necessarily mean that everything has to be perfect. Many customers return to a restaurant after a terrible experience if the problem is dealt with in a satisfying manner (Hanks, 2007, p2). The customers that are retained through efforts to increase satisfaction and loyalty will have a significant impact on word of mouth advertising. Satisfied customers will tell an average of five other people about their experience. On the other hand, it is also important to understand the negative effect of word of mouth advertising from dissatisfied customers. An average dissatisfied customer will tell nine people about their experience; thirteen percent will tell twenty people (Bhote, 1996, p28). With that many people discussing their bad experiences, it becomes even more vital to understand what makes customers feel satisfied.

### **2.2.3 Voice of the Customer**

Fewer than fifty percent of new products or services are developed or improved based on customer input. This is astounding considering that a MIT study found that eighty percent of the best innovations come directly from the customers (Bhote, 1996, 22). Effective methods for obtaining customer input on new products and services will establish a learning relationship with the customer. A learning relationship creates a mutually beneficial exchange between the

customer and the service provider, in this case the Worcester Restaurant Group. This bilateral transaction provides the customer with the service/product that they desire, while also providing the restaurant with meaningful information regarding purchasing behavior.

The best method for obtaining customer input in a learning relationship is via one-on-one interviews. One-on-one interviews provide answers to interview questions as well as a look into the behaviors and attitudes of the interviewee during the session. This type of emotional data cannot be gathered in online surveys.

Other effective methods for retrieving customer opinions include customer contact personnel, management visits to customers, focus groups, and soliciting non-customers (Bhote, 1996, p107). The most beneficial among those is management visits to customers, which make the customer feel important and also provide the manager with first hand interaction. Such visits can consist of a manager checking in with guests as they dine to introduce themselves and chat about the meal or other topics of interest. The manager will learn who the customer is and what they are thinking and feeling which, in turn, will allow them to see the organization from a different perspective. According to Bhote, all senior managers should be spending twenty to twenty-five percent of their time with their customers (p41). Direct contact with customers offers a unique perspective into the things that are most important to the customer. When a customer has the opportunity to speak to the top level of an organization, they are empowered by the elimination of all steps in the communication channel and by direct access to someone of influence. Customers will feel that they can truly impact the organization because a manager took the time to interact on a personal level.



## 2.3 Satisfaction vs. Loyalty

Measuring customer satisfaction using the aforementioned methods, however, does not provide enough information to increase retention. This is because customer satisfaction lacks a consistently demonstrable connection to actual customer behavior and growth (Reicheld, 2003, p4). Over the last ten years, studies have shown that there is a difference between customer satisfaction and customer loyalty. “A merely satisfied customer will go elsewhere when a competitor cuts its prices” (Bhote, 1996, p.ix).



Figure 1: Customer satisfaction is not a predictor of customer loyalty

Figure 1 demonstrates that there is weak positive correlation between customer satisfaction and customer loyalty. Since the correlation is very weak, customer satisfaction can not be used to make inferences about customer loyalty (Bhote, 1996, p37).

### **2.3.1 Loyalty**

Although customer satisfaction does not predict loyalty, it seems to predict purchasing frequency. In a study conducted by Xerox of their direct sales customers, a totally satisfied customer was six times more likely to purchase again within eighteen months than a merely satisfied customer. The distinction between totally satisfied and merely satisfied was based on ratings of 5/5 and 4/5 respectively (Bhote, 1996, p35). As previously stated, customer satisfaction can not predict customer loyalty, but perhaps that is only true for any rating less than completely satisfied.

This data from the Xerox study suggests that there is a significant difference between a 4/5 rating and a 5/5 rating. Customer-relationship-management experts suggest that this difference can be explained using the notion of loyalty. According to Reicheld, loyalty is “the willingness of someone to make an investment or personal sacrifice in order to strengthen a relationship” (Reicheld, 2003, p3). Loyal customers display four common behaviors: they come back for more, they increase their purchases, they bring their friends, and they invest their time for free (McKee, 2007, p2). Loyal customers are repeat customers, and the more loyal they become, the more frequently they will patronize an establishment.

Loyalty brings enthusiastic word of mouth advertising and also increases brand loyalty (Bhote, 1996, p31). When customers engage in this type of advertising, they have not only indicated that they have received good economic value, but also put their own reputation on the line (Reicheld, 2003, p3).

### **2.3.2 Emotional Attachment**

Increasingly, behavioral researchers are finding that guests’ emotional reaction to a hospitality service experience is a strong predictor of customer loyalty. A study conducted in

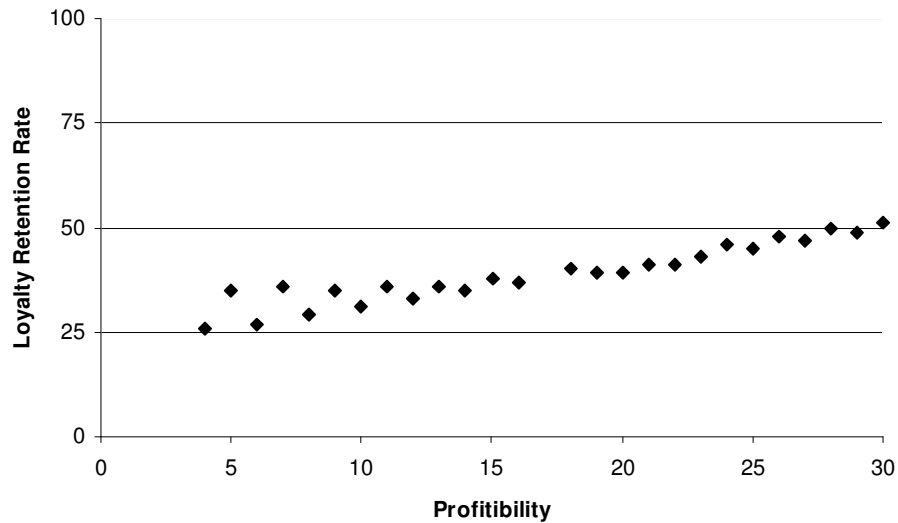
hotel management utilized a questionnaire consisting of twelve emotion-related questions. They found that emotional reaction ratings could predict loyalty as well as price elasticity in several segments. Gallup has also found this to be true. They developed a proprietary tool, CE-11 which focuses on measuring a customer's emotional attachment to a brand and thereby predict loyalty (Pullman, 2005, p325).

The emotion most commonly referenced when describing emotional attachment to a brand that will predict loyalty is delight. When describing causes of favorable customer experiences, Pine and Gilmore suggest that customer delight and loyalty are most often the common link. Favorable customer experiences are caused by delight which in turn generates an emotional attachment to the brand as well as loyalty (Pine & Gilmore, 1999, p1).

Delight is defined as a feeling of extreme pleasure or satisfaction and is usually generated by the unexpected (Bhote, 1996, p50). For example, if a customer enters a restaurant and is greeted by name, they will be genuinely surprised that they were remembered and therefore will be pleased by the interaction. This could also be accomplished by remembering a customer's favorite drink, asking them about their favorite sports team, adding new and unique menu items, or even slight changes/upgrades to the décor of the restaurant. Such things are unexpected because they are not part of the routine, dining experience. Organizations must implement many methods of "surprise" or unexpected delightful things in order to keep the unexpected from becoming expected. Unexpected events should complement the main event. The delighted customer will feel an attachment to the organization because of the emotion felt towards the brand that continually makes an effort to make their experience more enjoyable.

### 2.3.3 Loyalty and Profits

According to Bhote, “customer loyalty is the flip side of the same coin called company profit” (Bhote, 1996, p30). Figure 2 depicts the strong positive correlation between loyalty and profitability.



**Figure 2: Correlation between customer loyalty and profitability**

This figure shows the correlation between customer loyalty, as measured by retention rates, and organizational profitability. The loyalty retention rate captures the restaurants percentage of customers that produce repeat visits. Profitability captures the restaurants positive revenues after expenses. This chart suggests that the higher the retention rate of a restaurant, the more profitable the restaurant will be.

One thing to remember when considering customer loyalty as a company-wide goal is that “customer loyalty is a journey, and not a destination” (Bhote, 1996, p129). There should be no endpoint in site in regards to loyalty, but rather a series of target goals to be achieved to continually improve and maintain loyalty. Meaningful target goals that are related to loyalty

initiatives include increasing retention rates, increasing the profitability of frequent customers, and increasing the frequency of loyal customer visits.

## ***2.4 Loyalty and the Restaurant Industry***

Between the year 2002 and 2004, the number of restaurant establishments in the United States increased by 14,000 to bring the national total to nearly 860,000 (Hobler, 2006, p1). In 2007, there was over 600 billion in sales. Restaurants employ approximately 13 million people, making it the largest employer besides the government (Industry Research, 2007, p1). Of the top 130 restaurant chains in the country, only eight percent in 2006 (up from five percent in 2005) utilize loyalty rewards programs (Hobler, 2006, p1).

### **2.4.1 History of Loyalty Programs**

In 1981, American Airlines initiated the first ever loyalty rewards program, American AAdvantage (McKee, 2007, p1). It was considered a revolutionary marketing program offering travel rewards to frequent fliers. Those labeled as frequent fliers were rewarded with miles that could be accumulated and later redeemed for free travel.

Over the last ten years, it has become commonplace for all types of organizations to offer rewards programs such as hotels, grocery stores, car rental agencies, and even bookstores. It seems that the restaurant industry is a late-entrant into the world of loyalty programs. In 2004, a study by the National Restaurant Association found that fifty percent of table-service customers said that they would be more likely to patronize a restaurant that had a loyalty program (Hobler, 2006, p1). As time has passed, the idea of a loyalty program had become more acceptable. A study in 2006 suggests that nearly two-thirds of respondents in a similar study to the

aforementioned 2004 study said that they would increase their visits to a restaurant if a loyalty program were offered (Leahy, 2007b, p2).

### **2.4.2 Technology of Loyalty Programs**

The technology associated with innovative loyalty programs is dependent on the needs of the company. It can be as simple as a punch card where after ten purchases the customer receives a free meal. It can also be extremely complex where the customer's reward card is run through a computerized register at the point of sale in order to save the purchase in a comprehensive database with all other purchase history from that card. Reward points are accumulated with every dollar spent and at specified target point levels, discounts or coupons are granted.

Some of the more advanced systems are electronic card based. An interested customer is issued a plastic card with a unique magnetic stripe containing data storage capabilities. This technology ties into a point-of-sale (POS) system as well as enterprise software. This allows for automatic notification of rewards, point tallying and accounting functions. The more sophisticated systems collect and analyze purchasing data. This data yields useful sales trends and other marketing data (Liddle, 2006, p1).

### **2.4.3 Benefits of a Loyalty Program**

One of the primary objectives of a loyalty program is customer retention (Hobler, 2006, p3). A loyalty program will also provide improved customer knowledge. This enables marketers to send highly targeted promotions and activities that will appeal to their guests (Mattila, 2006, p6).

Such customer-relationship management systems have promised to help firms better track customer behavior in real-time (Reicheld, 2003, p5). This knowledge also enables the company

to learn who their customers are. By knowing who they are, the company can also track their purchasing behavior, find out their preferences, cater to those preferences and open a two-way communication pathway between customer and organization. Studies show that customers involved in such loyalty programs will increase their purchasing frequency and per-check revenue (Hobler, 2006, p4). The Fifth Group Restaurant in Atlanta stated that members of their loyalty program spend seventeen percent more than before they joined the program (Hobler, 2006, p1). West Side Charlie's in Newfoundland, Canada implemented a program and saw that their top twenty-five percent of customers per location showed an increase in spending from \$156 per month to \$222 per month in only one year's time (Liddle, 2006, p1).

## ***2.5 Designing Successful Loyalty Programs***

Implementing a loyalty rewards program can be costly and therefore many companies seek an immediate return-on-investment (ROI). Since a loyalty program is more of a long-term solution to improving customer loyalty, it is important that the early design of the program be tailored in such a way that it will yield results to the organization and its members in a short amount of time. Designing a program is a delicate task that involves determining a need for a program, creating a rewards structure for the customers, understanding when and how to communicate with the members and creating a unique program that ties in with the organization's brand. When working with an outside vendor, it is important to consider the complete package being offered. No matter how exciting a program may seem, it needs to be customizable enough to meet the needs and desires of the customers.

### **2.5.1 Rewards for Loyalty Program Members**

Designing the rewards appropriate for a particular restaurant can be a difficult task. The restaurant must be able to offer enticing rewards that incent customers to dine with them. However, the reward structure cannot offset any increase in profits from program members. That is, the cost of the rewards to the restaurant must not exceed the return on investment.

Some loyalty programs do not offer discounts as rewards. They focus on soft rewards such as recognizing guests on arrival, guaranteed reservations, and preferred seating. Such rewards cost little if anything to the restaurant, but carry high value with the customer (Hobler, 2006, p2). These types of rewards do present strategic planning difficulties within the organization, however, requiring new management and operations approaches. Management must instill in the workers the need to make guests feel welcomed and remembered. Employees must make an effort to remember by name or face the loyal customers. If guaranteed reservations or approved seating are incorporated into the reward structure, there must be new methods implemented into the reservation system to ensure that this is possible. For example, if a loyalty member requests a specific table within a reasonable wait time, the restaurant must have the flexibility to coordinate the request.

Marketers continually debate over the decision of hard versus soft rewards. In November of 2005, Colloquy, a leading provider of loyalty-marketing information, consulting, research and education presented their findings from a comparative study of five different rewards structuring methods. The study was conducted with a national retailer across seventy-five different locations. The five reward structures covered different hard rewards, soft rewards, and a combination of hard and soft rewards. At the conclusion of the two consecutive six month tests, the combination program ended up being the most favored option by an overwhelming majority.



The rewards in this program offered both a points accrual model of reward (hard) as well as special privileges such as special check out lanes and preferred parking (New Colloquy Marketing Research, 2005, p1). The results only confirm the difficulty of choosing between hard and soft rewards or perhaps suggest that a blend of results will yield the most significant customer approval.

### **2.5.2 E-Mail Contact**

Although it may seem that customers are solely concerned with the rewards of a program, they also value the other benefits of such a program. Through email contacts to the loyalty program database, customers might be informed of specials, new menu items, and events. Email contact can also be utilized by the customer to provide direct feedback to the restaurant. To ensure that customers would view the emails positively, The Pin Club at the Hard Rock Café only sends emails to members that sign up for Internet updates (Leahy, 2007a, p1). Signing up for the email list grants the restaurant permission to send as many or as few emails as they desire. With the barrage of spam or unwanted and unsolicited emails, it is imperative for an organization to gain permission before sending emails to customers. It demonstrates respect for the customer and their privacy. Reassuring the customer that their email information will remain private and not be sold to outside solicitors is also essential when collecting email information. Customers will feel more secure and likely to provide their email if they are provided the choice to receive emails and if they are assured that their information will be kept private.

Emails can also be used to provide surprise one-day specials to bring in a customer that has not visited in awhile (Cebrzynski, 2007, p1). This is a great method for offering a hard reward such as a discount, but in such a way that it does not create a significant profit loss.

### 2.5.3 Branding

Brands have equity and one can increase equity by increasing affection with the brand (McKee, 2007, p2). As cited previously, emotional attachment to a brand can predict loyalty. An article presented by Cornell University's School of Hotel Management suggests that emotional responses are the key element to creating guest loyalty. This emotional response is referred to as affective commitment as opposed to calculative commitment. Calculative commitment reflects a customer's desire to maintain a relationship with the service provider due to switching costs. Affective commitment, however, is the commitment to the brand due to an emotional attachment (Mattila, 2006, p175). Because loyalty programs are not meant to induce loyalty, the restaurant needs to work to create the emotional bond between the customer and the brand before they set up a loyalty program. This emotional bond is created through continual positive experiences with the brand as well as by generating delight with the customer. Once an emotional attachment with the brand exists, a loyalty program can be used to foster this attachment by rewarding loyal behavior and opening a direct channel of communication between the customer and the organization to continually improve experiences.

When designing a loyalty program for an organization, it is important to differentiate the loyalty program from others. Incentives and reward structures have to be fairly unique and should relate to the company's brand (Leahy, 2007a, p1). For example, a pizza shop that has a reputation for providing quick and easy transactions would not be smart to implement a loyalty program that made each transaction more complicated and slow. Alternatively, an upscale restaurant such as The Sole Proprietor might not want to consider hard rewards such as coupons or discounts for fear of discounting their brand. It might be better to implement soft rewards that provide their customers with more meaningful results. Since the loyalty program is meant to

foster an existing emotional attachment with a brand, it is necessary to ensure that the brand is visible within the context of the program.

### 2.5.4 Cost of Adoption

There is a perception that the up front costs associated with implementing a successful rewards program are too large. Companies have difficulties seeing past these costs to the possibility for a huge return on investment (Hobler, 2006, p2).

Creating and maintaining customer loyalty is an extremely important function of a business. In terms of overall marketing, a loyalty program could take up to thirty percent of the restaurants allotted marketing budget (Leahy, 2007a, 2). A restaurant or any business looking into a program must consider that it is a long-term investment.

There is no master check-list to determine whether a loyalty program is the right decision for an establishment. Due to the variety of structure, costs, and benefits of existing programs, it is within any establishment's best interests to at least consider a list of different loyalty program vendors. The list to be considered for The Sole Proprietor is as follows:

**Table 1: Loyalty program vendor comparison**

<b>Communications with Customer</b>
Enrollment Forms
Welcome Message
E-Thank You
E- Miss You
E-Special Occ.
E- Member Site
<b>Vendor provided services</b>
Mkt. Coordinator
Cust. E/USPS Communications
Tracking & Reporting
Database (build, monitor, manage)
Member hotline
Automated Reward Process
Measurable Results
<b>Miscellaneous Other Options</b>
Promotional E-Cards

Special Occ. Cards
Promo Items (table tents, inserts)
Cust. Satis. Surveys
Personalized Letters
Database Transfer
On-Site Training
Customized Enrollment Forms
Custom Reports
Open Table™ Interface
<b>Vendor History/Information</b>
Testimonials
Email
Telephone
URL
Years in operation
Costs Available
Cardless
Custom Rewards
Estimated ROI

## 2.5.5 Loyalty Program Vendors

Loyalty programs differ from vendor to vendor. Some loyalty programs are very simple, such as the punch card system. Others can be very complex requiring the purchase of special equipment to operate and manage the system. To understand the differences in loyalty programs from vendor to vendor, eight different programs have been compared on the basis of function, options, cost, ease of implementation and company history. For the full comparative chart, please see *Appendix B: Loyalty Program Vendor Comparison*.

### 2.5.5.1 Aloha eFrequency

According to the company, Aloha's eFrequency loyalty program allows organizations to quickly design, roll out and manage effective restaurant loyalty programs. Aloha's eFrequency will not only attract new customers, but also turn an existing customer base into "ideal customers" who have the purchasing habits that will drive top-line growth for the restaurant. The largest benefit of this system is that it operates in conjunction with the Aloha POS system, which The Sole Proprietor currently utilizes.

Aloha's eFrequency includes a variety of reward plan types. The first is an item based plan where rewards are given based on specific qualifying menu items (i.e., purchase three lobsters, get fourth one free). The second type is based on total dollars spent (i.e., spend \$1,000 and receive a \$100 gift card). The third available plan is points based where menu items are allotted a specified number of points. Customers accrue points and at predetermined intervals, receive a reward (i.e., one meal is worth 100 points, appetizers are worth 15 and drinks are worth 5; after 1,000 points, a customer receives a \$20 gift card). The fourth type rewards people after a certain number of visits (i.e., eat ten meals, get eleventh free). The last type of reward plan is random. This means that at the point-of-sale, the system will randomly offer rewards to the customer (i.e., computer system random selects checks from loyalty program members to receive rewards) (Radiant Systems, 2007, p1).

Aloha also offers flexible rewards such as instant discounts, gift card credit and "bounce-back vouchers". Aloha's eFrequency also enables enterprise reporting options such as customer history and management alerts. Since The Sole Proprietor already uses Aloha POS, set-up at both POS site and corporate level would require less of an initial investment in equipment, software, and time.

Although this system is not a cardless system, diners can present another form of identification if they do not have their card with them at the time of purchase. Other types of identification must be stored in the POS database to confirm. For privacy purposes, some identifying information can be blocked from in-store personnel if desired.

The flat monthly fee for the program is based on the number of store locations to purchase the license. There is also a one-time setup fee at each location (Radiant Systems, 2007, p1).

### **2.5.5.2 Clever Returns**

According to company literature, Clever Returns' loyalty program goes beyond basic email-only communication to build a long-lasting relationship between the organization and its customers. Loyalty program members receive exclusive, value-added offers which Clever Returns claims drive traffic to the organization as well as increase incremental sales.

Member transactions are linked to each promotion and individual members as a result of this "cardless" program. This method of tracking gives the organization a definitive ROI for each promotion, shows incremental revenues, and allows more dynamic and targeted marketing in future promotions and communications. Clever Returns is the most comprehensive and automated program out of all of the programs being compared for use at The Sole Proprietor. It supplies all promotional materials, sends out all desired email contact, maintains the database externally, and generates customized detail reports with no on-site work by personnel required.

The cost for Clever Returns' loyalty program is based on the individual needs of the organization. The loyalty program is so diverse in its options that it is nearly impossible to predict pricing without first understanding the needs and optional features desired (Clever Returns, 2008, p1).

### **2.5.5.3 Repeat Rewards**

Repeat Rewards offers a customizable program without sacrificing the management of the program to the external vendor. The company claims that it is simple enough to be

completely maintained by on-site personnel. Although it is managed internally, there is no additional hardware or software to purchase for this loyalty program. All that is required is a telephone line and Internet connection.

Repeat Rewards is a full service customer loyalty program available to independent retailers, restaurateurs, and small or large business owners. According to their website, Repeat Rewards' clientele are witnessing excellent results, including response rates (40-45% on average for postcard mailings) and incremental spending increases (members spending four times more when they redeem their reward certificates).

The monthly service fee for Repeat Rewards covers database management, member communications (award letters, e-mail), transactions, on-line reporting, and access to secure information and a Member website. There are several different pricing models to best fit an organization's budget. After enrolling on the Repeat Rewards website, login credentials with a password will be created to enable a view into the actual price list. The price list will allow the organization to perform in-depth calculations to help determine actual costs (Repeat Rewards, 2008, p1).

#### **2.5.5.4 Ernex**

Ernex's Real-Time Points loyalty program claims to boost customer loyalty, brand recognition and spending by personalizing messaging and rewards immediately at the point-of-sale. A member's point's accrual status is printed directly on his or her receipt at the point-of-sale, potentially eliminating expensive point's statement costs. Ernex's Real-Time Points program is also intended to reduce mailing and fulfillment costs by allowing customers to redeem their points instantly for rewards onsite.

Ernex offers a Promotional Tool Kit as an additional component to the Real-Time Points program to add impact to marketing campaigns. The Promotional Tool Kit offers additional opportunities to connect with customers through innovative messaging, contests and coupon events.

Reporting tools provided by Ernex include summaries and detailed reports that capture relevant program data including recency, frequency, spending levels, acquisition and program activity from the customer level and up (Ernex, 2007, p1). There was no readily available information on program cost options.

#### **2.5.5.5 Royalty Rewards**

Royalty Rewards is a customizable program that allows its users to earn one point for every dollar spent at the restaurant. Members of this program need to present their plastic card in order to earn points. Transactions are not live and therefore do not require network/Internet interface. This is beneficial because it will not cause delays with the POS system so other transactions are not affected by this system.

Members of Royalty Rewards will receive an e-mail every week and occasionally receive direct mailings. Every two weeks their award certificate will be mailed to them. Additionally members will receive a welcome postcard and a birthday postcard.

With the Royalty Rewards program, The Sole Proprietor would receive customized reports showing ROI, new members each month, frequency of customer visits and much more. Royalty rewards is not directly compatible with Aloha POS. In order for it to work, the Aloha eFrequency program would have to be purchased as well. The cost of this program depends on the exact kinds of hardware and software being used. However, Royalty Rewards offers a “free” (\$197 for hardware and software setup) 90 day trial (Royalty Rewards, 2008, p1).



### **2.5.5.6 Clever Ideas**

Clever Ideas has been working in the hospitality industry for over twenty-six years. Its program is fully customizable and traditionally uses a plastic card, but can be upgraded to fit in with an existing credit card so members do not have to carry around their loyalty card. Members receive direct mail and e-mail promotions.

A number of reports showing customer frequency, customer spending, ROI, and more can be viewed on a regular basis. Although highly customizable, minimum costs are \$1500 per location for initial setup (hardware, software, database, etc) and at least \$250 per month thereafter. Rather than paying upfront for installation, Clever Ideas makes it possible to be paid from future earnings, so there are no out-of-pocket expenses (Clever Ideas, 2008 p1).

### **2.5.5.7 Valutec**

Valutec's loyalty program claims to be "easy to implement, operate, and expand while generating maximum sales at the lowest possible cost". They are highly customizable and work with over two dozen POS systems; however, Aloha is not yet one of them.

The Valutec system allows for monthly or quarterly report generation. These reports can be viewed when desired by logging on to their website (Valutec, 2008, p1). Valutec does not offer substantial information on how the technology of their program works.

### **2.5.5.8 Debit Design Technologies**

Debit Design Technologies customizes its software to work with any POS system. Their technology enables the current card reader for debit and credit cards to be used for their loyalty card. Rewards can be earned using points or put onto a gift card. The restaurant will determine the reward structure.

Members of this program will receive promotional items by mail and e-mail. This program can also be used to track employee purchases, i.e. their meals or drinks. Technical support is offered 24/7.

Many reports can be generated straight from the POS or the database server. With no transaction fees, costs of this program are kept low. Exact costs were not provided and depends on the complexity of the program being used and the number of locations using it (Debit Design Technologies. 2008 p1).

Regardless of loyalty program vendor chosen, it is important to first capture the opinions of The Sole Proprietor customers to determine their level of interest in a program as well the types of rewards they are interested in receiving.

## ***2.6 Surveys and Feedback***

The reward structure and branding of a loyalty program will help to ensure that the program is successful. However, the first step when actually designing the program is to understand the needs and desires of the customer. Customers are often in a better position to evaluate products and services than are managers or employees (Bradburn, 2004, p225). Especially for such a customer-oriented initiative as a loyalty program, client and customer opinions should be the most important driving factor (p224). The purpose of a loyalty program is to create a mutually beneficial exchange every time a customer purchases. If the program is not designed according to customer desires, it will have a low acceptance rate and will fail to provide significant benefits to the organization.

Gauging customer opinions can be a difficult task. It is nearly impossible to obtain input from every single customer and potential customer of an organization. Well designed surveys

administered to sample groups can provide data representative of the population. Although there are other methods beyond surveys, such as interviews and observation, questionnaires provide the least obtrusive and most cost and time effective method for assessing customer opinions.

## **2.6.1 Types of Questionnaires**

Questionnaires can be administered using several different methods. Mail questionnaires, telephone interviews, in-house interviews, mall intercept, and Internet questionnaires are just a few media for retrieving customer opinions. These self-administered surveys fall into several general categories: one-on-one supervision, group administration, semi-supervised administration, and unsupervised administration (Bourque, 1995, p8). For pilot surveys, or one time initial questionnaires, unsupervised, self-administered surveys are the best and least expensive method (Bradburn, 2004, p301).

### **2.6.1.1 Paper Survey**

A paper survey is a hard, printed copy of a survey generated on word processing equipment. When mailing addresses of a target population are known, the easiest method of distribution is via the USPS. If they are not known, paper surveys must be distributed in person. Before the Internet, this was a very popular means of distribution for surveys reaching a wide target population. The costs incurred include printing, copying, envelopes, postage and return postage. Paper surveys have always received relatively high response rates since respondents can answer at their leisure. The disadvantage is that it is a time consuming process. It requires time creating, printing, distributing, waiting, sorting and then entering the data into an electronic file for analysis (Survey Systems, 2006, p1).

### **2.6.1.2 Internet Survey**

An Internet survey is a survey that is posted online. This can be either on The Sole Proprietor website or it can be done through a third party who specializes in online market research surveys. There are several advantages of online surveying. First, there are no costs for paper, printing, or postage. Second, since the survey is electronic, it is relatively simple to direct the responses into a database. This will save time during the analysis phase since the results can be easily manipulated via Microsoft Office tools. Third, the context of the survey can be directed based on the survey taker's answers to previous questions, i.e., there is no need for a survey for current customers and a separate one for non- or ex-customers. The disadvantage of the online survey is having someone maintain the survey and the database while making sure that the information entered is secure and isn't accessible to others outside the company (Survey Systems, 2006, p1).

### **2.6.2 Focus Groups**

Interviews are a great method for obtaining someone's personal opinion. Interviews allow for a two-way discussion with someone face-to-face to hear their thoughts on the topic at hand as well as read their non-verbal cues, which cannot be done with either a paper survey or an online survey. For this type of feedback it is best to go in with some questions ready either in hand or memorized to ask the interviewee.

A focus group is a type of interview that contains several interviewees and one or two moderators. A typical focus group is, "a gathering of individuals brought together to generate data through discussing particular topics and issues whilst guided by a moderator" (Denton, 2003, p130). A focus group allows for increased flexibility with questions, control over the interview situation, as well as a collection of supplementary information (Denton, 2003, p237-

238). For example, the moderator in a focus group can add questions, remove questions or change the content of questions based on the group dynamics of the particular session. This is impossible with a paper or Internet survey. It is also impossible on a paper or Internet survey to see the body language of the respondent.

Focus groups consist of four main phases: planning, developing questions, moderating, and analyzing (Morgan, 1998B, 9).

### **2.6.2.1 Planning Focus Groups**

The first step in planning a focus group is to decide how many focus groups will be conducted. Using only one group is risky due to the possibility of composition generalizations. In other words, the participants in one group may respond to similarly leading to general data or respond too dissimilarly leading to conflicts during the session. Both of these situations will yield incomplete results (Morgan, 1998A, 82).

Once the number of focus groups to be held is determined, potential dates and times should be considered. It is best to provide each potential participant several options for dates and times in order to accommodate their schedules. Historically, the best times for focus groups are Monday through Thursday from either 5:00 to 7:00 p.m. or 7:00 to 9:00 p.m. (Morgan, 1998A, 101). Weekends should be avoided if possible due to the wide variety of schedules during these days. Meetings should be kept to less than two hours long as anything over this threshold will result in fewer willing participants.

It is also important to set a limit for the number of participants per group. Focus groups are usually conducted with six to twelve members and it is best when the members within the group have something in common, i.e. age, gender, or status (McNamara, 2006, p1).

Location of the focus group is also a consideration. If bias is a concern, the session should be held in a neutral location. Focus groups should always be held in a room that will be free from interruptions and that allows for the group to sit in a circle or roundtable setting (Denton, 2003, p139-140).

Recruiting potential members for the focus groups is a critical step. The first step is to develop an invitation script to be either emailed or relayed over the telephone. If the person is interested in learning more about the study, they will then be provided with a general outline of the session to be held, date and times available, refreshments to be served, as well as the incentives to be offered (Morgan, 1998A, 96).

Focus groups should be held within 10-14 days of initial contact with potential participants (Morgan, 1998A, 15). This is critical because participants must have adequate time to rearrange their schedules, plan for babysitters, and then confirm or deny their participation availability. If someone is uncertain about their availability, they could then be asked to be an alternate for one of the sessions.

One of the last considerations is whether or not to video record or audio record the session. These are increasingly popular methods for retrieving the most data from a focus group. It does present privacy considerations for the participants, however and every member must consent to the use of either method.

### **2.6.2.2 Developing Questions for Focus Groups**

Since focus groups are held to less than two hours each and should never run late, it is extremely important to have a detailed script of questions and time constraints for each. There are five types of questions to be asked at a focus group that provide a general outline. These

question types include opening, introduction, transition, key, and closing. At most, this allows for approximately six questions per session (McNamara, 2006, p1).

Opening questions allow for members to indulge in the refreshments, get acquainted with the other members, and become comfortable speaking in the group. Everyone should have a name tag or other means of identifying themselves within the group even if the name they display is a pseudonym for privacy purposes.

Introduction questions should hint at the general concept of the session. Questions should be regarding broad topics rather than particular experiences. Participants should be encouraged to offer different perspectives in order to better the conversation. Introduction questions are followed by transition questions which are used to narrow the conversation in order to bring the focus to the key questions. The key questions represent the main ideas of the focus group. These questions should take up over half of the entire session. These questions should be designed to provide the answers of interest to the study.

The closing phase of the focus group is when participants are allowed to bring up topics that they wish to discuss. This can be a particularly interesting phase if the participants are comfortable speaking within the group. Once everyone has said all that they desire, or when the designated finishing time is near, any incentives being offered should be distributed (Krueger, 1998B, p22-27).

### **2.6.2.3 Moderating Focus Groups**

The main goal of the moderator of a focus group is to facilitate and collect as much useful information as possible. This is done through communicating ground rules, carefully recording responses, and ensuring equal participation among members. At the beginning of the session, the moderator should discuss the ground rules of the session with the participants. These

basic ground rules should include but not be limited to keeping focused, maintaining momentum, and bringing closure on all questions (McNamara, 2006, p1). The moderator should also create a supportive environment since some members may be uncomfortable talking with a group of strangers. (Denton, 2003, p131-132).

During the questions, the moderator should never participate (Krueger, 1998C, 5). Any kind of participation can create bias, even if unintentional. Even examples of answers can provide bias that will have an affect on responses. Moderators should also control their body language. Moderators should avoid nodding their head or any other gestures that suggest compliance with the response (Krueger, 1998C, 27). When awaiting a response from the group, the moderator should be comfortable allowing at least a five second pause. This can be difficult when time is short but during that time, participants are formulating intelligent responses.

Moderators should also ensure equal participation from all members. If there are one or two members dominating the conversation, the moderator should directly call on other participants (Denton, 2003, p140).

When audio or video recording responses, it is often difficult to capture every word. The following chart is a useful tool in summarizing responses from individual questions. Each question should have its own chart.



**Table 2: Focus Group Tool for Capturing Discussions**

Key Points	Notable Quotes
Comments/Observations	

(Krueger, 1998A, 59).

### 2.6.2.4 Analyzing Focus Group Responses

Immediately after the session ends, any last minute notes should be made by the moderator and any co-mediators. These minutes just after the close of the session are critical for recall of minute details from the session. If video or audio recording equipment is used, it should be checked immediately to ensure that it worked throughout the session (McNamara, 2006, p1).

During transcription of the session, it is extremely important to include verbal stress in words. For instance, the stress in the following sentence drastically changes the interpretation:

<u>Comment</u>	<u>Translation</u>
This was GOOD!	It was good
This was good?	It was supposed to be good but it was not
THIS was good!	This one was good, but others were not
This WAS good.	It used to be good, but not anymore

### **2.6.3 Incentives**

In the past few years, the general public has become less interested and less willing to participate in surveys (Kaplan, 2002, p1756). In order to increase response rates, it is necessary to offer the population some type of motivation to complete the survey. If an effective incentive is used to motivate participants to respond, the data gathered from the study will offer more responses as well as higher quality responses (Kaplan, 2002, p1757).

#### **2.6.3.1 Reducing Bias in Incentives**

When considering appropriate incentives, an incentive to increase response rates must do so without biasing the distribution of survey returns (Kaplan, 2002, p1760). Therefore, the incentive must present equal value to every respondent.

#### **2.6.3.2 Two Incentive Plans**

In order to accommodate different incentives to reduce bias, there are two types of incentives to be considered. The first involves each person who successfully completes the survey to fill in a mailing address and select one of four reward choices. The choices could include the following: cash reward, Wal-Mart gift certificate, Sears gift certificate and an Ultimate Gift Card, the gift certificate used at all three restaurants in the Worcester Restaurant Group.

The second type of incentive would be less costly than providing individual rewards to respondents, but also offers historically lower response rates. The incentive would be to enter each participant into a drawing for a much more substantial reward. The reward could be a cash reward or a gift certificate.

## **2.6.4 Sampling**

A perfect survey would be administered and completed by every single person in the target population. Surveying an entire population, however, is nearly impossible. In order to narrow the population of interest into a smaller, representative group, the population must be broken down into samples. An ideal sample has the same distribution of characteristics of the population (Fink, 1995a, p4). In other words, a good sample is a mini version of the larger population (Fink, 1995b, p1).

### **2.6.4.1 Types of Sampling**

Sampling will help focus the survey on the precise characteristics of interest (Fink, 1995b, p3). There are several different types of sampling, each with its own advantages and disadvantages. The most commonly used methods for probability and non-probability sampling include probability sampling, stratified random sampling, systematic sampling, cluster/multistage sampling, non-probability sampling, snowball sampling, and quota sampling (Fink, 1995b, p4).

Simple random sampling is defined as every unit in a population having an equal chance of selection. This method is relatively simple, although, members of a subgroup of interest may not be included in appropriate proportions (Fink, 1995b, p8).

Stratified random sampling method occurs when the study population is grouped according to meaningful characteristics or strata. This allows one to conduct analyses of subgroups. Also, sampling variations are low which allow the sample to better reflect the population. This method can be time consuming and costly to implement, especially if several subgroups are necessary (p10).

Systematic sampling selects every “Xth” unit on a list of eligible units. “Xth” can mean fifth, sixth, or even every 55<sup>th</sup> and so on. This is done to divide the population by the desired sample size. This is a convenient method and closely related to a random sample. However, it is important to look out for recurring patterns in the list such as the way the data are arranged (Fink, 1995b, p11).

Cluster/multistage sampling uses natural groups or clusters. These groups are sampled, with members of each selected group sub-sampled afterward. This is a convenient method because it utilizes existing units (p13).

Convenience sampling, snowball sampling, quota sampling are all non-probability sampling methods. Convenience sampling uses a group of individuals or units that are readily available. This is a practical method since it relies on readily available units. Since the sample is opportunistic and voluntary, participants may not accurately represent the population (Fink, 1995b, p16).

Snowball sampling uses identified members of a sample to identify other members of the population. This method is practical when a list of names for sampling is difficult to obtain. The recommendations, however, might produce a biased sample and you have little or no control over who is named (Fink, 1995b, p18).

Quota sampling is when the population is divided into subgroups. A sample is then selected based on proportions of the sub-groups needed to represent the population. This method is only practical if there is sufficient and reliable data existing to describe the proportions (p22).

The best way to avoid sampling bias is to use one of the probability methods. If this is not possible, it is imperative that the sample and target population do not differ statistically on important variables (Fink, 1995b, p27).

## 2.6.5 Format of Questionnaire

Once the objective of a questionnaire is determined, the objective must also be made clear within the context of the survey. To ensure that the objectives of the survey are clear, two or more people must easily agree on all words used to describe its purposes (Fink, 1995a, p2). If the survey designers cannot agree on the purpose of the survey, respondents cannot be expected to understand the meaning of their responses. The most successful surveys clearly demonstrate to the respondent the objective. Knowing the objective allows a respondent to target their answers to help meet the general purpose.

### 2.6.5.1 Cover Letter

Cover letters, or front covers to the survey are an important informational piece of the survey. They complement the questionnaire to provide information on what the survey is for, who is sponsoring it, how the results will be used, and when the survey should be completed.

There are several pieces of a cover letter that make it informative and also help capture the attention of the respondent. If a respondent is not interested in the purpose of the survey, and they do not see the benefit for themselves, they are less likely to take the time to accurately fill it out. The pieces are as follows:

- Use letterhead
- Sponsor information
- Dates
- Salutations
- Purpose of study
- Why participation important
- Incentives
- Realistic time estimate for completion
- How/Why respondents chosen
- Confidentiality and how information used
- Contact information
- When and how to return questionnaire

## 2.6.6 Questions

When formulating the questions in the survey, it is important that general language be used. Special vocabulary should be avoided if possible (Bradburn, 2004, p27). If special words or jargon cannot be avoided, it is best to first define the word, and then say the word. For example, if the question is asking about procrastination, it would frame the question as follows: Do you frequently put off for tomorrow what could be done today, that is, procrastinate?

The wording of questions and also response choices are also important to avoid bias and to prevent threatening tones from coming through. When questions, especially behavioral questions, are viewed as threatening, they may result in biased or dishonest reports since people respond in the manner that they believe is the “right” or suggested way (Bradburn, 2004, p35).

### 2.6.6.1 Behavioral Questions

Behavioral questions can be some of the most important questions in the survey. They can be used to estimate how likely one is to perform a behavior and estimate how frequently one will perform the behavior. Two of the most popular ways to ask behavioral questions are illustrated below.

1. How likely is it that you will.....

Not Very Likely 1      2      3      4      5 Very Likely

2. How many times in the next month will you.....

0 1-2 3-5 6-10 11-20 21-30

(Bradburn, 2004, p133).

The first of the two methods is most commonly compared to a Likert scale of attitude measurement. The Likert scale was named after Rensis Likert, a pioneer in the field of attitude measurement. This example only resembles the basic format of a Likert scale, however. A true Likert scale measures attitudes. A statement is made, and then the respondent is asked to measure their level of agreement with the statement, ranging from strongly disagree to strongly agree (Bradburn, 2004, p126).

Respondents answer behavioral frequency questions and numerical quantities based on rates stored in memory rather than actual counting when the quantity is over five (Bradburn, 2004, p57). In other words, the respondent will calculate for a shorter time, and then multiple that by a rate. Therefore, it is generally more accepted to use a shorter time scale when asking frequency questions in order to obtain an accurate count. The time frame cannot be too short, however, or telescoping occurs. Telescoping is remembering events occurring more recently than they actually occurred (p66).

#### **2.6.6.2 Demographic Information**

Although many people put demographic information at the beginning of a survey, this is often not the best location for such questions. By contrast, it is best to put demographic questions at the end of the survey for two reasons. First, demographic questions will not capture the interest of the respondent and may even discourage them from finishing. Second, some people view demographic information as personal and irrelevant, and therefore may view such questions as threatening (Bourque, 1995, p57).

### **2.6.6.3 Open-Ended Questions**

Many questionnaires shy away from the use of open-ended questions because the range of answers yields difficulties in data processing. It is also difficult to quantify the responses. Effective open-ended questions should be used to complement the more common survey data. There are significant benefits from engaging in open-ended interactions with respondents including a glimpse into the guest's own view and an elimination of guiding bias that comes from choices offered to the participant in a closed-ended question. Also, the words within the response can be evaluated for emotional and other behavioral ideas related to loyalty behaviors (Pullman, 2005, p324).

When evaluating feedback from open-ended questions, it is a mistake to solely focus on the common responses. In many cases, unique answers uncover uncommon yet intelligent responses that are equally if not more important (Bradburn, 2004, p155).

When asking open-ended questions regarding behavior, longer questions help reduce the number of omitted events and also improve recall. Psychological experiments have demonstrated that the length of the reply directly correlates to the length of the question (Bradburn, 2004, p73).

### **2.6.7 Analyzing Feedback**

Analyzing feedback from questionnaires yields significant and meaningful data if analyzed and reported effectively. Quantitative data can be analyzed using spreadsheet and graphic design tools (Fink, 1995a, p6). For qualitative data analysis, one can use the method used by word-use-analysis packages. Word-use-analysis packages (WUAP) are used to analyze large quantities of open-ended responses (Pullman, 2005, p327). For



smaller scale studies, these WUAP software packages can be avoided by simply looking for key words and phrases amongst the responses.

For surveys, each response can be recorded into a common database. This will allow for simple comparisons between answers in order to find common themes. An electronic database will also aid in finding themes across different questions to compare themes from one question to another related question in order to make comprehensive conclusions.

Each focus group will be transcribed using the audio recording from each session. The transcription can then be used to generate a general report on the answers to each of the questions. General conclusions can be made from each group accordingly and then compared to other sessions and even results from the survey.

The most common mistakes in analyzing feedback include ignoring responses, treating surveys as a one time event, and not utilizing the data to yield meaningful results (Bhote, 1996, p118). Surveys should be used periodically to monitor progress on continual improvements.

## ***2.7 Summary of Literature Review***

Currently, The Worcester Restaurant Group is seeking to implement a system that will enhance their customer-relationship-management as well as to better understand what creates loyal customers at The Sole Proprietor. Understanding loyalty will allow the restaurant to design the loyalty program in such a way that it will further the emotional attachment between the customer and the restaurant. A well-designed loyalty program will allow them to track customer behavior, offer rewards based on customer suggestions, and produce an open channel of communication between customer and organization. By

using a carefully designed questionnaire to gauge customer feelings regarding a loyalty program and using the feedback from the questionnaire appropriately, we hope to advise the Ahlquists on an effective loyalty program that is tailored to their customers. Final results will be to implement the best loyalty program according to the needs and desires of the company as well as to modify the operations of the restaurants to accommodate this new tool.

### 3 Methodology

The initial scope of this project included tracking customer behavior across all three restaurants in the Worcester Restaurant Group: The Sole Proprietor, The One-Eleven Chophouse, and Via. As part of this project, customer opinions had to be gathered on what they thought about implementing a loyalty program as a tool for tracking customer data. Since the customers would be one of the groups of people using it, the other being the owners and managers of the restaurants, it was necessary to make sure they considered it a good idea.

A loyalty program would provide the restaurant with the necessary means to not only know who their loyal customers are, but also allow them to keep track of customer preferences such as which restaurants they frequent, what their favorite dish is, as well as what their drink of choice is. To maximize acceptance of a program, it should be designed according to customer input and feedback.

After discussions with the project sponsors and their marketing coordinator, Michael Donovan, the scope of this project was altered to look only at what their customers thought of implementing a loyalty program at their longest standing restaurant, The Sole Proprietor. The sponsors believed looking at all three restaurants would initially be too difficult because each restaurant has a different theme. The Sole Proprietor is a seafood restaurant, The One-Eleven Chophouse is a steakhouse, and Via is an Italian restaurant. The Sole Proprietor is the oldest restaurant, is the most well known, and has the largest customer base and was therefore chosen for the purpose of this project. If our recommendations prove successful, the study can be continued to further include all three restaurants that are part of the Worcester Restaurant Group.

In order to determine customer's opinions on customer loyalty and loyalty programs, data were collected from customers was analyzed in one of two ways. For quantitative data, a statistical analysis was used and for qualitative data, key points and major themes were found and supported by quotes from the customers. The data then served as the basis for identifying relationships among quantitative and qualitative data.

Customer data was collected in two ways, the first using a general survey open to anyone with access to the Internet, the second being a focus group session. The participants of the first focus group were selected by the sponsors and represented long-standing loyal customers. The second focus group was selected from volunteers from the survey to represent the satisfied, but not loyal customers. These participants were selected based on their responses to the electronic survey. The exact criteria used to select the participants for this focus group are explained in section 3.2.8.

Data was collected from current customers to discover what they want in return for allowing the owners to track their spending behavior. This is important to the owners because they do not want to force the program and risk upsetting their customers. They value customer input and want to work with their guests to come up with a program that will be a mutually beneficial exchange.

### **3.1 Survey**

A survey was developed in order to gather data from the general public on their dining experiences at The Sole Proprietor and whether or not they think a loyalty program should be implemented. In order to develop the survey, research was conducted regarding surveying methods, see section *Surveys and Feedback*. In order to adhere to the

time constraints of the project and minimize costs, we decided to use an Internet based survey, rather than a paper survey that had to be mailed out. For completing the full survey, respondents were rewarded with a ten-dollar ultimate gift card, valid at The Sole Proprietor, One-Eleven Chophouse, and Via. A copy of the full-length survey with controlling comments can be found in section *Appendix C: Electronic Survey*.

For the survey, only customers who had been going to The Sole Proprietor on a regular basis and who were generally satisfied with their experiences were allowed to take the full survey. This was done in an attempt to filter the results to a manageable amount of relevant data that was pertinent to our study. Our primary goal was to better understand satisfaction and loyalty as opposed to general opinions of the restaurant. Therefore, respondents that were dissatisfied or those that do not frequent The Sole Proprietor were thanked for their time and were closed out of the survey without a reward. This was accomplished by using an Internet based survey with controls such that certain responses triggered the message that participants did not qualify for the full survey.

### **3.1.1 Survey Selection**

The electronic survey was chosen because it was easier to implement and use as well as less costly than a paper survey. With a paper survey, the survey has to be printed and mailed to each participant. The survey must be sent with two envelopes and two stamps – one envelope and stamp to mail to the customer, the other for the customer to mail the survey back. This is not necessary with an Internet based survey; there are no mailing costs associated with this type of survey. With a paper survey, if after the survey was sent out a change needed to be made, either the entire survey would need to be

redistributed to everyone or a correction noticed would have to be mailed. With an electronic survey, the correction just needs to be made to the programming code, and the change is made instantly.

There are also differences in how the data are collected and the amount of time needed for collection before any kind of analysis can begin. With a paper survey, the responses will slowly filter in over a period of days or even weeks. Then each response would have to be entered into a computer database for storage and analysis. The electronic survey, however, was able to save the data from the survey directly into a text file, which could then be imported into a database program such as Microsoft Excel or Access making the data entry process easy and efficient. The electronic survey also made it possible to have the data available immediately, something that the paper survey would not be able to do.

### **3.1.2 Survey Questions**

Once the person taking the survey entered their e-mail address and the e-mail address was validated, they were allowed to start taking the survey. The survey questions were displayed one at a time to easily monitor customer responses and only allow those people who seemed to enjoy their visits to the restaurant to continue. For example, the first question asked the person taking the survey if they have ever eaten at The Sole Proprietor before. If their response was 'no' then they were thanked for their time and not allowed to continue the survey. If their response was 'yes' they were permitted to proceed to the next question. A full list of the questions and controlling comments can be found in section *Appendix C: Electronic Survey*.

The data collected from the survey was stored in a text file and was imported into a Microsoft Access database. Access allowed for easy data storage and analysis. Using Access significantly reduced the amount of time the results and analysis of the data would take relative to another program such as Excel. However, Excel was used to create the charts because in that respect, Excel's interface is easier to use than Access. Results of the data can be found in *Results* section and the analysis of the data can be found in the *Analysis* section.

### **3.1.3 Question 1**

#### **Have you yourself ever visited The Sole Proprietor?**

This project was only looking at current customers of The Sole Proprietor. For that reason 'Have you yourself ever visited The Sole Proprietor' was chosen as the first question in the survey. This was a closed ended question with only two possible answers, 'yes' or 'no'.

### **3.1.4 Question 2**

#### **How long have you been a customer of The Sole Proprietor?**

This question was just used to determine how long each participant has been dining at The Sole Proprietor. This was a closed ended question with five possible answers, 'less than 1 year,' '1 to under 3 years,' '3 to under 5 years,' '5 to under 10 years,' or '10 years or more.'

### **3.1.5 Question 3**

**In the past three months, how many times have you visited The Sole Proprietor?**

The purpose of this question was to determine how frequently in the past three months customers dined at The Sole Proprietor. This was a closed ended question with five possible answers, '0,' '1-3,' '4-7,' '8-10,' '11+.'

### **3.1.6 Question 4**

**How likely are you to visit The Sole Proprietor in the next three months?**

The purpose of this question was similar to that of question 3, but was looking at frequency of visits over the next three months. This was a closed ended question with five possible answers, '0,' '1-3,' '4-7,' '8-10,' '11+.'

### **3.1.7 Question 5**

**Overall, how satisfied are you with The Sole Proprietor?**

This question was used to determine the level of satisfaction customers felt relative to their experiences at The Sole Proprietor. This was another closed ended question, with five possible answers, 'Very satisfied,' 'Satisfied,' 'Neutral,' 'Somewhat dissatisfied,' 'Dissatisfied.'

### **3.1.8 Question 6**

**Overall, how likely are you to provide enthusiastic referrals for The Sole Proprietor?**

The purpose of this question was to determine what kind of referrals customers give to friends and family. Also, this question was used to compare what types of customers give referrals and to see if there is anyway to improve the quantity and quality of the referrals given. This was a closed ended question with five possible answers, 'Very likely,' 'Likely,' 'Neutral,' 'Not very likely,' 'Not likely at all.'



### **3.1.9 Question 7**

This was a multi-part question with all parts related to the experience that is dining at The Sole Proprietor.

#### **3.1.9.1 Question 7 - A**

**The Sole Proprietor provides excellent service.**

The purpose of this question was to determine what customers think about the overall quality of service The Sole Proprietor provides. Service includes the host/hostess, wait staff, bartender, management, valet, and kitchen staff. This was a closed ended question with five possible answers, 'Completely agree,' 'Agree somewhat,' 'Neutral,' 'Disagree somewhat,' 'Completely disagree.'

#### **3.1.9.2 Question 7 - B**

**The Sole Proprietor provides high quality food.**

The purpose of this question was to determine what people thought of the quality of food provided at The Sole Proprietor. This was a closed ended question with five possible answers, 'Completely agree,' 'Agree somewhat,' 'Neutral,' 'Disagree somewhat,' 'Completely disagree.'

#### **3.1.9.3 Question 7 - C**

**I enjoy the atmosphere of The Sole Proprietor.**

The purpose of this question was to determine what customers think about the overall atmosphere The Sole Proprietor provides. Atmosphere includes the lighting, music, space at the table, space in between tables, noise level, waiting area, and parking

lot. This was a closed ended question with five possible answers, ‘Completely agree,’ ‘Agree somewhat,’ ‘Neutral,’ ‘Disagree somewhat,’ ‘Completely disagree.’

#### **3.1.9.4 Question 7 - D**

**The Sole Proprietor makes it easy for me to do business with them.**

The purpose of this question was to determine what customers think about the overall ease of dining at The Sole Proprietor. Ease of doing business with includes, parking, accessibility, customizing an order, and getting the bill and splitting it if need be. This was a closed ended question with five possible answers, ‘Completely agree,’ ‘Agree somewhat,’ ‘Neutral,’ ‘Disagree somewhat,’ ‘Completely disagree.’

#### **3.1.9.5 Question 7 - E**

**The Sole Proprietor sets the standard for excellence in the restaurant industry.**

The purpose of this question was to determine what customers think about The Sole Proprietor overall. Basically, the intent of this question was to find out what customers think about The Sole Proprietor relative to other restaurants. This was a closed ended question with five possible answers, ‘Completely agree,’ ‘Agree somewhat,’ ‘Neutral,’ ‘Disagree somewhat,’ ‘Completely disagree.’

#### **3.1.9.6 Question 7 - F**

**What can The Sole Proprietor do to make your dining experience more enjoyable?**

The purpose of this question was to find out what customers think The Sole Proprietor can do to make their dining experience more enjoyable. This was an open-ended question and allowed the customers to enter anything they wanted.

### **3.1.10 Question 8**

**What does the phrase ‘Customer Loyalty’ mean to you?**

Rather than providing a definition that the customer might not agree with, this question asks customers to define what ‘customer loyalty’ means to them. This was an open-ended question and allowed the customers to enter anything they wanted.

### **3.1.11 Question 9**

**What is one thing The Sole Proprietor can do to increase your customer loyalty?**

This question is similar to that of question 7F, but also builds on the definition the customer provided in the previous question. Responses to this question are expected to be similar to those of question 7F, but may take into consideration the This was an open-ended question and allowed the customers to enter anything they wanted.

### **3.1.12 Question 10**

This is a multi-part open-ended question that ties back in to what the Ahlquists want from the project. They would like to have a way to track their customer spending habits and frequency of visits, but also want to implement something the customers will like and use.

Before any questions were asked, this question started out with a definition to give the participants a brief understanding of a loyalty program. Definition: An

incentive-based loyalty program allows you, the customer, to earn points towards rewards.

### **3.1.12.1 Question 10 – A**

#### **Are you currently enrolled in a customer loyalty program?**

The purpose of this question was to determine how many of The Sole Proprietor's customers are enrolled in loyalty programs with other companies. Although this question just required a yes or no answer, it was left as an open-ended question for survey participants to elaborate and provide the names of the companies they are loyal to if they wanted to provide that information.

### **3.1.12.2 Question 10 – B**

#### **What do you like about the customer loyalty program(s) you are enrolled in?**

The purpose of this question was to determine what customers like about the loyalty program(s) they belong to. This was an open-ended question that allowed participants to write down anything and everything they like about the loyalty program(s) they belong to. The answers provided to this question will help to determine what key features to implement in The Sole Proprietor loyalty program.

### **3.1.12.3 Question 10 – C**

#### **What do you not like about the customer loyalty program(s) you are enrolled in?**

The purpose of this question was to determine what customers do not like about the loyalty program(s) they belong to. This was an open-ended question that allowed participants to write down anything and everything they do not like about the loyalty

program(s) they belong to. The answers provided to this question will help to determine what key features to not implement in The Sole Proprietor loyalty program.

#### **3.1.12.4 Question 10 – D**

**If the Sole Proprietor were to implement a loyalty program would you use it?**

The purpose of this question was to determine how many of The Sole Proprietor's customers would like to see a loyalty program implemented at The Sole Proprietor.

Although this question just required a yes or no answer, it was left as an open-ended question for survey participants to elaborate and provide their opinions on this.

#### **3.1.12.5 Question 10 – E**

**What kind of incentives would you like to see from this program?**

The purpose of this question was to determine what customers would like to see in a loyalty program for The Sole Proprietor. This was an open-ended question that allowed participants to write down anything and everything they want in a loyalty program(s). The answers provided to this question will help to determine what key features to implement in The Sole Proprietor loyalty program.

#### **3.1.13 Question 11**

**Would you be willing to participate further in the study and provide input regarding an incentive-based loyalty program for The Sole Proprietor?**

The purpose of this question was to get potential participants for focus group 2. This was a closed ended question with either a yes or no answer. If the participant answered no, they were asked for their mailing information for the ultimate gift card. If the participant answered yes, they were asked for their mailing information and a phone number to contact about the focus group.

### **3.1.14 Controls**

Controls are needed to prevent people from taking advantage of the survey, i.e. taking the survey more than one time to earn multiple gift cards. Using an Internet survey with controls also allowed us to only allow people who were seemingly satisfied with and dine at the restaurant on a regular basis to complete the full survey because this was the customer segment we wanted to focus on for this project.

The survey, which was created with the help of student David Anderson – a computer science major at WPI, opened by explaining the purpose of the survey to the participant and asking them to enter their e-mail address, one method of control. Other methods of control involved recording responses to the questions and not allowing people to move forward in the survey if it did not appear to match the above mentioned criteria of looking at people who dine at The Sole Proprietor on a regular basis and are happy with their dining experience.

Each e-mail address was stored in a text file and if an individual e-mail address attempted to access the survey more than once, it was not permitted. For example, if someone entered their e-mail and completed the survey or got kicked out of the survey for some reason, they were not allowed to complete the survey again with that e-mail address. In the event that someone did not have time to complete the survey in one sitting or there was a power failure, the survey kept track of the last completed question the person answered and permitted them to continue with the survey from that point when they were able to by re-entering their e-mail address at the introduction page. However, it is possible for people to have multiple e-mail addresses; this issue is discussed later in this section. The e-mail address also had to be verified before the person was allowed to

continue. So if someone just happened to find the survey online and entered a random e-mail address, i.e. asdf@jkl.com, they were not allowed to enter the survey. The e-mail verification was done using advanced programming techniques to validate e-mail addresses.

This survey was looking for people who had been to The Sole Proprietor recently. Anyone who had not been recently was not allowed to complete the survey. This was accomplished by using questions 3 and 4, 'In the past three months, how many times have you visited The Sole Proprietor?' and 'How likely are you to visit The Sole Proprietor in the next three months?' respectively. Since the answers to each question were recorded, it was possible to determine which participants had not been to and did not plan to go to The Sole Proprietor for a couple months. If the answers to both question 3 and 4 were zero (0), the participant was thanked for their time and not permitted to move forward with the survey. The answer to one of these two questions could have been zero, but if both were zero that implied that the participant has not been in a couple months and did not plan to go back for another couple months. This was not the person the survey was meant to get data from.

The survey was also looking at people who were happy with their dining experience with The Sole Proprietor. For that reason, anyone who did not answer 'Very Satisfied' or 'Satisfied' to question 5 'Overall, how satisfied are you with The Sole Proprietor?' or 'Very Likely' or 'Likely' to question 6 'Overall, how likely are you to provide enthusiastic referrals for The Sole Proprietor?,' was not allowed to continue participating in the survey. If the participant did not answer either of these two questions

with the above-mentioned answers, the participant was thanked for their time and not permitted to move forward with the survey.

If the participant had been to The Sole Proprietor recently and was happy with their experience there, and they were able to make it past question 6, it was no longer possible to be disqualified from the survey. Although the participant did not know this, at this point they qualified for the full survey and for the ultimate gift card to thank them for their participation.

### **3.1.15 Mailing UGC**

Once the survey was closed, a list had to be generated of all participants who qualified for the full survey. By qualifying for the full survey, or in other words getting to question 7, the participant earned a ten-dollar ultimate gift card valid at any of the restaurants belonging to the Worcester Restaurant Group.

The students and the sponsors worked together to mail out the gift cards to all qualifying participants. This included checking the integrity of the database to eliminate anyone who tried taking the survey multiple times (using more than one e-mail account), putting money on the gift cards, printing up a balance slip for each gift card, creating a mail merge and printing address labels for the envelopes, stuffing the envelopes with the gift card, balance slip, and a note from the management, applying the address labels, adhering postage, and bringing the envelopes to the post office.

## **3.2 Focus Group**

Collecting data from customers through a survey is a good way to get general information, but it does not allow for a conversation to be created. This is where focus



groups come in, for complete background on focus groups see the section on *Focus Groups*. In brief, focus groups are a small group of people (6-12) who meet to discuss a certain topic. The person(s) moderating the focus group has a list of questions that need to be answered by the participants. The moderator(s) initializes the discussion and keeps things on track. Focus groups allow for people to have a conversation and see points of views they had not thought of before.

The focus groups for this project were held at The Sole Proprietor. They were both held on Monday evenings – since most people work during the day, and because The Sole Proprietor is less busy on Monday nights compared to other nights of the week. The Sole Proprietor was able to set aside a room for the focus groups to be held in and provided some hors d'oeuvres and refreshments.

The questions asked during the focus groups were designed to gain more in-depth information from the customers than the survey could. For a list of the questions, and a copy of the agenda for the focus groups see *Appendix D: Focus Group Outline*. The focus groups provided first hand information on what these people thought of customer satisfaction vs. loyalty, whether or not they would like a loyalty program implemented, and what they would like from the loyalty program. Each focus group was recorded using a digital audio recorder which allowed the audio file to be downloaded to a computer in order to produce a transcript of the focus group. For privacy reasons, the identities of the people in the focus groups were not revealed to the owners, however, their comments were. At the end of each focus group, every participant was individually thanked and provided with a \$50 ultimate gift card for their participation.

### **3.2.1 Question 1**

**How long have you been a customer of The Sole Proprietor and what is your favorite meal?**

The purpose of this question was to serve as an introductory icebreaker for the focus group participants. Each participant would state their name, how long they have been patronizing The Sole Proprietor, and their favorite dish.

### **3.2.2 Question 2**

**How would you define customer satisfaction?**

The purpose of this question was to get participants to define what customer satisfaction means to them.

### **3.2.3 Question 3**

**Would you define customer loyalty differently than customer satisfaction?**

The purpose of this question was to get participants to define what customer loyalty means to them, and to see if there is a difference between what they consider loyalty and what they consider satisfaction.

### **3.2.4 Question 4**

**Would you refer to yourself as a satisfied customer or a loyal customer?**

**Please explain your reasoning.**

Based on their answers to the previous two questions, this question was meant to let the customer say whether or not they consider themselves to be satisfied, or loyal, or

both. Also, this question was meant to provide support for their answer by referring back to the previous two questions.

### **3.2.5 Question 5**

**What type of rewards, if any, could be offered to increase your loyalty to The Sole Proprietor?**

The purpose of this question was to find what kind of incentive would make the customer more loyal to The Sole Proprietor based on their definition of loyalty.

### **3.2.6 Question 6**

**Would an incentive based loyalty program be an enticing way to increase your loyalty with The Sole Proprietor?**

The purpose of this question is to find out if a loyalty program was implemented, would it make you the customer more loyal based on your definition of loyalty.

### **3.2.7 Question 7**

**If The Sole Proprietor introduced a loyalty program, what types of rewards or benefits would interest you?**

The purpose of this question is similar to that of question 5, however, this question wants more from the participants. Rather than just soliciting what would make them more loyal, this question is getting at ‘now that you are loyal, what would you like as a way of saying thank you for being loyal.’

### 3.2.8 Selection of Participants for Focus Groups

The initial focus group participants were selected by the owners and were referred to as the “preferred” customer focus group. This focus group was representative of loyal customers who have been with the restaurant for a long time and dine frequently. The criteria they used to pick these people are unknown. In the first focus group there were eight participants total. They can be broken down into the following categories:

- Four males and four females
- Four people under 40 years old and four people over 40 years old
- Three couples and two individuals
- Six people who have been dining at The Sole Proprietor for over 10 years and two people who have been dining at The Sole Proprietor for under 10 years
- Four people who go to The Sole Proprietor once a week on a regular basis and four people who go to The Sole Proprietor more than once a week on a regular basis

The participants from the other focus group were selected based on their responses to the survey. The second focus group had a total of six participants. The criteria used for whom to contact about the second focus group is as follows:

- They volunteered to participate (within the electronic survey)
- They live in Massachusetts
- They have visited The Sole Proprietor within the last 3 months but not more than 7 times

- They answered 'Satisfied' to question 5 in the survey

Queries were designed using Access to apply the aforementioned criteria. At this point, with over twenty percent of people still qualifying, a random sample had to be taken. An Internet based random number generator was used to generate twenty numbers. These numbers were then checked against the query, and if they matched the person corresponding to that number, they made it onto the list of people to be chosen for the focus group.

For the first focus group sixteen people were contacted by phone to ask if they would like to participate; only eight participated. For the second focus group, twenty people were contacted by e-mail; only six participated. Not everyone who was contacted responded or was able to make it to the restaurant the night of the focus group. The reasons for the less than fifty percent response rate for the second focus group could be attributed to the fact the participants were not contacted by phone and just ignored their e-mail or it could just be that these are the satisfied customers and they are not as enthusiastic about going to The Sole Proprietor as the loyal customers.

## **4 Results**

This section summarizes the findings from the two focus group sessions as well as the electronic survey. The survey results are tabulated in graphs with accompanying summaries to explain the results. For each focus group session, we discuss the composition of the group followed by a summary of the responses from each question. Key quotes for the participants are also included. Full transcription of the focus group sessions can be found in Appendix E: Focus Group 1 Transcription and Appendix F: Focus Group 2 Transcription. The full results are too extensive to include in this report but have been forwarded to Michael Donovan, Marketing Consultant to The Sole Proprietor.

### ***4.1 Focus Groups***

Out of the sixteen hand-selected individuals invited to participate in focus group 1, eight people attended. The focus group was held on January 21, 2008 at The Sole Proprietor from 5:00 to 6:30 post meridian. The general characteristics of the group were as follows:

- 4 males
- 4 females
- 2 married couples
- 1 pair of friends/coworkers
- 2 individual participants

Focus group 2 consisted of participants from the electronic survey based on the criteria listed in the *Selection of Participants for Focus Groups* section. Twenty-five people were invited to attend focus group 2. Nine people responded that they would be willing to participate. Twenty-four hours before the focus group session was to be held, a reminder email was sent to all participants agreeing to attend. Three people responded with last minute change of plans. Out of the twenty-five invited participants, six people attended. Focus group 2 was held on March 10, 2008 at The Sole Proprietor from 5:00 to 6:30 post meridian. The characteristics of the group were as follows:

- 3 males
- 3 females
- 3 participants 20-40
- 3 participants 40+

#### **4.1.1 Question 1:**

The first question asked to the participants was, “How long have you been a customer of The Sole Proprietor and what is your favorite meal”? The purpose of question 1 was to acquaint the group, allow the participants to ease into speaking in the group as well as see commonalities amongst the other participants.

**Table 3: Summary of Focus Group Question 1 Answers**

<b>Participant</b>	<b>Years Attending</b>	<b>Favorite Meal</b>
<b>Focus Group 1</b>		
Member 1	15+	Salmon with tomato basil
Member 2	15+	Never had a bad meal; no favorite
Member 3	4	Sushi and chowder
Member 4	2	Sushi, tuna crunch, rainbow maki
Member 5	10	Tuna Barcelona & Specials
Member 6	10	Tuna Barcelona
Member 7	20	Specials
Member 8	15	Lunch Specials
<b>Focus Group 2</b>		
Member 1	2	Seafood salad
Member 2	4	Drinks; Chicken Caesar wrap
Member 3	15	Shrimp & linguini
Member 4	10	Trout (exact dish not specified)
Member 5	7	Tuna (exact dish not specified)
Member 6	6	Lobster Newburg

Members of focus group 1 also mentioned the frequency of their visits. Three-quarters of the members comes at least once a week. One person mentioned they usually come several times a week. There was an even split on lunch versus evening visits. Focus group 1 key quotes from this question were as follows:

- “I like the tuna Barcelona or the salmon with the wasabi drizzle, which I get with scallops, because I'm allergic to shrimp and they do that for me, which is **great.**”
- “There are so many favorites, I just can't pick. I look and just pick what I'm in the mood for. Everything is excellent, and I've never been disappointed.”



Focus group 2 members were not as talkative during this question as focus group one, but this could be because they already had their food in front of them, as opposed to focus group one where the food wasn't served until after this question. Focus group 2 key quotes from this section were as follows:

- “I love the tuna Barcelona....it is my FAVORITE dish although I do like many other things on the menu too.”
- “I love the lobster Newburg meal, or even just the steamed lobster meal. It is a little expensive for me, and a drive to get here, but I LOVE it.”

#### **4.1.2 Question 2:**

As is appears on the outline for the focus group, there were two introduction questions scheduled. The participants of focus group one, however, each combined their answers for “how would you define customer satisfaction” and “would you define customer loyalty differently”. The most common response was that the pleasure from consistently great food and service is what makes them satisfied. The fact that they are continually recognized by name or face is what makes them loyal. The recognition, the willingness of the staff to accommodate a regular, combined with great meal choices makes the winning combination. One person mentioned that it isn't just that they remember you while you are there, but they also notice your absence. On one particular occasion, this person hadn't eaten at The Sole Proprietor in over two weeks. On their next visit, they were greeted with sincere concern as to the cause of their prolonged absence from the restaurant.

One member also mentioned that it was important to him to have all the special things throughout the year to “mix it up”, such as the lobster special and Buster the Crab. It is a fun way for the regulars to include others such as family and friends.

Participants also discussed some problems they see with the restaurant. As expected, parking was the main concern. These particularly loyal customers do not allow it to affect their frequent dining, however. In fact, they have learned to work around the parking situation by planning their visits around the busy times. A concern was also raised regarding the odor and view of the garbage receptacle, especially during the summer months. Focus group 1 key quotes from introduction questions 1 and 2 are as follows:

- “I know most of the people who work here and what really amazes me is what they have to go through before they are even allowed to wait on tables.”
- “I think to be loyal you have to be satisfied.”
- “Seems like customer loyalty is a step above customer satisfaction.”
- “Little things, people recognizing you from the wait staff to the managers ‘Hey how’s your golf game’ or ‘Male 3 came in one time when I was home sick and so the next time they saw us, oh how are you feeling?’”
- “They were **happy** to see us.”
- “The reason they come here and spend their money is that there isn’t any other place out there that’s going to service them the way that this place does.”

- “You ask them a question, you get a real answer and I don’t think you can put a price tag on something like that.”
- “We come for lunch and one of the best things is the express check”

Participants in focus group 2 answered the questions individually. The first introduction question asked the participants for their definition of customer loyalty. One response that seemed to capture something from each participants answer was related to the overall experience. Participants stated that good food, quick and friendly service accompanied by a pleasurable atmosphere at a reasonable price all work together to generate a satisfying experience. For returning customers, this satisfaction is met time and again through consistently pleasurable overall experiences and satisfied visits. The participants stated that once they are satisfied, an expectation is set that it will always be satisfying. Therefore, when attending the restaurant again, satisfaction comes from that expectation being met.

One of the participants felt that it was far more simple than all that. They felt that satisfaction means that one is willing to go back to a restaurant, or in other words, their past experiences were not bad enough to keep them from returning. Therefore, satisfaction is not necessarily the presence of goodness, but the absence of negatives.

For the second part of the introduction, participants were asked to state whether or not they felt there was a difference between customer satisfaction and customer loyalty, and if so, what that difference was. Everyone agreed that the two were different and that loyalty was a step above satisfaction. Relating back to their answers for satisfaction, one person stated that even a terrible experience will not keep a loyal customer from coming back. This notion was expanded upon by others stating that

loyalty is wanting to go back to a restaurant. For example, a participant stated that they have been satisfied at many restaurants but never returned. Loyalty is a desire to return to a place that has satisfied you in the past.

Another participant gave a different example to describe loyalty in their mind. Loyalty to them is going into The Sole Proprietor and being told that the wait was forty-five minutes and choosing to wait rather than going across to The Boynton (a restaurant across the street) and being seated immediately.

The participants even went as far as to describe what can help create loyalty. Participants explained that feeling welcome and recognized when you walk in makes you feel that the experience isn't just one sided. In other words, you are loyal when you feel that you are getting something extra back, other than food and service. Recognition is extra and really helps bridge the gap between satisfaction and loyalty. Focus group 2 key quotes from both the question on satisfaction and loyalty are listed below:

- “I think it pertains to the overall experience...the food, the service, the atmosphere...how it all rolls into one experience.”
- “Customer satisfaction is meeting my expectations.”
- “Part of my answer was consistency and that goes with what he said. You want to come; you know you're going to get a good meal.”
- “I've got two young kids at home so I don't get out much so if I get a bad meal, it might be another month before I get out to dinner again. ... I know the experience I am going to have is consistent, what my expectations are.”

- “I feel really satisfied when I have had a good meal and I feel that the food I just paid for was worth the price. And the service I got was worth coming all the way out here.”
- “But if weren’t loyal you probable wouldn’t come back if you were not satisfied once. It kind of goes beyond that in that you’re able to forgive and still come back.”
- “To be satisfied and WANT to come back is important, you know, to walk in, give my name, and have them say, “oh yeah, I remember seeing you last week” or I saw you last month, or its nice to see you again.”
- “You mean something to them and that’s well that’s important! I don’t think satisfaction is anything to do with being recognized, which brings to loyalty which is a step above it. I WILL come back even if I have to wait or something.”
- “I think that due to the fact that we were offered the opportunity to answer the survey ... means a lot to me. The fact that I come here regularly and there’s always a line I mean they don’t need my business and they are still concerned about me coming here and wanting me to be a loyal customer, I think that says a lot for the owners.”

#### **4.1.3 Question 3:**

By the time this question came up, “Would you refer to yourself as a loyal or satisfied customer”, it was already clear in focus group 1 that everyone considered themselves loyal customers. Therefore, the question was further specified to ask what in particular caused them to transition from a satisfied customer to a loyal customer. A

common response from several participants was the ability to order off any of the menus despite time of day and seating location. For example, when seated at the bar, you can order from the regular dining room menu or the bar menu, or at dinner, you can order from the lunch menu for a smaller portioned meal if desired. They felt that this concept was privileged information, which made them feel special. It was also important to the participants that the restaurant does not impose time constraints on a busy or a relaxed schedule. When in a rush, a customer can get in and out within thirty minutes. If it is a holiday and you are looking to savor your time, there is never pressure to rush through their meal. Focus group 1 key quotes from question 3 are as follows:

- “I think I came initially a few times for dinner and had great meals and was blown away with the fact that once I realized that I could come here for lunch and still get anything on the menu that I would have for dinner and have the check in a half hour, that stunned me.”
- “It’s incredibly well priced.”

Loyalty was not as obvious in the participants on focus group 2. In fact, only two of the six participants stated that they would consider themselves loyal customers. Two others stated that they were only satisfied but could become loyal given certain changes. One person stated that perhaps they would be more loyal if they were given incentives. The other person stated that they might be more loyal if there were other non-seafood items to choose from. The others in the group, however, explained to this participant how this was not really possible. The Sole Proprietor has what they referred to as a niche in upscale seafood dining in the greater Worcester area and to add other menu items would take away from their key offerings.

The other two participants neglected to define themselves as satisfied or loyal. They did comment on other's ideas, but they did not specify for themselves. Focus group 2 key quotes from this question are as follows:

- “I don't go anywhere else for seafood. The seafood around where I live is just not the same quality or variety of selection. Would I be satisfied there? Sometimes but here I KNOW I will be so it's worth the extra effort, the drive.”
- “I have been satisfied and for the amount of times I've gone out in the past 6 months, I've come here four times and been satisfied. Well, I continue to come back but I would call myself more satisfied... I'm not very loyal to a lot of stuff.”
- “I think if you start expanding the offerings then you have to start taking away from something else. I think you start losing the niche that the sole has found.”
- “INCENTIVES DO entice me! Keep 'em coming!”

#### **4.1.4 Question 4:**

Question four brought the focus of the conversation to rewards or other incentives in increase loyalty, “What kind of rewards, if any, could be offered to increase your loyalty to The Sole Proprietor”.

One couple in focus group 1 frequents The Sole Proprietor every week for lunch and thought it would be nice to be recognized consistently, not just by the hosts, but also by the waiters and waitresses as well. Others said that retention of good staff is vital. They mentioned some favorites, including Sabrina, Kristen, Eric and Nicholas. By

keeping the superior workers, reducing or nearly eliminating frequent turnover, guests are more likely to be recognized which, in the participants' opinion, seems to improve loyalty. Other benefits are that the staff learns particulars about the guests such as favorite meals, drinks and in some cases personal information. By knowing more about the customers and understanding their needs, the wait staff can delight the customer on their next visit simply by remembering. This treatment makes the customer feel special, and they relate that to the goodness of the restaurant. It is not about getting coupons or savings, but more importantly it is about communicating a genuine care about the customers. All participants agreed that if a loyalty program was implemented, a punch card reward system was not dignified enough for an establishment such as The Sole. A punch card reward system is where the customer has a small card, about the size of a business card, and every time they go to an establishment or order a certain item, an employee from that establishment uses a hole punch to make a hole in the card. After a certain number of holes are on the card, the customer gets some kind of reward. Focus group 1 key quotes from question four are as follows:

- “I definitely think being recognized would help a lot because, um, I know you’ve said you’ve always been recognized, but maybe it’s a little bit different at lunch time. It’s just a little bit irritating. I feel like when you come here every week that you kind of, that it would be nice to be recognized consistently.”
- “We’ve got to know the waiters and waitresses. That’s the unique thing. Most of them stay here, there’s very little turnover in terms of having a new waiter or waitress. So they know what you want.”



- “I love the Black bottom pie, but we’re particular about our flavors. We don’t like the black raspberry, so Sabrina if she sees us, ‘oh, by the way the black bottom pie is, you know...whether she’s waiting on us or not.”
- “We would benefit from it (incentive program), but I don’t think it would increase my loyalty... but maybe I would come an extra day if I really felt like they knew who I was and knew what my favorite drink was and things.”
- “If you do ever have a small issue, like you said, everybody’s over and you don’t feel like they’re paying lip service to you. They actually care like that.”
- “A lot of times if we have somebody from outside of our department that’s coming in and we want to take them somewhere nice, we usually feel confident that by bringing them here we’ll leave a good impression on that person.”
- “Ashley brought over a bottle of wine and we tried it. We were like, eh, it’s not very good. They took it back. I don’t remember what it was, but this was several months ago, and every time we ask what was that wine again she knows it. She knows what it was, she remembered that we ordered it.”

Focus group 2, being less loyal to The Sole Proprietor, had some ideas about how to generate loyalty based on other programs they are familiar with. This was different from focus group 1 because group 1 participants mainly listed things they already

experience at the restaurant whereas group 2 listed things they would like to see. The most common answer was that some type of incentive such as a coupon, discount, gift card, or free appetizer would be a great way to give back to the customer. Some ideas on how to incorporate these without each promotion becoming too costly were to make each promotion yield a mutually beneficial exchange. For instance, say someone brings in ten friends for a meal, they will get one free appetizer because the restaurant gets the opportunity to turn the friends into loyal customers and the person that invited the guests gets something free in return.

Another common incentive is to send emails to customers to make them aware of specials or to simply invite them back in if they have not been in to the restaurant in a while. The participants felt that sometimes such reminders are necessary, especially if you don't live right in Worcester. Emails could be used to inform a lobster-lover of Lobsterfest or inform a bar patron of the \$5 martini special.

Participants also felt that if the waiting experience were improved, it would make them more willing to wait, and therefore generate more loyalty. They felt that the area was small, cramped and not only frustrating for those waiting but also distracting to those already seated. If there is not a way to create a better waiting area, one participant suggested offering appetizers to waiting guests. Focus group 2 key quotes are as follows:

- “I don't really know if this is a reward but when you come in you have to wait, you are just kind of stuck there.”
- “Incentives like that (coupons/discounts) are good because they put it in the front of your mind and you say ‘oh, I'll go there today’ instead of

somewhere else or it gives me the incentive to dine there instead of somewhere else.”

- “I think there are certainly are people that will go some place no matter what but there are a large group of people who...I mean who doesn’t love something free. Something like a token. Something small I think could make a difference.”

#### **4.1.5 Question 5:**

Question 5 finally brought the conversations specifically to loyalty programs, “Would an incentive based loyalty program be an enticing way to increase your loyalty to The Sole Proprietor”.

Among members of focus group 1, it was unanimous that The Sole Proprietor does not need to offer rewards to the particular customers. They believe promotions already used such as Buster or the \$5 martinis, are enough. They believe that the soft rewards such as recognizing and accommodating them without a reservation are most important. They did wonder, however, if others might feel differently. Perhaps people who are not quite as loyal would really appreciate a free dessert on their birthday or other discount or coupon rewards. This will be the main difference between focus group 1 and focus group 2 since the participants of 2 were less loyal than the handpicked participants for focus group 1. Key quotes from question 5 are as follows:

- “It’s just automatic with us on Friday night, where we go.”
- “Everybody here is coming here enough which is why we’re here. I do wonder if you had someone who doesn’t eat here a ton and likes it would they get more...”

- “Would people who answer the survey online are they going to have a different answer. They may very well if they’re not familiar with it and they don’t have the relationship with the Sole that we all have I’m sure that it would increase how often they came...”
- “I do notice when they have the lobster specials, it’s much, much more crowded, if you can believe it than the regular Friday nights. So the incentive does work for some people.”
- “They’ve been around for 28 years; they don’t have to do that [send out coupons]. They got a good following, a solid base.”
- “I like the idea of incentive based more on reservations or recognition as opposed to something having to do with money or free food.”

Focus group 2 participants, however, thought incentives would be a great way to increase their loyalty. One participant stated that it takes a little extra effort to go to The Sole Proprietor because of costs and travel so any incentive will allow them to get what they really want rather than settle for something less expensive and more convenient.

Another idea was that an incentive program could even be used to help the restaurant promote their new restaurant to regular customers of The Sole Proprietor. For instance, if on a particular night The Sole Proprietor was extremely busy, loyalty program members could be given a discount and a guaranteed reservation at one of the other restaurants. This would not only spread this customer’s loyalty across the restaurant group but also give the customer an incentive to try something new and different without having to wait.

In order to make the program more personalized, participants suggested that at the time of signup for a loyalty program, customers should fill out a quick survey that will be used to identify their particular interests in order to tailor communications based on their preferences. Focus group 2 key quotes are as follows:

- “I’ll drive all the way out here. I am going to say ‘ooh I know where I am going’ and I am actually going to get what I want and not settle for something convenient.”
- “I know we’re not here to talk about those, but I haven’t been to Via, but I come here regularly and I am always waiting so... You know that would create loyalty amongst all 3 restaurants.”

#### **4.1.6 Question 6:**

Although the participants of focus group 1 were not particularly interested in a loyalty program themselves, we still felt it important to continue with question 6, “If The Sole Proprietor introduced a loyalty program, what type of rewards or benefits would interest you”.

The consensus remained that a punch card type program would not be best, but perhaps if it were tied into an existing credit card, that would be beneficial. For this type of program, the participants think that it would be best if it were something that the host or waiters invited guests into, guests that are frequent diners. Members of this program would be invited to special events for members only such as holiday parties or customer appreciation nights. Key quotes from question 6 are as follows:

- “I think it would be best chosen by the staff here recognizing people that they recognize all the time and picking those people rather than having

‘Sign up for Sole Proprietor Loyalty Club’ type of thing where 500 people suddenly go ‘oh yeah.’”

- “If it’s something special on the menu, I don’t know if that will make a difference because I pretty much order the same thing most of the time. So I don’t know if a certain kind of food would bring me in. But if it was some kind of holiday...”
- “Like a customer appreciate day or week.”

Focus group 2 participants were much easier to please with a loyalty program. The incentives they named were more generic and were based on ideas from other programs they were familiar with. The idea that appealed to everyone in the group was the importance of email communications; especially for members outside the Worcester area. Emails communications regarding specials, coupons, or special events were the most important incentive for participants in focus group 2.

Another suggested incentive mentioned was the option to apply “points” built up from previous purchases to preferred seating. This incentive relies on the idea that the program is one that builds points based on past dollars spent or number of visits. When the guest reaches a predetermined number of points, they can apply them to sit at their favorite table if they make a reservation. Since noise level and crowded seating was a concern, preferred seating will help offset that issue for loyalty program members.

Another major concern mentioned in an earlier question was the waiting area. Participants felt that if a special area could not be created, perhaps free appetizers would offset the problem. This suggestion, however, cannot exclude nonmembers

given the general waiting area. Offering appetizers only to members would only serve to further frustrate other waiting guests. Therefore, this is more of a general solution than a program-based incentive.

As far as the structure of the program itself, participants suggested that a system that does not require a plastic card to be swiped at the point-of-sale would be appreciated. They also felt that there should not be expiration dates on rewards or limits to the amount of rewards accumulated. Focus group 2 key quotes are as follows:

- “Where I get emails about specials or incentives. I like that idea.”
- “I mean, if you don’t have the best place for me to wait, but you tell me I have to wait for an hour, at least give me something to keep me there.”
- “I know for me my wallet is full of cards from other loyalty programs, so if you could do it without a card, that would be best for me. Also with the rewards, I have experienced too many times where my rewards have expired before I could use them.”
- “I think they tried some kind of program this Christmas where if you spent \$100 in gift cards you got a \$10 gift card for yourself. That’s perfect because not only am I giving someone else the opportunity to spend at the restaurant, but the restaurant is thanking me with \$10 for myself.”
- “I know for me personally it would be nice to have preferred seating, you know, if I make a reservation, I would like to be able to reserve

my favorite table too. Since some areas of the restaurant are cramped or loud, I would like to specify my seat of choice when possible.

Maybe I could apply points for a specific table.”

#### **4.1.7 Participant Suggested Topics**

Since the participants of both focus group sessions decided to continue through the scheduled ten minute break in order to finish early, we opened up the dialogue at the end to topics that the participants wanted to discuss. Although the items mentioned are not necessarily of direct relevance to loyalty and The Sole Proprietor, the topics may be of significance.

One participant of focus group 1 thought that it should be mandatory for all wait staff to return back to the table and thank the customer for the tip, especially for the generous ones. Another person from focus group 1 wanted to discuss their appreciation for the ever-changing sushi specials. They noticed that they change all the time, which is great, and usually past specials that were especially good get incorporated into the regular menu. Also, the ability to substitute on specials is appreciated. Some people did not know that was acceptable for customers such as themselves, so perhaps “insider ordering tips” would be a nice reward for program members.

The last topic covered at focus group 1 was Via. The participants were hoping to have a chance to discuss their experiences there also. It was explained why Via was kept out of the study and everyone seemed to understand. All agreed that their experience at Via did not reflect nor affect their feelings about The Sole Proprietor. Many did, however, express interest in participating if a further study was conducted with Via.



Focus group 2 only had one further suggestion outside the agenda and that was to tailor an incentive program for local college students. The participants suggested that on slow nights, the restaurant could offer discounts to college student program members. Discounts make it affordable for the students to dine at the restaurant which in turn will bring in more revenue on the slower nights. This idea was thought of by a participant who is a student at a local Worcester college. They said they would come more often if there were discounts because often times the decision to go elsewhere for a meal is based solely on price. The other participants, two of which are parents to college students said that this was a great idea. They felt that this program would allow students a chance to dine somewhere nice. Since many of these students will remain living in the general area after graduation, it will only help to bring in a new generation of loyal customers.

#### **4.1.8 Body Language**

During focus group 1, only one person refrained from eating. This participant came alone and was rather quiet throughout the session. Another participant, who has been patronizing The Sole Proprietor for over 15 years, was very against the idea of a loyalty program. This participant seemed to think that everything was as it should be. They were definitely uncomfortable with the idea of change. All of the other participants of focus group 1 talked freely and were open to the ideas of others and chatted amongst themselves before dining on the provided appetizers and after the focus group. They were all very comfortable and eager to help.

The participants of focus group 2 were all very lively. Despite the difference in age between the group members, everyone talked freely and seemed very comfortable. The only question that was left unanswered by two participants was when they were

asked to state whether they were a loyal or a satisfied customer. Otherwise, the group fed off of each other's ideas and agreed on many topics. They learned each other's names very quickly, always referring to the others by name after only the first question. People even started telling each other which of the available appetizers were best to try. The dynamic was very interesting to observe as it was different from focus group 1 in that it was a smaller group and people didn't always have nice things to say, but they still felt comfortable speaking in front of the others.

## **4.2 *Electronic Survey***

On January 17, 2008 the electronic survey went live on the Internet. After several days of testing, and minor adjustments made, we notified Michael Donovan that he could add the survey link to The Sole Proprietor website and send out the email blast to their database. On February 1, 2008, Michael Donovan sent out the email blast requesting participation in the survey to their database of approximately 9,000 email addresses. Within the first hour, Michael Donovan reported that 260 people read the email and clicked on the link for the survey. Within the first hour, more people had opened the survey than was anticipated would complete it within one month. The survey ran for a total of 3 days with a total of 1,050 people completing the survey, which is ten times the amount of participants than was expected.

### **Question 1**

#### **Have you yourself ever visited The Sole Proprietor?**

Due to time, money, and human resources limitations only people who are current customers of The Sole Proprietor were considered for this survey. The answers for this

question were limited to just ‘yes’ or ‘no’. Anyone who answered yes to this question was allowed to proceed to the next question. As you can see from the graph, in Figure 3, there were 986 people taking the survey who had dined at The Sole Proprietor before and 49 people who never had. For those who answered no to this question, they were thanked for their time and informed they did not qualify for the full survey.

**Q1: Have you yourself ever visited The Sole Proprietor?**

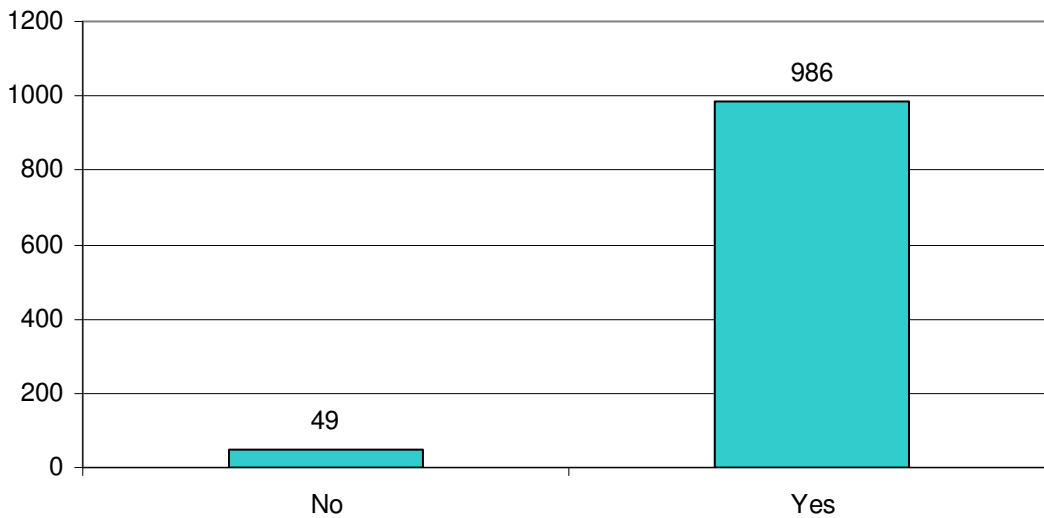


Figure 3: Number of people taking the survey who have and have not dined at The Sole Proprietor

**Question 2**

**How long have you been a customer of The Sole Proprietor?**

This is a straightforward question being used to determine how long each customer has been dining with The Sole Proprietor. It was not possible to be eliminated from the survey during this question. This question shows how long and what percentage of customers has been dining with The Sole Proprietor.

**Q2: How long have you been a customer of The Sole Proprietor?**

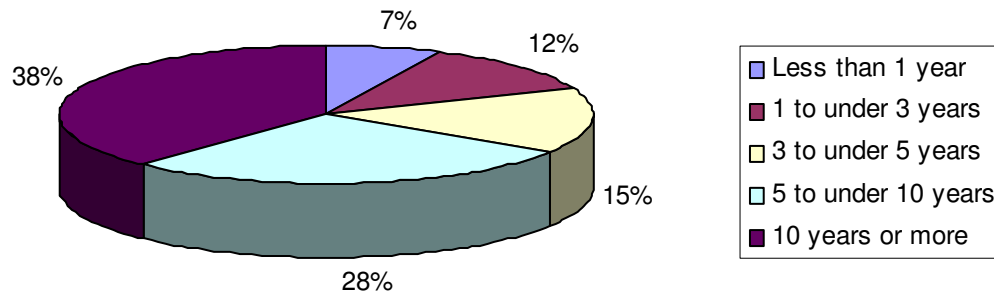


Figure 4: Length of time participants have been patronizing The Sole Proprietor

Figure 4 shows seven percent of their customers have been going for less than one year, twelve percent for one to under three years, fifteen percent for three to under five years, twenty-eight percent for five to under ten years, and thirty-eight percent for ten years or more.

**Question 3**

**In the past three months, how many times have you visited The Sole Proprietor?**

In this question, the customer just clicked the answer that best fits the number of times they have gone to The Sole Proprietor in the last 3 months. Although it was not possible to be prohibited from completing the survey at this point, the answer supplied for this question combined with the answer for the next question caused some people to

get kicked out. If the answer for this question and the next question were both '0' the person taking the survey was thanked for their time and not allowed to continue. As shown in Figure 5 in the last 3 months 247 people have not been to The Sole Proprietor, 576 people have been 1-3 times, 115 people have been 4-7 times, 35 people 8-10 times, and 13 people 11 times or more.

**Q3: In the past three months, how many times have you visited The Sole Proprietor?**

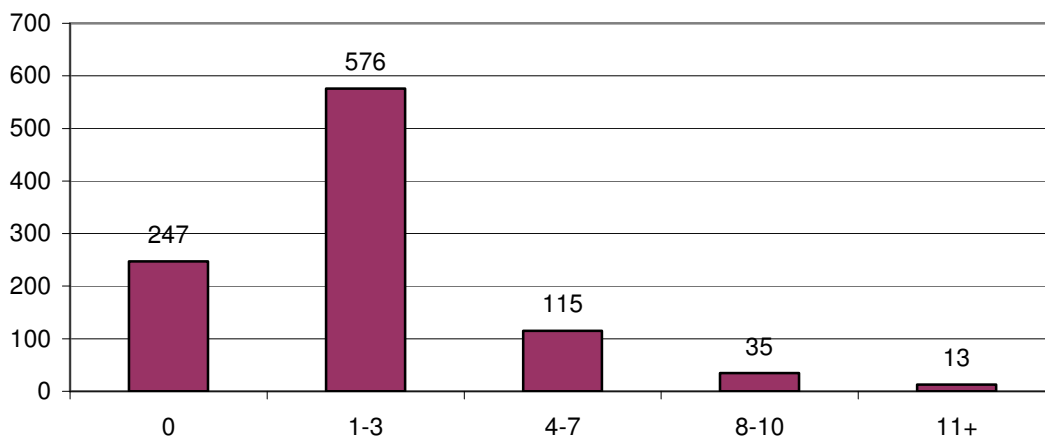


Figure 5: Number of visits in the past three months

**Question 4**

**How likely are you to visit The Sole Proprietor in the next three months?**

This question determines how likely customers will visit The Sole Proprietor in the next three months. The only way to not be permitted to finish the survey at this point is if the answer for both this question and the previous question were '0'. Figure 6 shows 52 participants answered 0, 765 answered 1-3, 104 answered 4-7, 41 answered 8-10, and 24 answered 11 times or more that they will dine at The Sole Proprietor in the next three months.

**Q4: How likely are you to visit The Sole Proprietor in the next three months?**

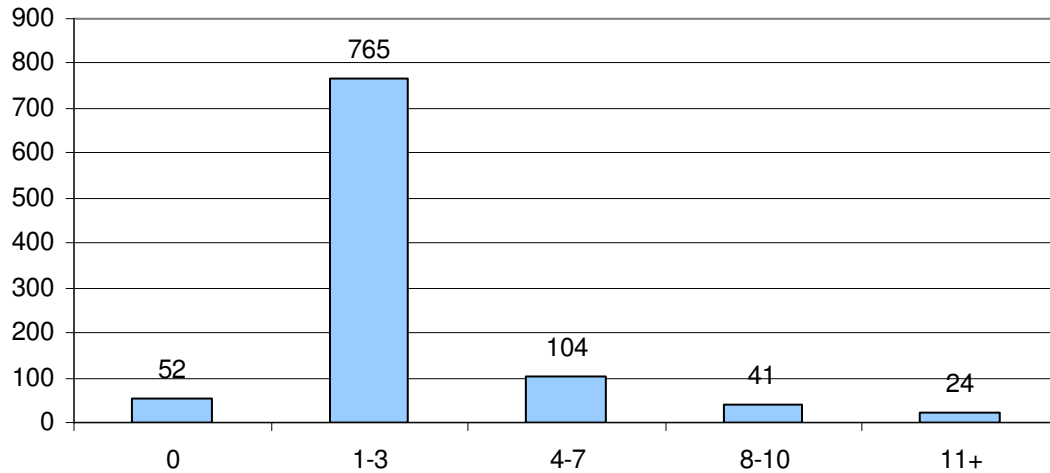


Figure 6: Number of visits in the next three months

**Question 5**

**Overall, how satisfied are you with The Sole Proprietor?**

This question determines the participants' level of overall satisfaction with The Sole Proprietor. If the answer to this question was anything other than 'very satisfied' or 'satisfied' the person taking the survey was thanked for their time and not allowed to move forward with the survey.

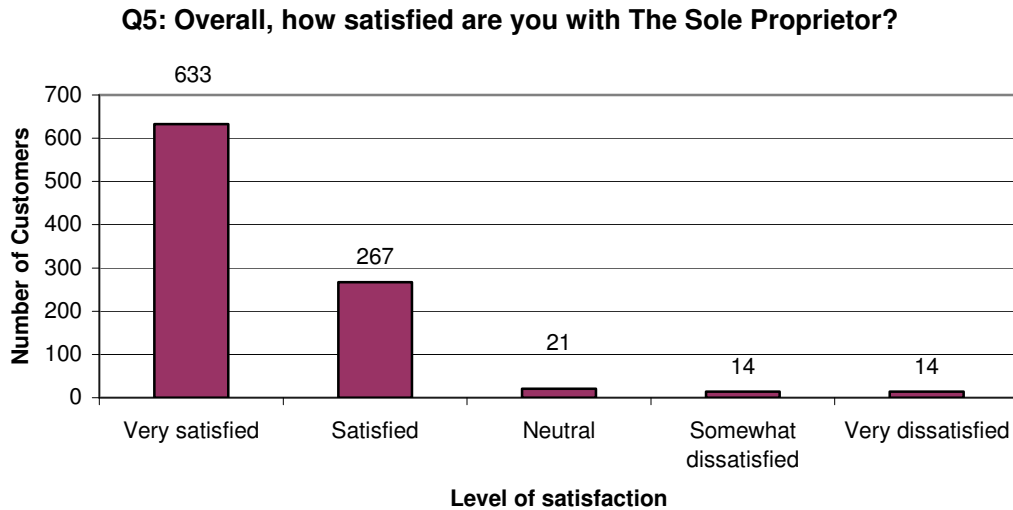


Figure 7: Level of customer satisfaction

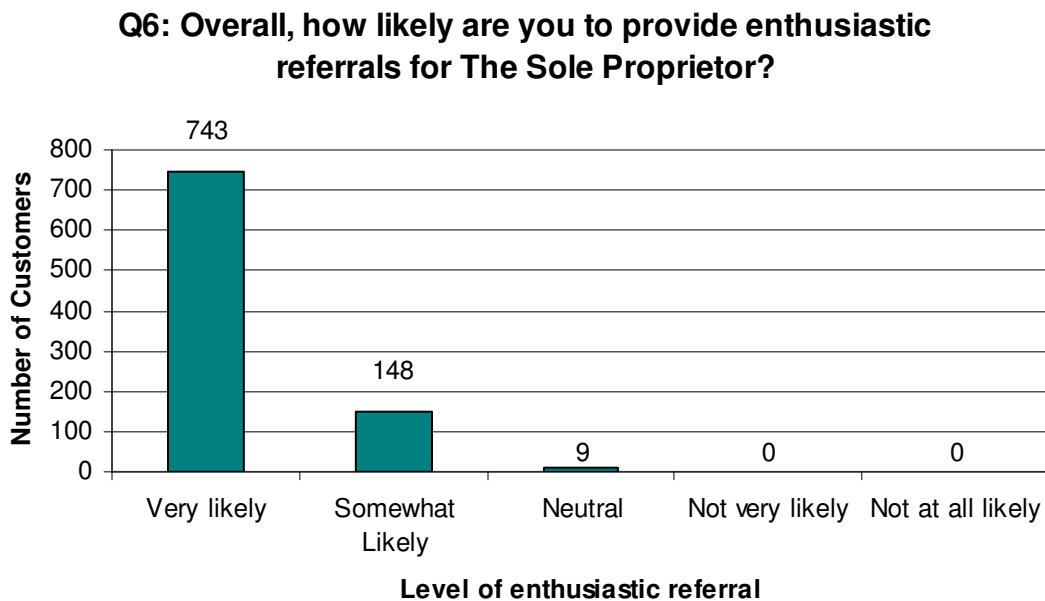
Figure 7 shows 633 people were very satisfied, 267 people were satisfied, 21 people were neutral, 14 people were somewhat dissatisfied, and 14 people were very dissatisfied.

## Question 6

### **Overall, how likely are you to provide enthusiastic referrals for The Sole Proprietor?**

This question is meant to gauge a customer's willingness to recommend The Sole Proprietor brand. The literature suggests that customers that are loyal to an establishment are willing to put their own reputations on the line to recommend their favorite place. If a respondent answered below neutral, they were closed out of the survey and were not permitted to complete the full survey for the gift certificate. Approximately eighty-two percent of respondents stated that they are very likely to provide enthusiastic referrals to

The Sole Proprietor. Another 148/900, or sixteen and a half percent stated that they were likely to provide enthusiastic referrals. That leaves only one percent of people that answered neutral and zero respondents left in the survey that answered below neutral. This clearly demonstrates that the criteria to narrow the respondents to the satisfied and somewhat loyal were effective.



**Figure 8: Likeliness to provide enthusiastic referrals**

## **Question 7**

Question 7 consisted of six sub-questions; five multiple choice and one open-ended. Each of the sub-questions was intended to gauge the respondents' level of agreement on several satisfaction related categories within the restaurant.

### **Question 7- A**

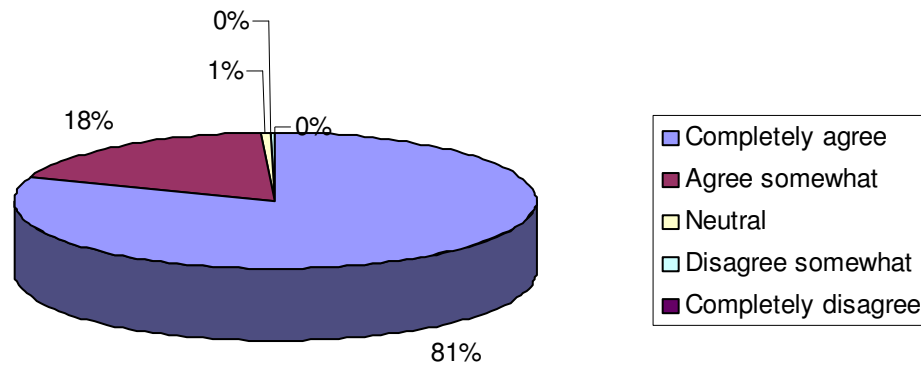
**The Sole Proprietor provides excellent service.**

Question 7-A gave respondents an opportunity to rate their level of agreement with the above statement regarding the excellence of service at The Sole Proprietor.



Although respondents cannot justify their answer since it is multiple choice, they do have an opportunity later in the survey to explain if they so desire.

**Q7.1: The Sole Proprietor provides excellent service.**



**Figure 9: Level of Agreement regarding excellent service at The Sole Proprietor**

Eighty-one percent or approximately 730 people replied that they completely agree with the statement regarding service. This would suggest that eighty-one percent of people have received quick, caring, and consistent service at their visits with The Sole Proprietor. Eighteen percent of people, or approximately 162 people stated that they agree somewhat that The Sole Proprietor provides excellent service. These numbers are relatively close to the responses from question 6 regarding enthusiastic referrals.

**Question 7- B**

**The Sole Proprietor provides high quality food.**

Question 7-B asked respondents to rate their level of agreement with the above statement regarding the quality of food at The Sole Proprietor. Eighty-nine percent, or

approximately 800 people replied that they completely agree with the statement. This would suggest that an overwhelming majority of the respondents trust that The Sole Proprietor provides customers with top quality food products in their meals. Only eleven percent of respondents, or approximately 100 people stated that they agree somewhat that The Sole Proprietor provides excellent service. Not a single person responded with neutral or below.

### Q7.2: The Sole Proprietor provides high quality food

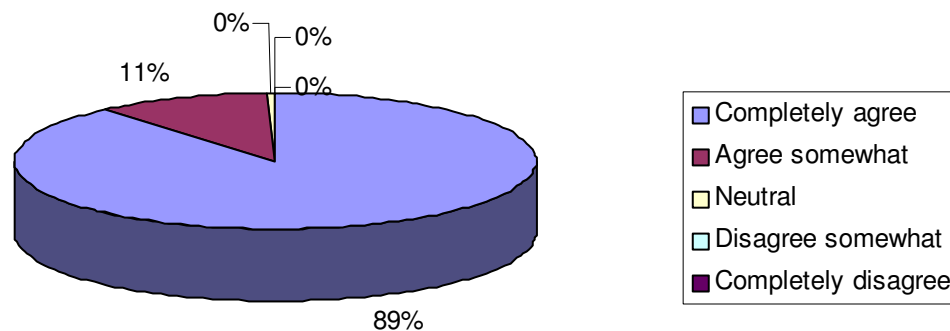


Figure 10: Level of agreement concerning the quality of food at The Sole Proprietor

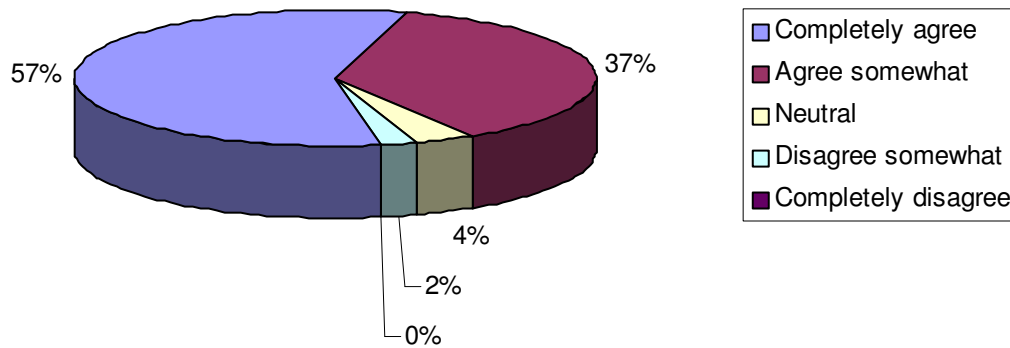
### Question 7- C

#### **I enjoy the atmosphere of The Sole Proprietor.**

Question 7-C gave respondents an opportunity to rate their level of agreement with the above statement regarding the atmosphere at The Sole Proprietor. Fifty-seven percent, or approximately 513 people replied that they completely agree that they enjoy the atmosphere. Thirty-seven percent of people, or approximately 333 people stated that they agree somewhat that they enjoy the atmosphere at The Sole Proprietor and six

percent of people responded neutral or below levels of agreement. These numbers are quite different than for the previous two sub-questions, suggesting that the atmosphere may be a problem area for some customers.

**Q7.3: I enjoy the atmosphere of The Sole Proprietor.**



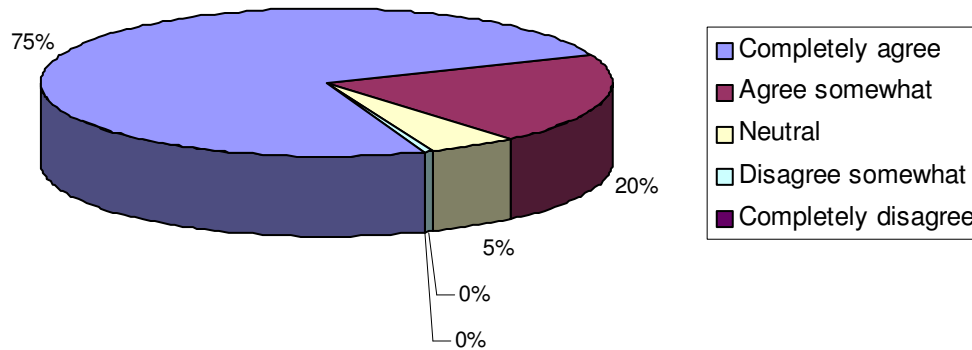
**Figure 11: Level of agreement regarding the enjoyable atmosphere at The Sole Proprietor**

**Question 7- D**

**The Sole Proprietor makes it easy for me to do business with them.**

Question 7-D allowed for respondents to rate their level of agreement with the above statement regarding the ease of transactions at The Sole Proprietor. Three-quarters of the respondents, or approximately 675 people replied that they completely agree with the statement. Another twenty percent of people, or approximately 180 people stated that they agree somewhat that The Sole Proprietor is easy to do business with. This leaves five percent of respondents that answered neutral. Not a single respondent disagreed with the statement.

**Q7.4: The Sole Proprietor makes it easy for me to do business with them.**



**Figure 12: Level of agreement regarding ease of transactions with The Sole Proprietor**

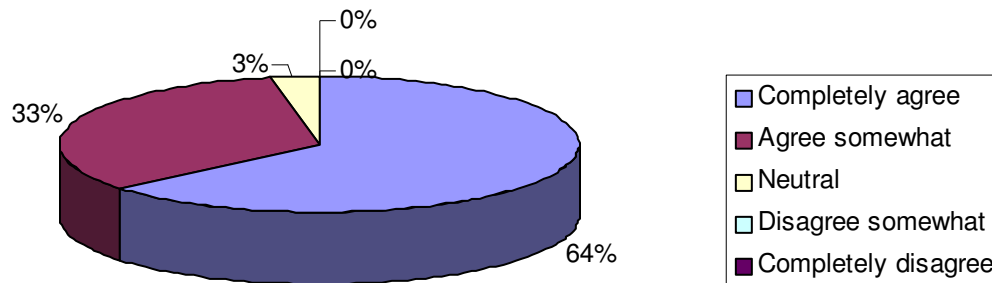
**Question 7- E**

**The Sole Proprietor sets the standard for excellence in the restaurant industry.**

Question 7-E gave respondents an opportunity to rate their level of agreement with the above statement regarding the excellence of service at The Sole Proprietor. This is almost a summary question to see if based on all other sub-questions, The Sole Proprietor has achieved such excellence so as to set a standard. Agreement with this question would suggest that the respondent is very pleased with their overall past experiences with The Sole Proprietor.

Ninety-seven percent of respondents either completely agreed or somewhat agreed with this statement. Not a single person disagreed with this statement.

**Q7.5: The Sole Proprietor sets the standard for excellence in the restaurant industry.**



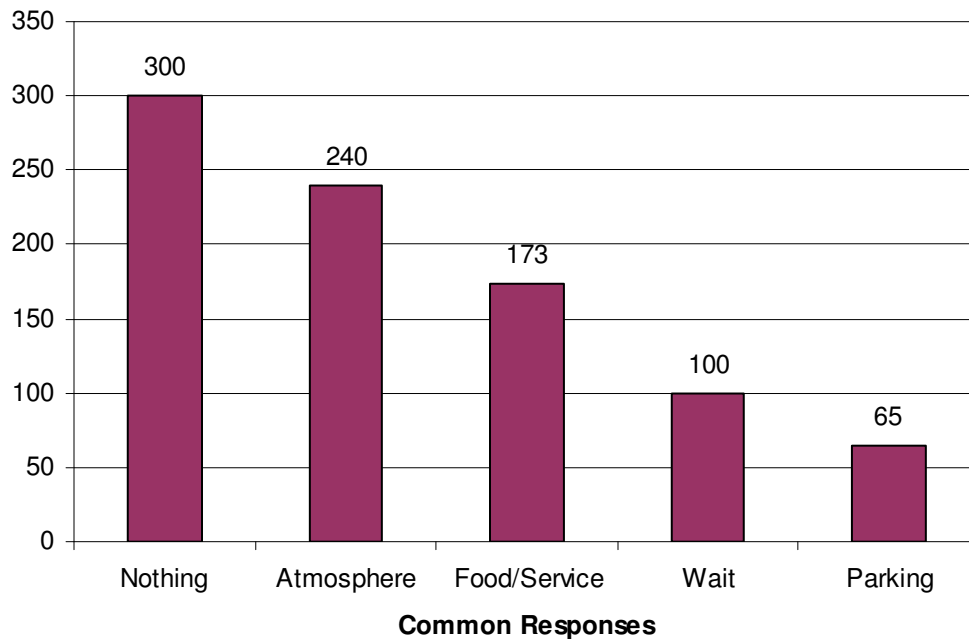
**Figure 13: Agreement with The Sole Proprietor setting the standard for excellence**

**Question 7- F**

**What can The Sole Proprietor do to make your dining experience more enjoyable?**

The last sub-part of question seven required an open-ended response question rather than a multiple choice. This allowed the respondent to voice their opinions while providing useful anecdotes to explain their answer. Many respondents listed more than one thing that could be done. Therefore, the answers were tabulated based on the frequency of several recurring themes. The results will not total to 900 but when represented in percentage form, will be based out of 900 total respondents.

**Question 7-F: What can The Sole Proprietor do to make your dining experience more enjoyable?**



**Figure 14: Suggestions for a more enjoyable experience**

The major themes that appeared throughout the answers to question 7-F are as follows: nothing, atmosphere, food, waiting experience, parking and miscellaneous other items (shown in Figure 14). One-third of the respondents stated that there was nothing to be done to make their experience more enjoyable since it was already perfect. A few key quotes from this theme can be seen below:

- “Nothing I guess. Always satisfied.”
- “Keep up the good work!”
- “Nothing....Love it.”
- “Please do not make any changes.”
- “Not one thing. It is my favorite, favorite restaurant!”

The second highest frequency answer at twenty-seven percent of respondents was in regard to the atmosphere of the restaurant. There are many particular items that fall into this main category. The specific items of concern include noise, crowded dining room, décor, temperature, lighting, lack of music, and size. A sample of the responses from this section can be found below:

- “Some of the tables are too close together for comfort and privacy.”
- “Control the temperature.”
- “Setting was not as romantic as I would have thought it could be.”
- “Some of the dining areas get very loud and are difficult for conversation.”
- “Live music (guitar/ piano) in the evening would be a nice touch.”
- “Enlarge and make the rooms more intimate.”
- “Provide more lighting; it gets a bit too dark at dinner time.”
- “I think the bar area could use some freshening up.”
- “Booths near kitchen tend to be a bit noisy with employees standing right behind chatting.”
- “The dining areas are loud and congested...it feels more like a McDonalds than a fine restaurant. 111 has a better layout.”
- “It may be time for some remodeling to update the look.”

The third highest frequency response was concerned with food. Twenty percent of respondents stated that one thing that could make their experience more enjoyable was related to food selection, quality, service, and/or price. A frequent complaint was that some dishes are inconsistent in either quality or taste. Others simply requested new menu

items or the return of old items that are not available anymore. Many people also said that they would appreciate smaller portion options for lighter fare meals. Others requested special items on the menu such as gluten free, low calorie, diabetic dessert, non-seafood, and children's options.

Also included under the theme of food was the service in regards to the meal. Approximately one percent mentioned their dislike for the team server approach, or simply suggested that the approach required more thought. Others felt that the service felt rushed and impersonal. A selection from the answers can be seen below:

- "I don't like the team server approach; it's confusing..."
- "...and the two person server team can get confusing...I don't see any benefit to that system unless they are communicating better."
- "Sushi sampler please."
- "Dessert menu needs some new selections."
- "Quality of food and preparation has fluctuated recently – seems as if the kitchen may be rushing."
- "Offer oyster tasting menu."
- "I will never order a glass of wine again...use smaller glasses or fill it more."
- "The quality of the food used to be the best anywhere for fresh seafood. The last couple times the menu seemed stale and the food only ok."
- "I had a terrible experience the last time I was at the Sole. I ordered a salad...a very large bug crawled from under the lettuce...and there was no apology. I felt as though I was treated like I brought the bug to the



restaurant with me. I haven't been back there since and I am not sure when I will return."

- "Less expensive!!!"
- "Perhaps more non-seafood items and vegetarian items."
- "The quality of the food could be more exciting and consistent."
- "Have combination dinner plates."
- "I would like to know if certain menu items are farm raised or wild."
- "Dinner for 2 special."
- "Don't up-sell so obviously."
- "Alcohol is too expensive."
- "Serve me hot food!"
- "Need more side options."
- "The size of the menu is too large! It is in the way and makes it awkward."

The fourth most common response was in regards to the waiting experience. This experience includes making reservations, time spent waiting, waiting area, and the host/hostess station. The most common remark was that the waiting area currently is far too cramped and forces you into the bar area, which is also cramped. Approximately eleven percent of respondents mentioned something that could be improved about the waiting/reservation experience. Some key quotes are as follows:

- "Change the area where waiting to be seated – too crowded."
- "The wait for a table can be very long. Any improvement in this would be great."

- “On occasion when I’ve called for reservations, the person answering the phone isn’t always pleasant. One time when I called the female employee snickered and told me I needed to call with more advanced notice.”
- “Even with dinner reservations there is usually a wait before the table is ready.”
- “Maybe have a waitress for the waiting patrons.”
- “The host/hostess station is a bit chaotic and frenzied. The host/hostess doesn’t always make you feel warmly welcomed.”
- “Better inform customers on wait time.”
- “Take reservations at more convenient times.”

The last common theme (seven percent) was in regards to parking. Approximately sixty-five people stated that they would be more likely to frequent the restaurant if parking was made easier. Many people stated that the valet service is not a solution because either they don’t use valet or it is not more convenient. Listed below are a few of the quotes that capture the general consensus in regards to parking:

- “Better signage to point to alternative parking.”
- “Parking is a problem!”
- “The valet solution seems worse than the (parking) problem.”
- “Parking is often a hindrance.”

There were also some miscellaneous items that respondents mentioned. Many people would like to see The Sole Proprietor open satellite restaurants in other areas of the state. Others felt that there should be rewards system implemented for regular

customers. Several people commented that they miss the fish market, although they understand why it is no longer offered.

## **Question 8**

### **What does the phrase ‘Customer Loyalty’ mean to you?**

Question 8 is also an open-ended question. This question explores the different perspectives on customer loyalty. The results show that people interpreted the question in two ways: things a restaurant does to induce loyalty or the types of behavior loyal customers’ exhibit. Since both interpretations are important to this study, all results are reported. The results fall into nine categories including, in order of frequency: repeat business, an exceptional all around experience, word-of-mouth referrals, considering the restaurant “My favorite place”, seeing past minor problems, treatment of customer, recognition/relationship, doing whatever it takes, and offering rewards. A graphical summary of these categories is shown in Figure 15.

### Question 8: What does the phrase 'Customer Loyalty' Mean to You

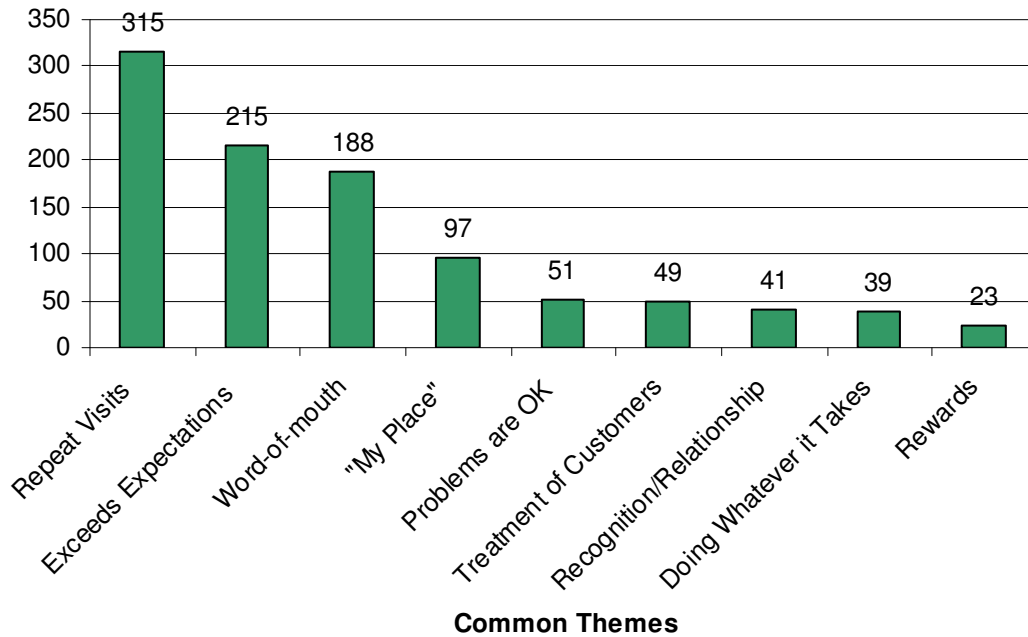


Figure 15: Customer Interpretations of 'Customer Loyalty'

Thirty-five percent of respondents replied that a loyal customer will make repeat purchases at an establishment. This purchasing frequency is based on a desire due to previous exceptional experiences. A few key quotes are as follows:

- “Customer loyalty is a customer that will continue to come back again and again, based on past experiences with an establishment.”
- “A willingness to come back repeatedly rather than seek out other options.”
- “Repeat business.”

Many of the respondents that answered ‘repeat business’ stated that an exceptional overall experience time and again is what drives the repeat business. Twenty-

four percent of respondents answered that exceptional food, service, quality, and value that is consistent and can always be expected is what creates loyal customers. Some summarizing quotes include:

- “Always meeting or exceeding expectations.”
- “It means quality service, outstanding food and a friendly atmosphere.”
- “That the restaurant demonstrates an expectation that is always available for each visit so it’s like going home each time you step inside (the Sole).”
- “Satisfying the customer with each and every dining experience.”
- “A customer that trusts you...because your service and product are consistently excellent.”
- “Leaving you with a smile on your face every time you leave.”

The next most common response was that customer loyalty means excellent word-of-mouth advertising. Twenty-one percent of respondents answered that customer loyalty means telling friends, family and co-workers about your experiences. Nearly half of the people that answered word-of-mouth also remarked about repeat business, exceptional overall experience or both. A few of the quotes regarding enthusiastic referrals are as follows:

- “Recommend to others and defend in the face of criticism.”
- “Raving about it to friends and family while encouraging them to join us or go on their own.”
- “Provides positive word-of-mouth advertising without being asked.”
- “A strong desire to refer others.”

The next most common response was also one that came up in focus group 1, which is the concept of referring to a restaurant as “my restaurant”. It is the place that someone thinks of first when they decide to eat out. It is their default place that always satisfies them. Eleven percent of respondents described customer loyalty in this way. A few of the more interesting quotes from this theme are as follows:

- “Customer for life.”
- “Customer is addicted to taste and atmosphere of restaurant.”
- “Customers have a special place in their heart for a certain business; it is theirs.”
- “This is the place you think of as yours.”
- “Not considering going anywhere else.”

The next most common response to the question “What does the phrase ‘Customer Loyalty’ mean to you?” was one that almost always appeared with another response. This theme was that a loyal customer will put up with minor problems and not allow them to distract from the overall greatness of the establishment. For example, one bad experience for a loyal customer will not affect whether or not they decide to dine at the restaurant again. Key quotes are as follows:

- “One less than stellar meal won’t keep me from coming back.”
- “Loyalty is not compromised by a single under-par experience.”
- “Giving the benefit of the doubt when expectations fall short.”
- “Customers that tell when things are not perfect without complaining.”

The next two responses had nearly the exact same frequency of responses at approximately five percent. The first is the concept of care and treatment of the customer.

The second is the idea of personal recognition of customers while developing a meaningful two-way relationship. It makes sense that these two themes are of equal importance since they are so similar. Key quotes from the two sections are combined below:

- “Someone who has an emotional connection to a product or service.”
- “You make customers feel like an honored guest every time they come.”
- “Recognition by staff.”
- “Remember my face/name when I visit.”
- “You see the name of the restaurant and resonate emotions or feelings.”
- “Treating customers like family.”
- “The customer feels a connection to the service provider.”
- “Greeting your customer by name, being able to squeeze them in even when you are booked solid, remembering their favorite drink, and dish and knowing how you like it prepared, stopping by to chat.”
- “Dedication.”
- “Customer loyalty is an emotion.”
- “I matter as a customer and I will be heard if I speak.”

The last few categories are all under five percent each, so they will be summarized together. First, four percent of customers said that to earn customer loyalty, the restaurant has to do whatever it takes. Three percent of the customers felt that customer loyalty should be rewarded through discounts, coupons, or specials. The remaining miscellaneous answers were going out of the way to frequent an establishment

and establishing a give and take relationship between guest and restaurant. Some key quotes from the above sections are as follows:

- “Doing whatever it takes to make the customer happy.”
- “Finding a way to go above and beyond for the customer.”
- “Driving an hour each way to go to our favorite restaurant.”
- “Rewarding frequent customers.”

## **Question 9**

**What is one thing The Sole Proprietor can do to increase your customer loyalty?**

This is a key question in the survey. It gave respondents the opportunity to suggest things after they have defined in their own terms what customer loyalty means to them. Before the idea of rewards or loyalty programs was even mentioned, customers were allowed to give their opinions on how to improve their loyalty. The recurring themes within the 900 responses include rewards, restaurant overall experience, personal attention, food and price, atmosphere, and nothing. Figure 16 shows how many people responded in each category.

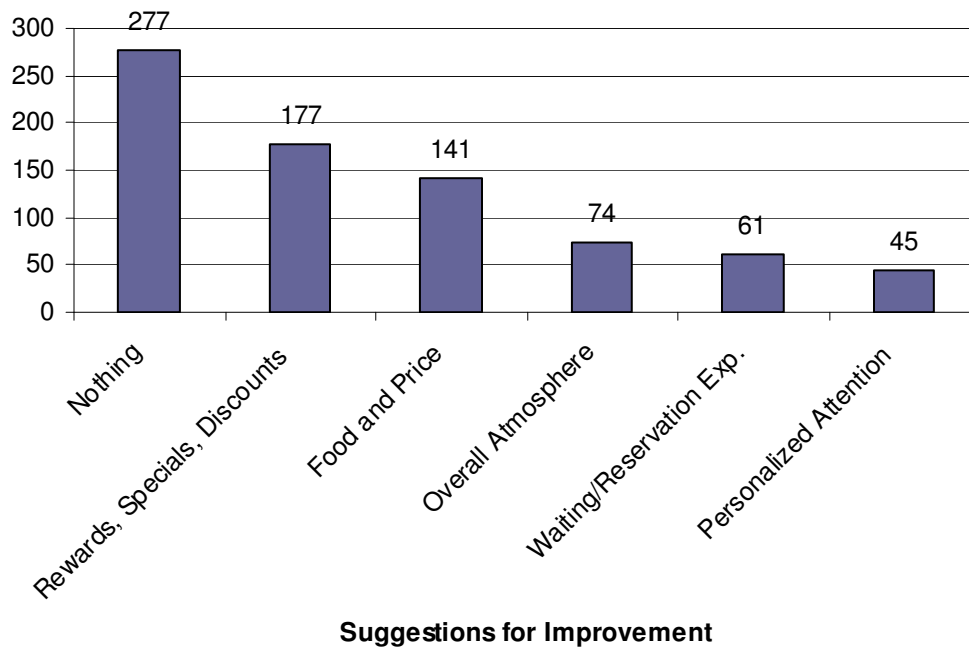
Similar to Question 7-F, the most common response, with thirty-one percent of respondents was ‘Nothing’. 277 people felt that they were already loyal and did not need anything to change or improve to maintain their loyalty. Key quotes from these respondents are as follows:

- “Not much, have pretty much won me over.”
- “We have always been delighted with the Sole.”
- “Nothing – we are fans 100%.”



- “Not much, I am pretty impressed.”

**Question 9: What is one thing The Sole Proprietor can do to increase your customer loyalty**



**Figure 16: Suggestions for Improving Customer Loyalty**

The second highest frequency theme was to offer rewards, specials, and discounts to frequent customers. Rewards include gift cards for money spent or free appetizers after so many visits. Specials include things such as Lobsterfest, but are exclusive for frequent diners. Discounts are simply cheaper prices for regular guests on drinks or meals, or maybe even a discounted price menu for frequent diners. Twenty percent of respondents would like to see some type of reward or incentive system in place for frequent diners.

Key quotes regarding rewards, specials, and discounts are as follows:

- “Offer perks to me as a repeat customer.”
- “Offer customer loyalty dining coupons.”

- “Online coupons via email to repeat customers.”
- “Visiting incentives such as this survey with gift card.”
- “Offer some type of customer incentive program, i.e., a rewards program where the diner would receive points each time they dine. When the customer reaches a certain points level, they would receive a gift card to be used in the restaurant.”

The third most frequent theme, at sixteen percent of the respondents is in regards to the menu and price of food. There was not a single complaint or suggestion in regards to the food, rather, the respondents requested different menu items, smaller portion options, more consistent portion sizes and quality hot meals. Also, many people stated that if prices were lower, they would frequent more often. Key quotes are as follows:

- “Have optional smaller portions.”
- “More attractive pricing.”
- “Hard to eat here with the family because of the lack of children’s options.”
- “More variety in the menu.”
- “Newsletter with menu changes.”

The fourth most common response was in regards to the atmosphere of the restaurant, inside and out. Eight percent of respondents answered that an improvement in atmosphere would improve their loyalty. This could be accomplished by implementing a better parking situation, offering less crowded seating, as well as lowering the noise level. The next most common theme was in regards to the waiting experience and the overall size of the restaurant with seven percent of customers mentioning this topic. This

included wait time, wait area, reservation system, and seating availability. Since all of these issues regarding the atmosphere and experience of the restaurant were commented on in Question 7-F and the responses were fairly similar, key quotes will not be listed.

The last common theme from Question 8 was in regards to personal recognition and the staff at The Sole Proprietor. Five percent of respondents said that if the staff were more attentive to personalizing their experience, they would be more loyal. Also, listening to your guest's opinion makes them feel important and recognized. This was mentioned by a number of respondents as well. Another issue in this section was that many people felt that even though they are frequent diners, they have felt rushed by the servers. The experience should be relaxed, friendly, and personable but unfortunately that is not always the case. Key quotes from this section are included below:

- “It’s being done by offering this survey. Taking notice of the input from your guests is a perfect example on how to drive up customer loyalty.”
- “Treat me like my business matters.”
- “One on one contact with owners.”
- “NEVER make the customer feel rushed.”
- “Less overbearing service.”
- “Have the manager greet us at our table.”
- “Personalize attention to frequent customers...perhaps a country club type members lounge.”
- “A ‘Good Evening Mr. XXX, we are glad to see you again’ would be nice.”

## **Question 10**

Question 10 is an open-ended, multi-part question aimed at gathering pertinent information regarding customer views on loyalty programs. It opened by asking if anyone currently belongs to a loyalty program (Stop & Shop card, CVS card, etc.), then goes on to find out likes and dislikes of the program. The next part of this question asked whether or not the customers think The Sole Proprietor should implement one, and if so what kind of rewards they are interested in. Because these are open-ended questions, survey respondents were allowed to have more than one answer; thus the tallies for these questions will total over 900.

This question ties back in to what the Ahlquists want from the project. They would like to have a way to track their customer spending habits and frequency of visits, but also want to implement something the customers will like and use.

## **Question 10 – A**

### **Are you currently enrolled in a customer loyalty program?**

This is a very simple question asking the participant if they currently belong to any kind of loyalty program. The major themes surmised from this question were yes, no, and I don't know. Since this was an easy question to answer, it was very quick to tabulate. There were 434 people who said they do belong to at least one loyalty program, 436 people who said they do not belong, and 19 people who did not know what a loyalty program was. Figure 17 shows a summary of respondents' answers to this question.

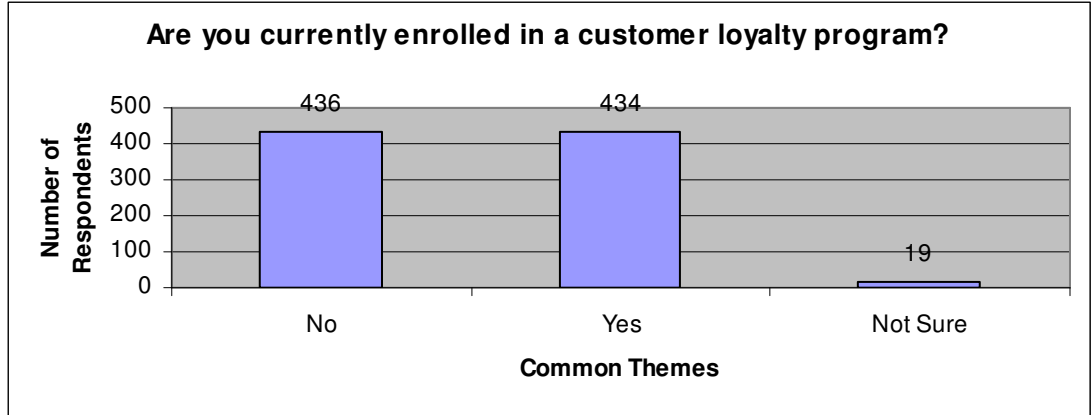


Figure 17: Customers who are currently enrolled in a loyalty program

### Question 10 – B

#### What do you like about the customer loyalty program(s) you are enrolled in?

This question allowed the respondents to say what they like about the reward program(s) they are enrolled in. Figure 18 shows the common themes for this questions and the number of respondents who agreed with each theme. Common themes for this question include: not enrolled, N/A, rewards, discounts, and promotions.

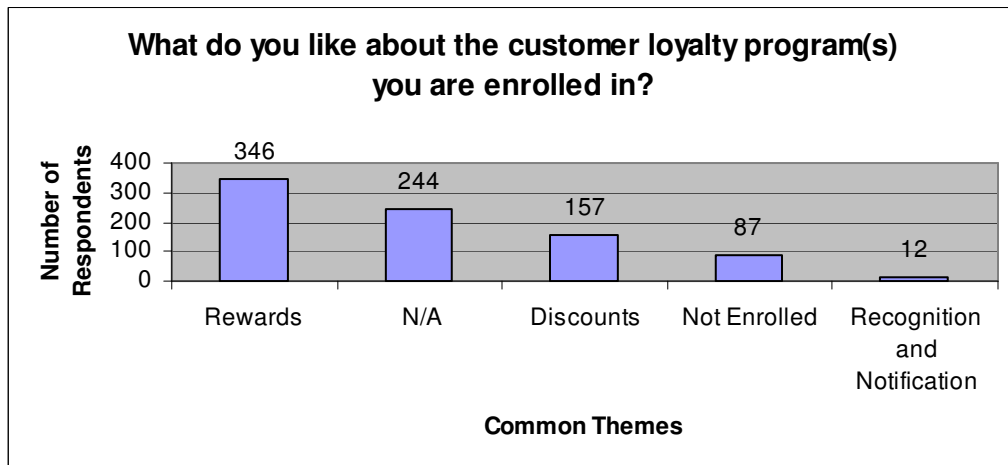


Figure 18: Respondents likes about loyalty programs

Eighty-seven people who took the survey were not enrolled in any kind of customer loyalty program. Key quotes were just variations of ‘not enrolled’ and will not be displayed for that reason.

The next key theme was not applicable. A large number of respondents, 244, did not feel it was necessary to answer this question and just entered na.

The theme with the highest number of respondents was the rewards theme. Three hundred forty-six people who took the survey wanted some kind of reward. These rewards included: frequent flyer miles, earning points, benefits or perks of being a member, specials that are for members only, being recognized, and earning free stuff.

Key quotes from this section are included below:

- “The rewards – discounts, coupons, money back, being recognized, free or discounted flights.”
- “Free things – hotel stays, meals, products, services.”
- “Rewards for: frequency, not seeking alternatives, enjoying yourself.”
- “Opportunity to earn double points at certain times.”
- “Rewards are well-defined, easy to earn, easy to track progress, easy to redeem.”

Another major theme is that of discounts and savings. One hundred fifty-seven people who responded liked that being in the loyalty program entitled them to discounts, savings, special coupons, and special pricing. Key quotes from this section are included below:

- “Instant rewards/savings.”
- “Saving money.”

- “The perks and discounts.”
- “No limit on amount of earnings per year.”

The last key theme was that of recognition and notification. Slightly more than one percent of respondents wanted to be recognized and notified by an employee, through the mail, or through e-mail of upcoming events. Key quotes from this section are included below:

- “Informed of special events.”
- “Recognition.”
- “Great way of saying ‘thank you’ to customers.”
- “Birthday specials.”
- “Feeling thanked for doing business with the company.”

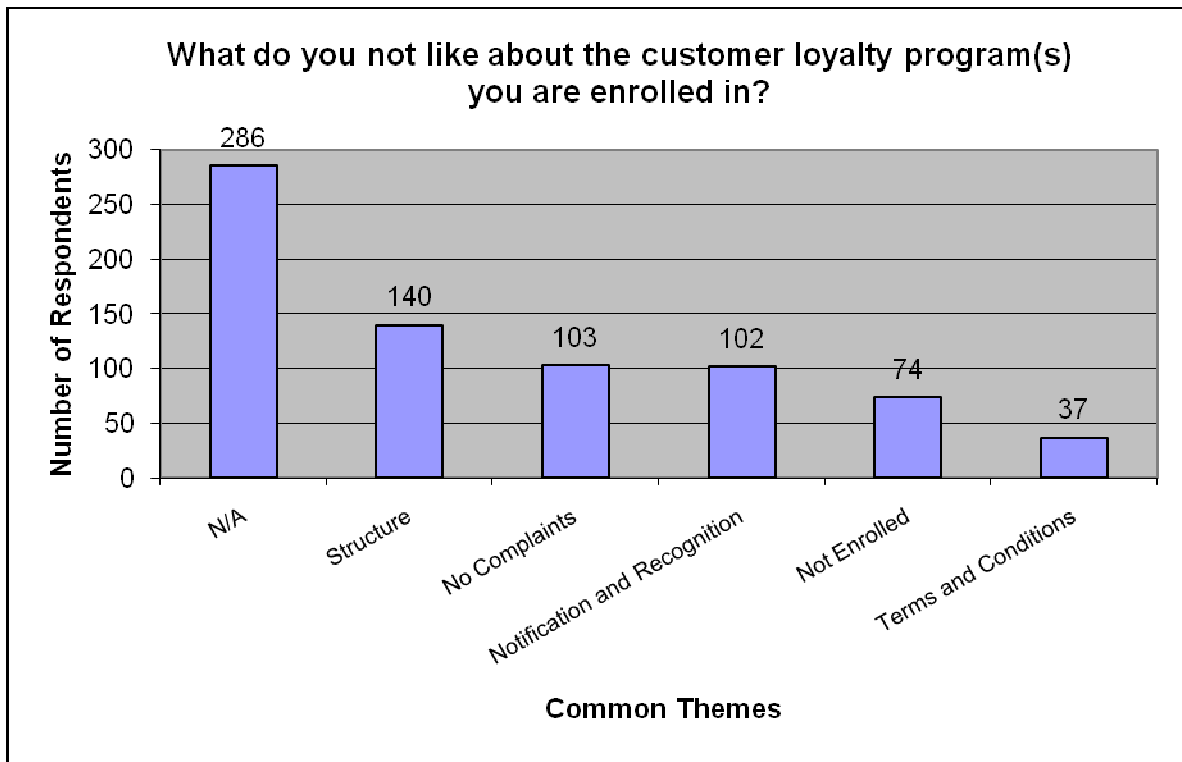
### **Question 10 – C**

**What do you not like about the customer loyalty program(s) you are enrolled in?**

As nice as it would be just having positive things to say about loyalty programs, there are some drawbacks. Not everyone views rewards in the same way. One person might like a certain type of reward and someone else might not like that same reward. This section summarizes what people dislike about the loyalty programs they belong to. Common themes for this question include: n/a, structure, no complaints, notification and recognition, not enrolled, and terms and conditions. These themes are summarized in Figure 19.

Unfortunately the most common theme for this question was N/A. Two hundred eighty-six participants felt it was not necessary to provide useful data for this question.

- “N/A.”



**Figure 19: Respondents dislikes about loyalty programs**

The second most common dislike about the loyalty programs was the way they were structured. Items included in the structure of the loyalty program included: the reward structure, it took too long to earn rewards and points, low incentives, having a tiered reward structure, and setting unrealistic reward levels. Basically, the participants feel they have to spend a lot to get a small reward for doing business with that company.

Key quotes from this section are included below:

- “Sometimes difficult to get rewards.”
- “Not enough incentives.”
- “It is sometimes difficult to get rewards.”



- “Not enough incentive to frequent the establishment.”
- “Unrealistic rewards standards.”
- “Sometimes it’s hard to earn points - or you have to earn a LOT of points to get something (like on a credit card).”
- “When there is too many levels”

The next most common theme, with 103 participants, was that of people with no complaints about the reward program(s) they are in. These people enjoy everything about their card(s) and do not see any room for improvement. Key quotes from this section are included below:

- “We have no complaints about the program we are currently enrolled in.”
- “Nothing.”

The fourth most common theme with 102 participants was that of notification and recognition. Many respondents feel they receive too much e-mail or regular mail from the companies they are enrolled with. They also feel that staff of those establishments do not treat them any differently than a customer who does not belong to the loyalty program. Key quotes from this section are included below:

- “Not being appreciated by staff.”
- “Too many e-mails.”
- “Occasionally a customer loyalty program also means that I will receive a lot of mail or e-mails that I would rather not get.”
- “I also don’t like it when I get tons of emails-- 2 a month is about all I want to see.”
- “Indifference of staff not appreciating customers who are loyal.”

The fifth most common theme was not enrolled, with seventy-four participants. This means two things. First, it represents that useful data will not be gathered by these people. Second, is that it is not consistent with the previous question with eighty-seven participants not being enrolled in a loyalty program. A possible explanation is that some of the participants, although not enrolled, know what they would not like in a loyalty program and offered their opinions here.

The last most common theme was that of terms and conditions. Thirty-seven respondents do not enjoy having to keep track of their own reward points, needing to carry a card for each company they are loyal to, they do not have an easy way of checking the status of their program, and think there is too much fine print to read for each reward program. Key quotes from this section are included below:

- “Having to track points.”
- “Keeping track of each card.”
- “Having to carry a separate card for each membership.”
- “Too much fine print.”
- “Sometimes I forget about them- especially the hotel programs. also- I hate having so many different passwords, membership codes etc too.”
- “To claim rewards is much too confusing.”
- “Increasingly, the frequent flyer programs (with black-out dates) make it near-impossible to redeem points earned for free travel!”
- “I cannot track my program online.”
- “YOU CAN'T CHECK YOUR POINTS ON LINE.”

- “Cannot check my points on-line.”
- “I need to carry a card that is punched - better to be like the Price Chopper gas program - it keeps track of everything and prints on the receipt though I still need to carry the card.”

### Question 10 – D

#### **If the Sole Proprietor were to implement a loyalty program would you use it?**

This question and the next are key components of the survey. This question considers what customers think of The Sole Proprietor implementing a loyalty program. This project hinges on this question because if an overwhelming number of people do not want a loyalty program implemented, it probably will not be. On the other hand if a majority of the people taking the survey want a loyalty program implemented, then this project will help select the best one for The Sole Proprietor. Common themes include: yes, maybe, and no. The number of participants agreeing with each theme can be seen in Figure 20.

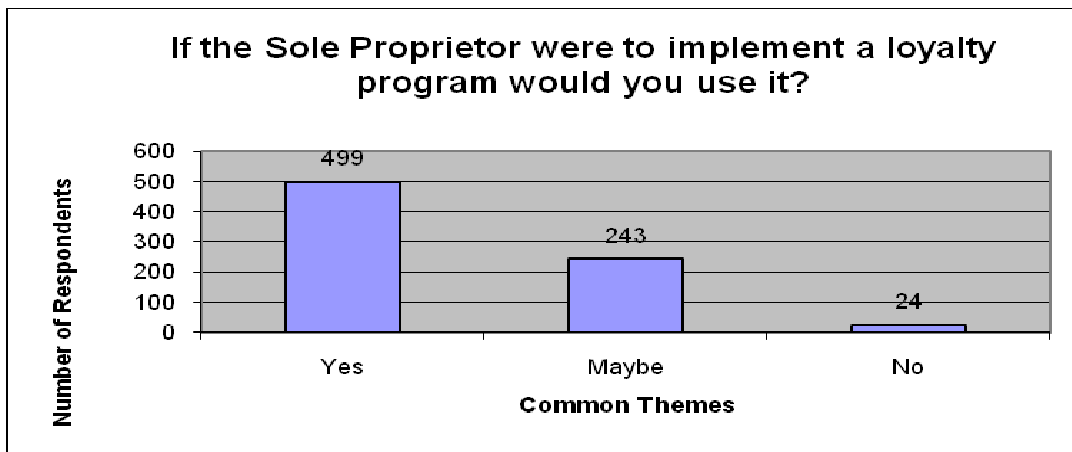


Figure 20: Thoughts on The Sole Proprietor implementing a customer loyalty program

As you can see from the graph, almost 500 people who took the survey would like to see some kind of loyalty program implemented at The Sole Proprietor, and only a handful of participants, 24, would not like to see a program implemented. There are roughly 20 times more people who would like to see a loyalty program implemented than those who would not. Those who said maybe said the reward structure would determine whether or not they participated in such a program. Key quotes from this section are included below:

- “If managed properly.”
- “Depends on reward structure.”
- “Long overdue.”
- “Yes, as long as it is good at the chop house and via too.”
- “If its automatic and I don’t have to keep track of anything.”
- “Yes.”
- “Absolutely.”
- “No.”
- “Depends upon the benefits.”
- “Sure.”
- “Yes, if the rewards were achievable within some reasonable time period.”

### **Question 10 – E**

#### **What kind of incentives would you like to see from this program?**

Based on the responses from the previous question, it seems like a lot of people will sign up for the loyalty program, no questions asked, but for a lot of people it would depend on the structure of the loyalty program – what incentives they would receive and

how often. The solution to that question is obtained by looking at common themes from the answers to this question. Here, the participants define what rewards they would like to see and how often they would like to see them. Common themes include: hard rewards, free items, miscellaneous items, specials, and soft rewards.

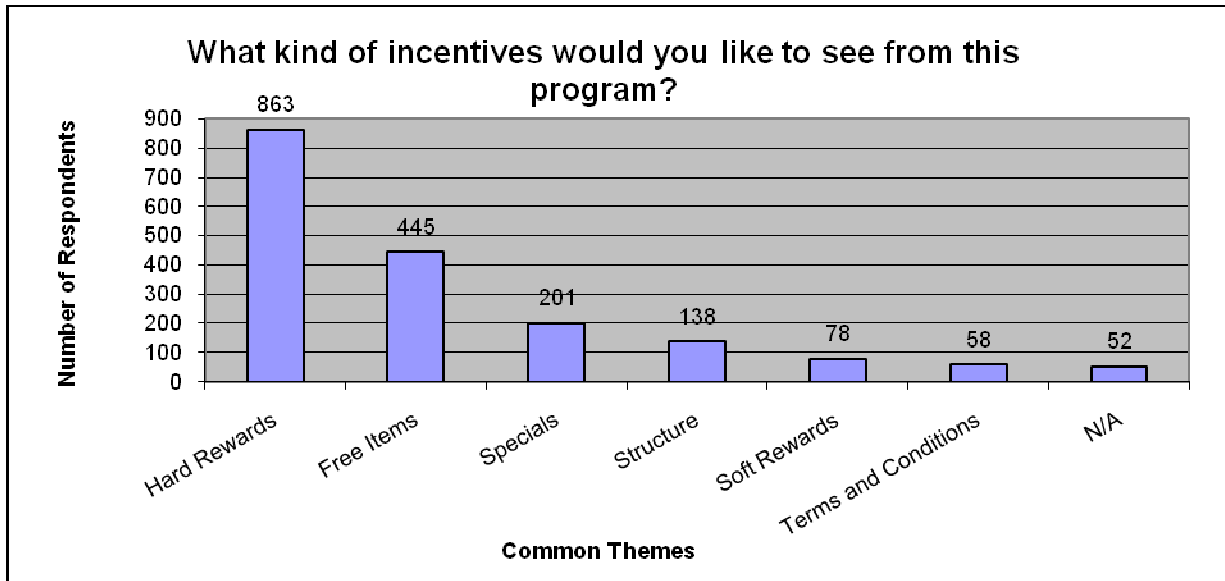


Figure 21: Incentives for loyalty program

The most common answer to this question was some type of hard reward. Eight hundred sixty-three, or roughly 96% of participants would like to earn some kind of discount, percentage off the bill, a dollar amount off the bill, or coupons to use. Key quotes from this section are included below:

- “A gift card to use at the restaurant.”
- “10% off the bill.”
- “One restaurant we go to gives us a gift certificate after we have spent 500.00 with them.”
- “Lower prices maybe 1-3% off.”

- “\$10 reward for every \$100 spent.”
- “\$ Off coupons.”
- “Based on the amount visits maybe rewarding the customer with discounts off food. I don't spend a lot of money at the Sole but I am a very steady customer for lunch.”
- “Discounts.”
- “More coupons.”

The second most common theme was that of free items. Four hundred forty-five participants think they should be given something either for how much they spend or how often they eat at The Sole Proprietor. The free items included free appetizers, drinks, meals, desserts, buy one, get one free, and buy one get, one half off. Key quotes from this section are included below:

- “Either free or discounted meals.”
- “Free appetizer with every 5 entrees.”
- “Buy 5 lunches, get one free.”
- “Free drinks.”
- “Buy one get second half off.”
- “Free apps, drinks or dessert with a meal order.”
- Free wine
- “A free drink from the bar, or dessert for every \$100 spent.”
- “5 meals, 6<sup>th</sup> is free.”

The third most common theme was that of specials. Two hundred one people would like something special for being a member of The Sole Proprietor loyalty program.

These specials include: early bird, birthday, anniversary, event, menu, meals, price, e-mail or mail, and a family night. Key quotes from this section are included below:

- “A free dessert for a birthday or anniversary.”
- “A day or event just for members.”
- “Early bird specials/senior discounts.”
- “Special dining events.”
- “Bring a friend night.”
- “Maybe a "family" night.”
- “Special menu offerings.”
- “Special meal.”
- “Special mailings to let me know of events or to provide discounts.”
- “E-mail updates, weekly specials to loyal customers, and coupons.”
- “Free entree on your birthday.”
- “Gift Certificates on certain dates, such as anniversary's or birthdays.”

The fourth most common thing respondents would like to see in The Sole Proprietor loyalty program is the structure of the program. One hundred and thirty-eight people would like to earn their rewards based on frequency of visits, points, raffles or contests, and referrals. Key quotes from this section are included below:

- “Earning points.”
- “Raffle for a free meal.”
- “Frequent visit discounts.”
- “Points for dollars spent.”
- “Use points to earn gift cards.”

- “Contests.”
- “Rewards for referrals.”
- “Free dessert for a referral to a friend to join the program.”

The fifth most common theme is that of soft rewards. Soft rewards don't cost the business anything, but shows the customer that they care. The soft rewards include: parking, reservations, preferred seating, preferred tables, using the loyalty program at The Chop House and Via, and being recognized. Key quotes from this section are included below:

- “Preferred reservation system/seating.”
- “To be acknowledged.”
- “Preferred seating, preferred parking, with enough points.”
- “Use at all Worcester group restaurants (111 Chop, VIA).”
- “Special recognition.”
- “Having a preferred table guarantee.”

Fifty-eight people are concerned with the terms and conditions the program is based on. They would like the rewards to be realistic and attainable, use a cardless system, personalize the reward structure, use a tiered reward structure, no expiration dates on the rewards, and having it tie in with the community.

- “Use a multi-tiered program.”
- “Rewards can be used at any time and don't expire.”
- “Make it within the reach of the average person.”
- “Frequent flyer offers.”
- “Earn free meals or coffee at Starbucks or some other area vendor.”



- “Personalized wine glasses / beer mug.”
- “Not having another card in my wallet would be great.”

The last common theme found for this question did not provide useful data. Fifty-two people answered this question with an N/A.

## 5 Analysis

The main goals at the outset of this project were to understand what makes customers loyal, what percentage of current customers are loyal, how can loyalty be improved and finally how can loyalty be tracked. In order to make recommendations to The Sole Proprietor on how to reach these goals, the results of the two focus groups and the electronic survey were analyzed and interpreted based primarily on comparisons of defectors and loyalists. Recommendations for the restaurant must be flexible enough to satisfy all customer segments while also being comprehensive in nature to address the specific needs of each segment.

### ***5.1 Understanding What Makes Customers Loyal***

According to the *Emotional Attachment* section, behavioral researchers are finding that guests' emotional connections to a hospitality provider are the strongest predictors of customer loyalty (Pullman, 2005, p325). Examination of the results from focus group 1, focus group 2 and the electronic survey suggest that this is true for the customers of The Sole Proprietor.

Focus group 1 participants were asked to define customer satisfaction and then describe how customer loyalty is different. Customers stated that consistent overall great experiences are what made them satisfied but continual recognition is what made them loyal. One couple that comes in for lunch is not recognized by name, but they noticed that on several occasions they were seated before others that were waiting longer. This made them feel special because they were recognized by face as frequent diners, and therefore

received special treatment. Others that are consistently recognized by name and receive personalized attention by a few members of the wait staff seconded this. Recognition makes their experience much more than just a meal. Every visit strengthens their relationship with The Sole Proprietor brand.

Although the customers of focus group 2 were defectors, and therefore less loyal, they all agreed that if they were made to feel as if they meant more than just a sale to the restaurant, they too would feel more loyal to the brand. One member stated that recognition makes it seem that the experience is not just one-sided but that the restaurant truly appreciates them as a customer. Another member stated that it was important to him that he was offered the chance to provide his feedback via the electronic survey and the focus group because this showed that the restaurant truly does value his individual input.

Forty-one participants in the electronic survey responded that recognition and a relationship with the restaurant generate customer loyalty. The top responses to this question were in regards to behaviors that loyal customers exhibit, rather than how loyalty is generated. The question itself was very general, so this was to be expected. The other top two answers that pertained to how a restaurant creates loyal customers were overall treatment of the customer and expectations consistently exceeded.

All three methods for capturing guest input on generating customer loyalty coincide with the literature that recognition, personalized attention, and therefore an established emotional connection to the brand are the strongest predictors of customer loyalty. Based on these conclusions regarding how loyalty is created, we next analyzed how many customers of The Sole Proprietor feel this connection called loyalty.

## 5.2 Customer Segments at The Sole Proprietor

Upon examining the data from the focus groups and the electronic survey, it is clear that there are three customer segments of The Sole Proprietor: loyalists, defectors, and mercenaries [2.2.1]. As described earlier, loyalists are customers that are completely satisfied with a particular product or service. Defectors, on the other hand, are not necessarily unhappy, but they tend to be driven by price rather than by value. Mercenaries are those that are satisfied today, but are trend followers with unpredictable purchasing patterns.

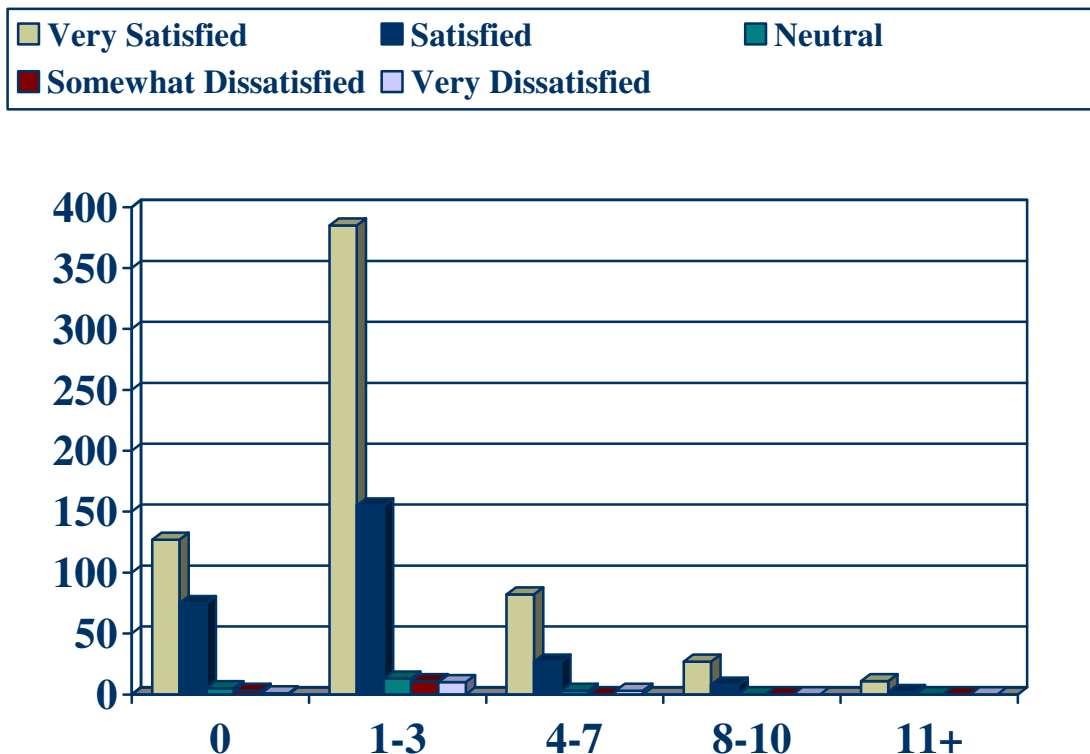


Figure 22: Number of Past Visits vs. Level of Satisfaction

Looking at Figure 22: Number of Past Visits vs. Level of Satisfaction, the x-axis represents the number of past visits within the last three months (survey question 3). Each colored bar represents a different option for answers to question 5 regarding customer's overall satisfaction. The y-axis totals the number of customers from each option in question 5 that answered they dined at The Sole Proprietor at the frequency intervals on the x-axis. For example, all tan colored bars represent customers that answered very satisfied to survey question 5. Approximately 125 of the 'very satisfied' customers answered that they dined at The Sole Proprietor zero times in the past three months.

This figure helps to show how we define the three customer segments based on purchasing history and satisfaction levels. By comparing survey question 3 with survey question 5, regarding number of visits within the past three months and their level of satisfaction accordingly, we can see a few distinct patterns. Loyalists, using the data from the above chart, are those that are completely satisfied and visit the restaurant between eight and eleven times every three months. We defined such customers as loyalists by first defining the members of focus group one as loyalists. We then compared their answers in focus group 1 with answers in the electronic survey. Many members of focus group 1 visit The Sole Proprietor weekly and are completely satisfied with the restaurant. To parallel the focus group 1 customers to the survey responses, we considered any respondent that visits greater than eight times in a three-month period that is very satisfied to be a loyalist. Approximately four percent of the survey respondents qualify as loyalists.

Defectors were found by tabulating the number of customers that have visited between zero and seven times within the last three months that answered satisfied; twenty-five percent of respondents answered as such. This suggests that there is an opportunity to increase the frequency of visits of already satisfied customers. The purchasing frequency of focus group 1 members would suggest that loyalists tend to dine weekly or at least several times per month. The aforementioned twenty-five percent (defectors) are visiting less than twice per month which would suggest that there is some factor or factors that keeps them from returning more frequently. The members of focus group 2 also fall into this category. Based on their responses at the focus group, they need some type of incentive to make them frequent the restaurant more often. They were generally satisfied with the restaurant, but were not necessarily loyal.

There were several answers from the chart above comparing number of visits in the past three months and level of satisfaction that do not easily drop into a category. For instance, there were 127 respondents that answered “very satisfied” yet have visited The Sole Proprietor zero times in the last three months. Also, there are ten respondents that answered only “satisfied” yet visited The Sole Proprietor 8-11+ times in the past three months. Therefore, purchasing frequency cannot be easily predicted based on satisfaction for such customers so we considered these to be the mercenaries. We defined these customers as mercenaries because mercenaries are trend followers with unpredictable purchasing habits.

Due to their unpredictable nature, we will not focus on the mercenaries in this analysis but rather will compare a few key responses between the loyalists and the defectors. Two questions from the electronic survey can be used to illustrate the main

differences between loyalists and defectors, why loyalists are so important, and the opportunity presented by turning defectors into loyalists.

### 5.2.1 Loyalists vs. Defectors: Enthusiastic Referrals

Electronic survey question six asked respondents how likely they were to provide enthusiastic referrals to The Sole Proprietor. Summary charts from loyalists and defectors can be seen below:

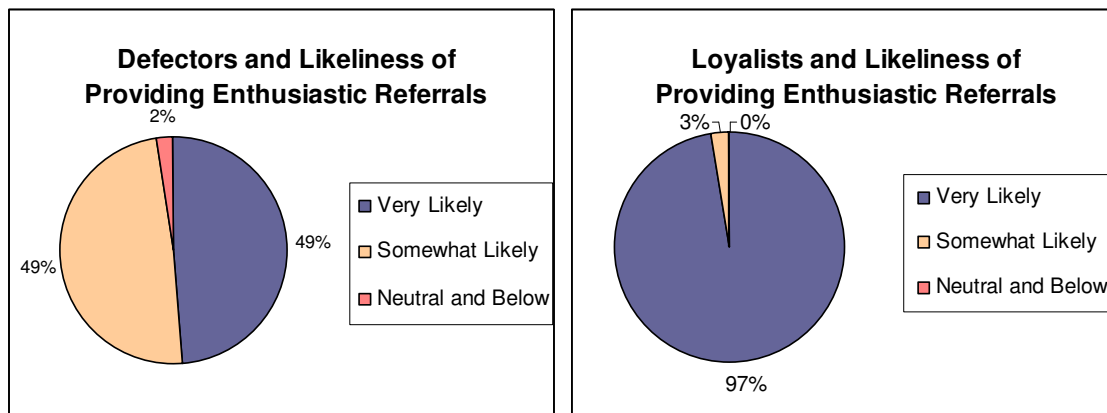


Figure 23: Defectors and Likelihood of Providing Enthusiastic Referrals

Figure 24: Loyalists and Likelihood of Providing Enthusiastic Referrals

Ninety-seven percent of loyalists said that they are very likely to provide enthusiastic referrals to The Sole Proprietor as opposed to only forty-nine percent of defectors. This is a huge difference, especially considering that defectors represent a much larger population. If the restaurant were able to turn some of their defectors into loyalists, they would also be increasing their word of mouth advertising. According to *Electronic Survey* results section, one hundred eighty-eight people mentioned word of mouth advertising when defining customer loyalty. Approximately sixty of those respondents were defectors. Only one loyalist responded that loyalty means spreading the word to others. This may suggest that loyalists are so accustomed to offering enthusiastic

referrals that it becomes automatic. Defectors, on the other hand, are more reserved and cognizant about the referrals they offer. This means that many defectors understand the importance of word of mouth advertising and its link to customer loyalty, even though only forty-nine percent of them are very likely to provide such referrals.

### 5.2.2 Loyalists vs. Defectors: The Sole Proprietor Sets the Standard for Excellence

Question 7E of the electronic survey asked respondents to rate their level of agreement with the statement that The Sole Proprietor sets the standard for excellence in the restaurant industry. Summary pie charts for loyalists and defectors can be seen below:

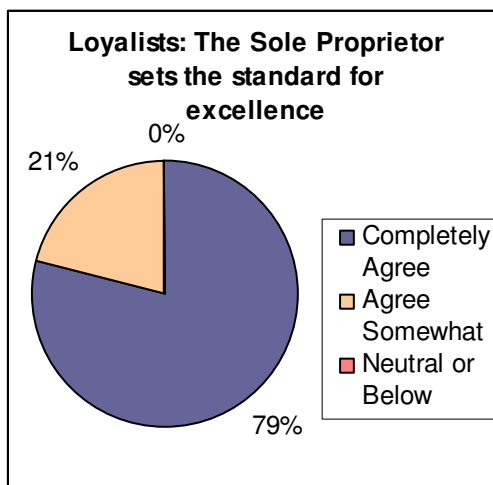


Figure 25: Loyalists: The Sole Proprietor Sets the Standard for Excellence

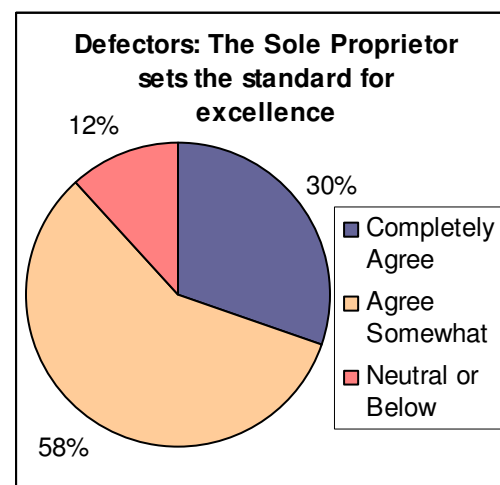


Figure 26: Defectors: The Sole Proprietor Sets the Standard for Excellence

These charts illustrate the difference in overall satisfaction with the restaurant, considering one must be very satisfied to claim that The Sole Proprietor sets the standard for excellence. These charts further differentiate between the level of satisfaction between defectors and loyalists. Twelve percent of defectors, or approximately thirty people,



answered neutral or below for their level of agreement with the statement above. Since defectors by our definition are satisfied, this question helps to show how different the answer ‘satisfied’ from the answer ‘very satisfied’ can be. A respondent can answer satisfied in general but disagree that the restaurant sets the standard for excellence. On the other hand, thirty percent of defectors believe that The Sole Proprietor does set the standard for excellence. This means that thirty percent of the defectors that are not completely satisfied will still agree that the restaurant sets the standard for excellence. The question then becomes why then are these particular customers not as satisfied as they could be, or in other words, why did they not answer very satisfied on the survey.

In order to understand why these particular defectors are only satisfied but are willing to agree the restaurant sets the standard for excellence, we further narrowed the results from this question. We wanted to see how the defectors that completely agree that “The Sole sets the standard for excellence” answered question 7F, “What can The Sole Proprietor do to make your dining experience more enjoyable?”. The answers showed that the most common problem was in regards to the menu, and more specifically regarding pricing on entrees and drinks. This suggests that these defectors are greatly affected by the price of the restaurant. These guests are generally satisfied with The Sole Proprietor but would have more enjoyable experiences if the menu items were reduced in price. Therefore, these defectors believe that The Sole Proprietor does set the standard for excellence, but the cost of a meal leaves them less than very satisfied. This confirms that defectors are more price sensitive than loyalists.

### ***5.3 Improving and Tracking Customer Loyalty at The Sole Proprietor***

Research suggests that a well-developed loyalty program will help track customer behavior, increase purchasing frequency and per-check revenue while creating a learning relationship with the customer. Research also suggests that the best way to design a successful program is to structure it such that it will truly entice the customer while fostering an emotional connection to the brand. Results from both methods utilized suggest that a well-designed customer loyalty program will be beneficial in increasing loyalty with the customers of The Sole Proprietor.

#### **5.3.1 Loyalists vs. Defectors: Coming Together for Loyalty Programs**

Despite their differences when discussing their views of the restaurant, both loyalist and defector alike agree that a loyalty program would be of interest to them. The following charts show just how similar their thoughts are on whether or not they would join a loyalty program at The Sole Proprietor.

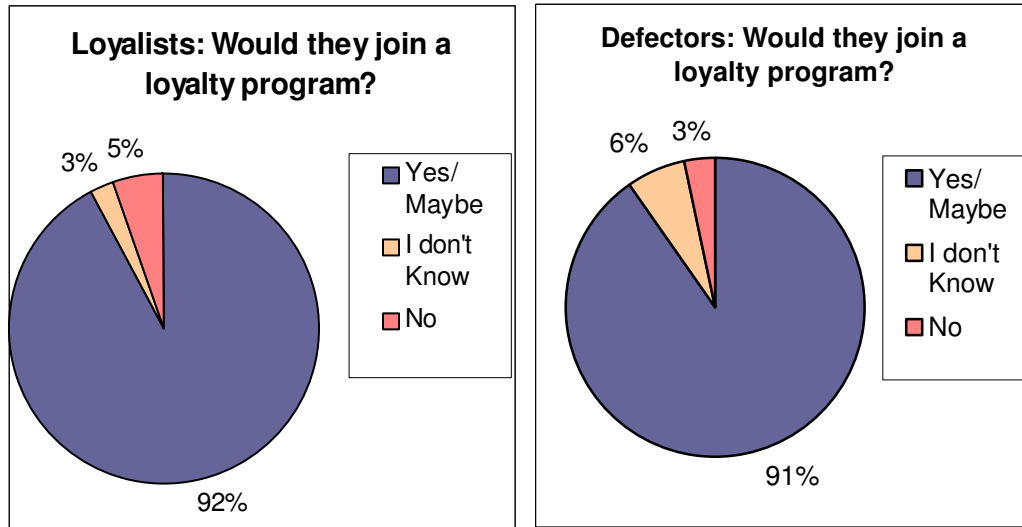


Figure 27: Loyalists: Would they join a loyalty program?

Figure 28: Defectors: Would they join a loyalty program?

Over 90% of both customer segments believe that if The Sole Proprietor offered a loyalty program, they would join or would probably join. This was confirmed in focus group 1 and 2 when most of the participants stated that they agreed that a loyalty program would increase their loyalty to The Sole Proprietor or have no negative impact if they are already loyal. Since an overwhelming majority of respondents are interested in a loyalty program, it is important to further understand the particular structure that interests each customer segment. Although the purpose of the program will be to increase loyalty with the defectors, it must be flexible enough to keep the existing loyal customers loyal. Upon examining incentive structures of interest for a potential program at The Sole Proprietor, rewards of interest were very similar between loyalists and defectors. Summary charts can be seen below:

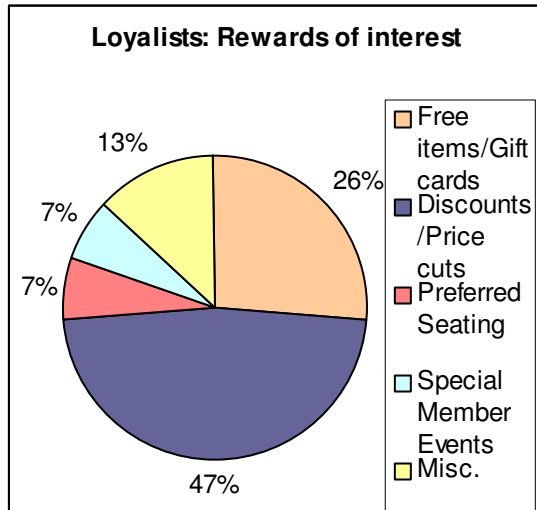


Figure 29: Loyalists: Rewards of Interest

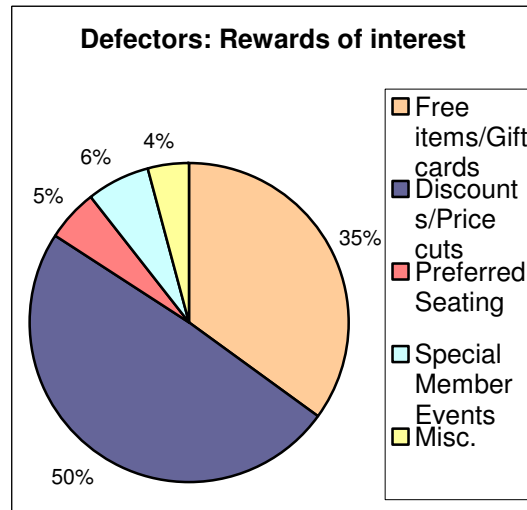


Figure 30: Defectors: Rewards of Interest

Both segments show that the majority of customers are interested in discounts, coupons and price cuts. Also, the second most popular choice for both segments is free items and gift cards. In reality, these two options can both be considered hard rewards. If this were done, hard rewards would account for approximately 75% of all incentives that customers are interested in. This was surprising because members of focus group 1 did not seem interested in hard rewards.

Members from both segments also showed an interest in soft rewards such as preferred seating, special member events (which was mentioned in focus group one) and other miscellaneous rewards such as guaranteed parking, email communication (also from focus group two) and personalized service.

We also thought it would be important to compare dislikes regarding loyalty programs since these are important when qualifying loyalty vendors. Charts comparing loyalists and defectors can be seen below:

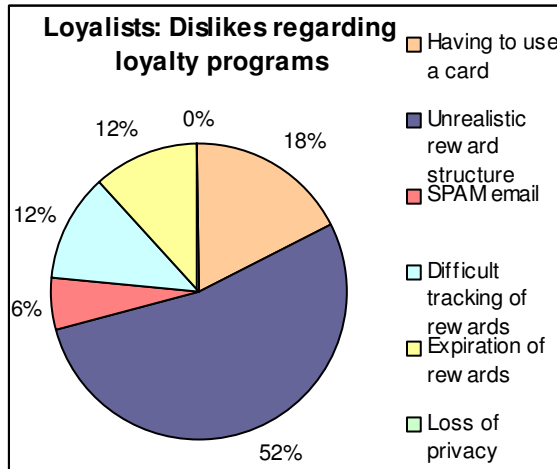


Figure 31: Loyalists: Dislikes regarding a loyalty program

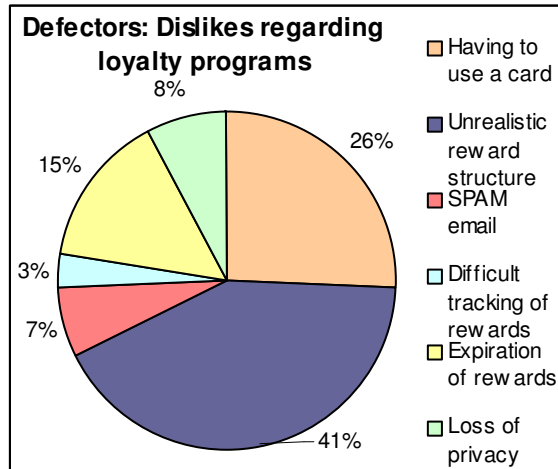


Figure 32: Defectors: Dislikes regarding loyalty programs

Both customer segments agree that their biggest complaint with loyalty programs that they are familiar with are the rewards structure, particularly the unrealistic manner in which they are designed. For instance, many respondents complained that rewards are unachievable based on how much one must spend or how frequently one must attend in order to obtain the given reward. Others complained that in addition to rewards being unachievable, the rewards offered are often not substantial enough to be enticing. Some stated that when rewards are not substantial or not achievable, they can have a negative impact on their view of the establishment. Therefore, the rewards structure for The Sole Proprietor is of critical importance.

The second most frustrating aspect of a loyalty program is having to carry a card to the establishment in order to qualify for the rewards. Many people are members of so many different programs that their wallets and key chains are full of cards. Customers would like to be a member of a program and build rewards without having to carry a card.

The other items of dislike include a barrage of unwanted emails, inability to track rewards easily, expiration dates and restrictions on rewards as well as a loss of privacy since spending habits are tracked. Some of these items are not necessarily specific to vendor offerings but rather to the discipline established by the restaurant regarding the structure of the program. Therefore, regardless of the vendor chosen, the above items should be avoided when designing the loyalty program.

## 6 Recommendations

Based on data collected throughout this project, this section provides recommendations for The Sole Proprietor on how to improve and track customer loyalty. These recommendations are based on the data collected from customers of The Sole Proprietor, gathered through the electronic survey and focus groups. It also provides recommendations for future project groups collecting customer data to help make their process of planning; collecting, and reporting data flow more smoothly. These recommendations are based on our experiences with this project and what we would do differently if we had to do it again.

### ***6.1 Increasing Customer Loyalty***

Based on data collected in the focus groups and electronic survey, there are many things The Sole Proprietor can do to increase customer loyalty without implementing a loyalty program. Using these soft rewards instead of a loyalty program with hard rewards will minimize the cost of implementation, but sacrifice the ability to track customer spending habits.

From customer responses to the survey and both focus groups, the number one thing that can be done to increase customer loyalty is to treat the customers as more than just a sale. The majority of the customers in focus group 1 are recognized, if not by name, then by face. There was one couple who dines at The Sole Proprietor for lunch on a weekly basis, and was a little annoyed when after a couple of visits they were not recognized. They are now recognized by the wait staff, but were upset that they were not recognized sooner. The members of focus group 2 feel that although price is a key factor

in why they do not go more often, they would go more if they were recognized, and felt as though their business was appreciated. One tenth of survey respondents said they would go more frequently if they were recognized. One way to increase customer recognition is to have low employee turnover. This allows the customers and wait staff to get to know one another on a personal level and create a relationship with one another.

Another thing customers would like is preferred seating. This is when customers who are recognized by the host or hostess are seated before those who are not. Some members of focus group 1 have already experienced this. Members of focus group 2 would also like this. A lot of the members from focus group 2 were not from Worcester so it is more of a drive for them to get to The Sole Proprietor. If they knew they would be seated before someone who lives down the street from the restaurant, they would come more often. Approximately one tenth of the survey respondents would dine more frequently if preferred seating was offered.

If patrons do have to wait for a table, they would appreciate an improved waiting experience. This includes a better waiting area, as it is now; it is very narrow and can only hold a limited number of guests. If there is a long wait time, guests would enjoy having a member of the staff take drink orders and serve complimentary appetizers. All members of both focus groups as well as eleven percent of survey respondents agreed with this.

Members of both focus groups and seven percent of survey respondents would appreciate more parking. Although this is very difficult to come by in the middle of a city, many customers are willing to walk a little farther if the restaurant provides signs to



additional parking areas. One potential solution to this would be to rent parking spaces from the WPI West Street parking lot during the restaurant's busy evening hours.

Customers would also like to see more variety in the menu and have lower prices. Members of focus group 1 are not persuaded as much by lower prices as they are by more variety in the menu. They do appreciate how very popular specials become regular menu items, but would like to see more rotation of the specials being offered. Focus group 2 members would not mind more changes in the menu items, but would be influenced to come more often if the prices of the menu items were lower. Nearly eleven percent of survey respondents would like to see changes either to the items on the menu or the price of the items. The specials could be changed more frequently to get customers in more often. Lower prices can be offered on slower nights to get more customers into the restaurant. Many survey respondents like the idea of half price appetizers on a Monday or Tuesday night.

To increase customer loyalty, The Sole Proprietor can improve customer recognition by staff, offer preferred seating to repeat customers, improve the wait experience, provide additional parking, change special menu items more frequently, and offer discounted price nights.

## ***6.2 Loyalty Program***

Loyalty programs are a relatively new tool for improving customer loyalty and tracking customer spending habits. When successful, loyalty programs will create a mutually beneficial relationship between the customer and the business. However, if not managed properly, it can have a negative effect on the business. If The Sole Proprietor decides to implement a customer loyalty program, there are three key things they should

take into consideration: what customers like about loyalty programs, what customers do not like about loyalty programs, and whether or not customers are interested in a loyalty program at The Sole Proprietor.

From the Results section, we know that customers like being recognized, earning rewards, getting discounts, and being notified of upcoming special events. When customers are recognized by staff, they feel appreciated and will frequent that establishment more often to build upon that special relationship. By earning rewards customers usually get an incentive in the form of a coupon to visit the establishment more. Getting discounts, customers will have more reason to visit the establishment and to use these rewards. Customers enjoy being notified of upcoming events; it keeps them up-to-date on what is going on and also letting them know that if they want to be a part of the special event to go visit that establishment. Each of these will help increase customer acceptance of the loyalty program.

The Results section also summarized customer dislikes of loyalty programs, which include structure, notification, recognition, and terms and conditions. The key thing about the structure of the program is to offer attainable and realistic rewards. Customers do not like spending five hundred dollars just to get a ten dollar coupon; they want to know their business means something.

Customers also enjoy being notified of upcoming specials or events, but do not want to receive meaningless emails each day. Another nuisance of loyalty programs is having difficult-to-understand terms and conditions thus making a loyalty program less fun and clear for customers. Poor design of a loyalty program can result in customers rejecting the program.

If The Sole Proprietor does implement a loyalty program, the customers would like it to be based around the above mentioned likes and dislikes of programs they currently belong to, but also take into consideration the types of rewards the customers are interested in. Customers of The Sole Proprietor would like hard rewards such as complimentary items, specials, good structure, as well as soft rewards such as understandable terms and conditions. Hard rewards include earning gift cards and getting either a dollar amount or percentage off the bill. Free items include a free dessert after purchasing a certain number of desserts or buying five entrees and getting the sixth one at half price. Specials include such things as getting a free appetizer on your birthday, having a family night, or “member’s only events. A well-structured reward program will bring customers back to earn more rewards; it should be easy to understand and track without the customer carrying around another card in their wallet. Soft rewards include all those mentioned in the section titled *Increasing Customer Loyalty*. Customers would like their rewards to be free of expiration dates and limits on the amount of rewards they can earn.

Based on this information, it appears as though the customers of The Sole Proprietor want a customizable reward structure that suits their interests. According to our analysis, over 90% of both loyalists and defectors would use a loyalty program if implemented. Therefore, we recommend The Sole Proprietor consider implementing a customer loyalty program.

Clever Returns is the loyalty program that offers the most comprehensive and customizable reward structure (for more information on all of the loyalty programs, see the background information in section 2.6, Loyalty Program Vendors as well as Appendix

B: Loyalty Program Vendor Comparison). This loyalty program offers full customization of the reward structure. It can be based on a point system, the amount of money spent, the number of visits, the frequency of visits, items purchased, or any combination of these five methods for offering rewards. The rewards process is automated so the restaurant does not need to manage reward distribution

Clever Returns is an Internet-based system that does not require an identification card for members. Instead, customers register the credit cards they wish to use on the members website. After registering, customers simply pay at the restaurant using their registered credit card(s). If using cash, a registered member can enter the receipt number at the member website in order to gain any points/rewards for that particular purchase.

The program also has the ability for both the restaurant and customers to track spending and rewards online. Restaurateurs can view all customer data and generate meaningful and customized reports summarizing the data. This eliminates the need for The Sole Proprietor to buy additional computer equipment to store and analyze the data they collect; Clever Returns takes care of this for them. The system can also track the return on investment to inform management of how well the program is being accepted and show that it is truly what the customers want. It also provides an external marketing coordinator specializing in the data analysis of that restaurant, who will offer onsite training to the staff of the restaurant on how to use the system.

Clever Returns also utilizes e-mail communication effectively sending members welcome e-mails, “miss you” notes, and notifications of pertinent upcoming events and specials if they elect to receive emails (which is done when they enroll in the program). If members do not have e-mail, Clever Returns can send them regular mail through the

postal system. There is also a member hotline where members can call and have any questions answered.

### ***6.3 Future Project Opportunities***

Due to the vast amounts of data collected through this project, there are opportunities for future studies with our collected results. Specific project opportunities include a closer look at the respondents from the electronic survey. Since the defectors, loyalists, and those that did not complete the full survey only account for approximately 50% of survey respondents, there is still a large amount of data left unanalyzed. These data could contain meaningful results but due to the time constraints of our project, we were unable to devote time to better understanding these data. It would be interesting to discover any common themes amongst the respondents that are very satisfied, yet have not frequented The Sole Proprietor in over three months or in contrast, common themes for the customers that are only satisfied, yet frequent the restaurant 11+ times within three months.

There is also an opportunity to conduct additional focus groups consisting of respondents from the electronic survey. With hundreds of participants volunteering to participate, there are several opportunities for focus groups. A session could be held on any one question within the survey itself in order to generate conversations regarding the topics. For example, a session could be held to better understand who the customers are that have been frequenting The Sole Proprietor for 10+ years. Since we did not ask demographic questions in the survey, this would be a great way to better understand who these customers are and why they first started coming to The Sole so many years ago.

This is important because although the purpose of this study was to increase customer loyalty, it is always important to consider how to attract new customers as well. By understanding demographics of the longstanding customer base, the restaurant can use marketing tools to attract others in the same demographic segment using what they learned about the existing customers. They can also discover what demographic segments are missing from their longstanding customer base and attempt a marketing campaign to target the missing populations.

There are also opportunities for more technical projects to help with the implementation of the recommended loyalty programs. Although the Clever Returns program appears to require less technical competence, it could be helpful to have a project team to act as liaison between the vendor and the restaurant, especially if the restaurant is unable to devote personnel to the process during the planning and implementation phase.

Completely outside the scope of this project lie opportunities for studies at the other two restaurants in the Worcester Restaurant Group, One Eleven Chophouse and Via. We encountered respondents at both focus groups sessions and the electronic survey that were more than willing to discuss their opinions of the other restaurants. This data was ignored for the purpose of this project, however, it was noted that participants were willing and eager to participate in further studies.

#### ***6.4 Improvements for Future Projects***

At the close of any process, it is important to look back and review how effective the research process functioned. When reviewing the process of this project, it is clear that there are many things that could be changed to make the process more efficient.

These things include improved communication, adherence to goals/deadlines, planning, database design, testing of the survey before going live, and control methods for the survey.

#### **6.4.1 Communication**

Effective communication is essential to any kind of process. In our particular case, communication was a critical determining factor for meeting deadlines. As much as everyone involved in the project tried to communicate with one another, there were areas where improved communication among the students, project sponsors, and project advisor would have greatly helped the flow of the project overall. Better communication would have improved the efficiency of feedback as well and led to faster turn around on deliverables of the project.

#### **6.4.2 Planning**

Based on the overwhelming response rate of this survey, it would have been appropriate to change the criteria for the incentive, if one was offered at all. From initial analysis of the survey data, it seemed as though many people enjoy dining at The Sole Proprietor and want to help improve it, or at the very least let their thoughts and opinions be known about what they like and do not like. In order to minimize costs, it might have worked to either not offer an incentive or to limit the number of survey respondents. For instance, there should have been a cap on the survey that limited the number of respondents allowed to enter. For this project, data from 1000+ respondents was more than we could analyze given the time constraints of the project. A more reasonable number would have been closer to 500 respondents. This represents over a 5% response

rate for this project. Also, for any study of a relatively large population, anything over 200 responses will provide fairly accurate results (Great Brook, 1, 2007).

Other problems that occurred during the three days the survey can be attributed to respondents' lack of understanding as to why they were not allowed to complete the full survey. The purpose of qualifying respondents for the full survey was to ensure that we were hearing from satisfied customers. Since the ultimate goal of this project was to determine whether or not a loyalty program would benefit The Sole Proprietor, it did not make sense to include dissatisfied or average customers. This could not be explained to every person attempting to complete the survey, so when people did not qualify for the reward, they were insulted, frustrated, and a select few angered enough to complain. In the future, the survey should allow everyone to voice their opinions without regard to whether they are positive or negative. In other words, there should not be criteria for completing the full survey to receive the incentive; everyone should receive an incentive.

To mitigate the problems from complications, Michael Donovan in consultation with the owners elected to email everyone that responded that that they were unable to complete the full survey due to errors, as well as those who did not click through from the original email, and offer them the chance to receive a gift card. He believed that this was the proper damage control action to minimize the number of people affronted by the survey process. In the future, these backup plans should be made in advance so they can quickly and efficiently be implemented.

### **6.4.3 Database Design**

Improvements made to the database design should also be a consideration for further studies. An initial look at the survey showed that some people did not enter their



address correctly because they were trying to provide more information than the database was designed for. Fixing these mistakes took several hours and caused some customer frustration that would have been unnecessary if a few extra minutes were spent designing the database. Some of the things to include would be the person's title, Mr., Mrs., Dr., etc. A suffix, some people used Jr., III, Esq., etc. Searching for people who took the survey more than one time would be easier if the first and last name fields were separated. All of these things would help to improve the database design for this project.

Related to improved database design, it would have been useful to include demographic data. This would allow the owners to know what the primary age ranges of people are who visit their restaurant, whether a certain race or religion dines with them more than others and how to get more people from different backgrounds into the restaurant. Since this information was not of direct consequence to our goals, we did not see a need to include it. Looking back, it may have been a helpful piece of data to be used in later analysis of the database. However, not all customers are comfortable providing such personal information and may not be willing to allow it to be collected.

#### **6.4.4 Testing the Survey**

Dave Anderson, the WPI student who programmed the survey, was also the person to conduct the majority of the testing of the survey. He made sure an e-mail address could not be entered more than one time, respondents taking the survey could not go back and change their answers, and also that the person taking the survey was thanked for their time either when it was determined that they did not qualify for the full survey or when they completed the survey. Even with all this testing, there was one unforeseen

problem with the survey that was discovered by people attempting to access the survey once it had gone live.

The specific problem found during the survey process pertained to e-mail addresses entered. Testing should have been conducted on different types of e-mail addresses to make sure they all would work in order to minimize or completely eliminate the complaints received from this survey for having strict e-mail criteria. Approximately ten customers complained because they could not access the survey. They were getting an error message telling them their e-mail address was not valid. The method of control, entering an e-mail address, was too strict and was not allowing some customers with multiple periods in their e-mail address to access the survey. As an example, someone with an e-mail address of joe\_smith\_76@verizon.net would be able to enter the survey, but someone with the e-mail address of joe.smith.76@verizon.net would not have been able to enter the survey.

Upon discovering this problem, Dave was contacted and informed of what was happening. He soon had a solution to the issue, and those customers who were unable to access the survey were notified and then able to take the survey.

#### **6.4.5 Survey Control Methods**

Another opportunity for improvement is to utilize better survey control methods. Using an e-mail address as a method of control is a good method, however people can have multiple e-mail accounts – work e-mail, home e-mail, and any number of free web-based e-mails such as Yahoo, Hotmail, and Google. A better method of control would require the person to type in their e-mail address, but also transparently (so the participant

does not know) record their IP or MAC address. This way they cannot sit at their house computer and take the survey with each of their e-mail accounts.

Similar to the above reason, people can also have multiple mailing addresses as well – primary home, work, secondary home, or a relative. In the current survey design, a maximum of two gift cards were allowed to be mailed to the same address, assuming a husband and wife both filled out the survey. In future surveys, it will be necessary to check the person's name against the address as well as their responses to the questions. If someone uses two different e-mail addresses and fills out the survey exactly the same, uses the same name or an obvious nick name, Pat instead of Patrick, and the same mailing address, most likely it is the same person and the responses from this person should only be considered once.

## 7 Conclusions

Literature suggests that customer loyalty is created when customers feel an emotional connection to a brand. Once this connection is established, a relationship can be fostered through a customer loyalty program. After conducting two focus group sessions and an electronic survey with the customers of The Sole Proprietor, large amounts of data pertaining to customer satisfaction, customer loyalty, and proper techniques for improving and tracking each at The Sole Proprietor restaurant were collected. Analysis of the results suggest that there are two customer segments of interest at the restaurant: loyalists and defectors. Loyalists are very satisfied customers that frequent the restaurant many times per month. Defectors on the other hand are only satisfied and visit less than 3 times per month. A customer loyalty program is a comprehensive tool for the restaurant to track customer behavior and increase loyalty with their defectors while also adding benefits for their existing loyal customers. Clever Returns loyalty program is a fully automated system that requires little internal manpower to maintain, utilizes card-less rewards, and is fully customizable to meet the needs of the customers at The Sole Proprietor. This accompanied by other organizational changes at the restaurant will help increase customer satisfaction, generate and maintain customer loyalty and provide the restaurant with useful information about their customers.

## 8 Appendix

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## 8.2 Appendix B: Loyalty Program Vendor Comparison

Specifications	Clever Returns	Aloha eFrequency
<b>Communications with Cust</b>		
Enrollment Forms	5,000	Unlimited
Welcome Message	yes	no
E-Thank You	yes	no
E- Miss You	yes	no
E-Special Occ.	yes	no
E- Member Site	yes	no
<b>Vendor Provided Services</b>		
Mkt. Coordinator	yes	internal
Cust. E/USPS Communications	yes	no
Tracking & Reporting	yes	13 months
Database (build, monitor, manage)	yes	Equipment Req.
Member hotline	yes	no
Automated Reward Process	yes	no
Measurable Results	yes	yes
<b>Misc Other Options</b>		
Promotional E-Cards	yes	no
Special Occ. Cards	yes	no
Promo Items (table tents, inserts)	yes	yes
Cust. Satis. Surveys	yes	no
Personalized Letters	yes	no
Database Transfer	yes	yes
On-Site Training	yes	yes
Customized Enrollment Forms	yes	yes
Custom Reports	yes	no
Open Table™ Interface	yes	yes
<b>Vendor History/Information</b>		
Testimonials	yes	none
Email	results@cleverreturns.com	lynnposharris@comcast.net
Telephone	630.262.8700	781.844.3571
URL	www.cleverreturns.com	www.radiantsystems.com
Years in operation	11	23 years
Costs Available	no	yes
Cardless	yes	no
Custom Rewards	yes	yes
Estimated ROI	No, but system will track	no

<b>Specifications</b>	<b>Repeat Rewards</b>	<b>Ernex</b>
<b>Communications with Cust</b>		
Enrollment Forms	None	None
Welcome Message	yes	no
E-Thank You	yes	no
E- Miss You	no	no
E-Special Occ.	yes	no
E- Member Site	yes	no
<b>Vendor Provided Services</b>		
Mkt. Coordinator	internal	none
Cust. Communications E/USPS	yes	no
Tracking & Reporting	no	yes
Database (build, monitor, manage)	yes	yes
Member hotline	yes	no
Automated Reward Process	yes	yes
Measurable Results	yes	yes
<b>Misc. Other Options</b>		
Promotional E-Cards	yes	no
Special Occ. Cards	yes	no
Promo Items (table tents, inserts)	yes	yes
Cust. Satis. Surveys	no	no
Personalized Letters	yes	no
Database Transfer	unknown	no
On-Site Training	yes	yes
Customized Enrollment Forms	yes	yes
Custom Reports	no	yes
Open Table™ Interface	unknown	unknown
<b>Vendor History/Information</b>		
Testimonials	yes	yes, with case studies
Email	inquiry@repeatrewards.com	sales@ernex.com
Telephone	866.876.2737	877.GO.ERNEX
URL	www.repeatrewards.com	www.ernex.com
Years in operation	22 years	10 years
Costs Available	no	no
Cardless	no	no
Custom Rewards	yes	no
Estimated ROI	\$1 spent on system \$38 back in revenue	no

Specifications	Royalty Rewards	Clever Ideas
<b>Communications with Cust</b>		
Enrollment Forms	yes	Unlimited
Welcome Message	yes	yes
E-Thank You	unknown	yes
E- Miss You	unknown	yes
E-Special Occ.	yes	yes
E- Member Site	unknown	yes
<b>Vendor Provided Services</b>		
Mkt. Coordinator	yes	yes
Cust. E/USPS Communications	unknown	yes
Tracking & Reporting	yes	yes
Database (build, monitor, manage)	yes	yes
Member hotline	unknown	yes
Automated Reward Process	yes	yes
Measurable Results	yes	yes
<b>Misc. Other Options</b>		
Promotional E-Cards	unknown	yes
Special Occ. Cards	yes	yes
Promo Items (table tents, inserts)	unknown	yes
Cust. Satis. Surveys	unknown	yes
Personalized Letters	yes	yes
Database Transfer	unknown	yes
On-Site Training	yes	yes
Customized Enrollment Forms	unknown	yes
Custom Reports	yes	yes
Open Table™ Interface	unknown	yes
<b>Vendor History/Information</b>		
Testimonials	unknown	yes
Email	info@royaltyrewards.com	info@cleverideas.com
Telephone	888.353.5012	312.616.3600
URL	http://www.royaltyrewards.com/index.htm	http://cleverideas.com/index.cfm
Years in operation	unknown	26 years
Costs Available	no	no
Cardless	no	yes
Custom Rewards	yes	yes
Estimated ROI	unknown	unknown

not compatible with Aloha POS  
free\* 90 day trial  
\*=\$197 equipment

<b>Specifications</b>	<b>Valutec</b>	<b>Debit Design Technologies</b>
<b>Communications with Cust</b>		
Enrollment Forms	yes	yes
Welcome Message	unknown	unknown
E-Thank You	unknown	unknown
E- Miss You	unknown	unknown
E-Special Occ.	unknown	yes
E- Member Site	unknown	unknown
<b>Vendor Provided Services</b>		
Mkt. Coordinator	yes	no
Cust. E/USPS Communications	yes	yes
Tracking & Reporting	yes	yes
Database (build, monitor, manage)	yes	yes
Member hotline	yes	no
Automated Reward Process	yes	yes
Measurable Results	yes	yes
<b>Misc. Other Options</b>		
Promotional E-Cards	unknown	yes
Special Occ. Cards	unknown	yes
Promo Items (table tents, inserts)	unknown	yes
Cust. Satis. Surveys	unknown	no
Personalized Letters	unknown	no
Database Transfer	unknown	unknown
On-Site Training	unknown	unknown
Customized Enrollment Forms	unknown	unknown
Custom Reports	yes	yes
Open Table™ Interface	unknown	
<b>Vendor History/Information</b>		
Testimonials	unknown	unknown
Email	cservice@valutec.net	unknown
Telephone	888.381.8258	888.303.3248
URL	http://www.valutec.net/index.shtml	http://www.debitdesign.com/
Years in operation	unknown	9 years
Costs Available	no	no
Cardless	no	no
Custom Rewards	unknown	yes
Estimated ROI	unknown	unknown

### **8.3 Appendix C: Electronic Survey**

#### Survey

1. Have you yourself ever visited The Sole Proprietor?
  - Yes
  - No
    - If yes, continue to question 2
    - If no:
      - Thank you for taking the time to answer this question, however you do not qualify to complete the full survey.
  
2. How long have you been a customer of The Sole Proprietor?
  - Less than 1 year
  - 1 to under 3 years
  - 3 to under 5 years
  - 5 to under 10 years
  - 10 years or more
  
3. In the past three months, how many times have you visited The Sole Proprietor?  
Please select the most appropriate selection.
  - 0
  - 1-3
  - 4-7
  - 8-10
  - 11+
  
4. How many times are you likely to visit The Sole Proprietor in the next three months?  
Please select the most appropriate selection.
  - 0
  - 1-3
  - 4-7
  - 8-10
  - 11+
    - At this point in the survey, anyone who answered '0' for both questions 3 and 4 will be thanked and told that they did not qualify to complete the full survey.
    - All others will continue.
  
5. Overall, how satisfied are you with The Sole Proprietor?
  - Very Satisfied

- Satisfied
- Neutral
- Somewhat dissatisfied
- Very dissatisfied
  - Those who answered Satisfied or above will continue with the survey.
  - All others will be thanked for their participation.

6. Overall, how likely are you to provide referrals for The Sole Proprietor?

- Very likely
- Somewhat likely
- Neutral
- Not very likely
- Not at all likely
  - Those who answered Somewhat likely or will continue with the survey
  - All others will be thanked for their participation.

7. Please answer the following questions about The Sole Proprietor.  
Please rate your level of agreement with the following statements:

- a. The Sole Proprietor provides excellent service
  - Completely agree
  - Agree somewhat
  - Neutral
  - Disagree somewhat
  - Completely disagree
- b. The Sole Proprietor provides high quality food
  - Completely agree
  - Agree somewhat
  - Neutral
  - Disagree somewhat
  - Completely disagree
- c. I enjoy the atmosphere of The Sole Proprietor
  - Completely agree
  - Agree somewhat
  - Neutral
  - Disagree somewhat
  - Completely disagree
- d. The Sole Proprietor makes it easy for me to do business with them.
  - Completely agree
  - Agree somewhat
  - Neutral
  - Disagree somewhat
  - Completely disagree

- e. The Sole Proprietor sets the standard for restaurant excellence in the Worcester area.
    - Completely agree
    - Agree somewhat
    - Neutral
    - Disagree somewhat
    - Completely disagree
  - f. What can The Sole Proprietor do you make your dining experience more enjoyable?  
(open ended)
8. What does the phrase 'customer loyalty' mean to you?  
  
(open ended)
9. What is one thing The Sole Proprietor can do to increase your customer loyalty?  
  
(open ended)
10. Definition: An incentive-based loyalty program allows you, the customer, to earn points towards rewards.
- a. Are you currently enrolled in a customer loyalty program?  
(open ended)
  - b. What do you like about the customer loyalty program(s) you are enrolled in?  
(open ended)
  - c. What do you not like about the customer loyalty program(s) you are enrolled in?  
(open ended)
  - d. If the Sole Proprietor was to implement a loyalty program would you use it?  
(open ended)
  - e. What kind of incentives would you like to see from this program?  
(open ended)
11. Would you be willing to participate further in the study and provide input regarding a customer oriented loyalty program for The Sole Proprietor?
- Yes
  - No
    - If yes, see b
    - If no, thank them for their participation

b. What is the best way to contact you for further participation in the study?

- Email \_\_\_\_\_
- Telephone \_\_\_\_\_

Home address \_\_\_\_\_



## **8.4 Appendix D: Focus Group Outline**

Assuming Focus Group 5-7 pm

**5:00 – 5:15** Registration and Refreshments

Opening: 5:15 pm

- Everyone in the room tells their name (or pseudonym if preferred), how long they have been a customer of The Sole, and their favorite meal.

Introduction: 5:20 pm

- How would you define customer satisfaction?
- Would you define customer loyalty differently than customer satisfaction?

Transition: 5:30 pm

- Would you refer to yourself as a satisfied customer or a loyal customer? Please explain your reasoning.

Key Questions: 5:40

- What type of rewards, if any, could be offered to increase your loyalty to The Sole Proprietor?

**BREAK 5:50 – 6:00 (OPTIONAL)**

- Would an incentive based loyalty program be an enticing way to increase your loyalty with The Sole Proprietor? **(6:00– 6:15)**
- If The Sole Proprietor introduced a loyalty program, what types of rewards or benefits would interest you? **(6:15-6:30)**

Closing: 6:30pm

- Topics suggested by the group
- Closing Remarks
- Gift Cards

## **8.5 Appendix E: Focus Group 1 Transcription**

Moderator 1: I have been coming here since freshman year at WPI, which is three years and usually come for lunch so my favorite is the chicken Caesar wrap.

Moderator 2: I have also been here for three years, since I started going to WPI. I usually go to the chophouse more often but I usually to come here more for lunch meetings. And I get the chicken Caesar wrap as well.

Female 1: We have been coming here for about 15 years if not more, and we've always been satisfied. We usually come on Friday evening to dine, and we order from the lunch menu and my favorite is the salmon with the tomato basil.

Male 1: We have been coming here a long time it could be more than 15 years though. We've always had a great meal here, and I can never remember having something I didn't like or wasn't up to speed. We come every Friday night, basically, on occasion will come with another couple and everybody seems to be happy.

Male 2: I've been coming here for probably around 4 years now. I'm lunchtime regular. I probably come here for lunch, a couple times a week and dinner when I get the opportunity as well but most often always lunch. I usually get a cup of chowder and something of the sushi menu.

Female 2: I've been coming here now for two years and I come here at least once a week for lunch, if not more. And on occasion I'll stop at the bar maybe if I have something after work I'll get something off the menu. I pretty much love any of the sushi, anything off the sushi menu, and that's what I usually order. I like the tuna crunch a lot and rainbow Maki and the clam chowder is usually pretty great.

Female 3: We've been coming here for about 10 years. My favorite meal is either the tuna Barcelona or salmon with balsamic vinaigrette.

[unknown]: That sounds good.

[all]: laughter.

Male 3: About 10 years, and as for my favorite I like to get specials. I like the tuna Barcelona or the salmon with the wasabi drizzle which I get with scallops, because I'm allergic to shrimp and as they do that for me, which is great. I liked the specials I know

it's kind of a copout, but I do like to look at the specials and if there's nothing there I go for the old favorites.

Female 4: My significant other and I come here every Wednesday night and I sometimes come with coworkers were girlfriends and I usually go by the specials too. There are so many favorites, I just can't pick. I look and just pick what I'm in the mood for. Everything is excellent, and I've never been disappointed.

Male 4: I've been coming here about 15 years now. I basically come here for lunch; I love the luncheons specials. If there's nothing on there that draws my attention, I usually go to the main menu which is angel hair Bernardi, or fish and chips. Everything else, everything is excellent that I've had here.

Moderator 1: That's great! If you guys want to help yourselves to some food, feel free to and just chat and then we'll pick up again in about five minutes. We'll eat and answer some questions and eat at the same time.

[Break for hor-d'oeuvres]

Female 4: I don't know if I said how long I've been coming here, but it's been about 20 years.

[Idle chit-chat]

[Explaining the project a little bit ~7:00-7:50 minute]

Moderator 1: For those of you who have never participated in a focus group before, the purpose is really just to start a conversation. If someone wants to jump in at any time, they can. We're going to try to stick to the schedule as much as possible, so that we can get you out of here right after 6:30. Once we finish, we'll go and get all of you your gift certificates, \$50 each. If we start to get off schedule I might have to interrupt just to keep things moving, because as it works out, the most important questions come at the end. It starts off as just an opening trying to get us thinking about the topics of satisfaction, loyalty and that will bring us down to loyalty programs, the whole concept. So, if we want to we can go around the room, around the table, or if somebody just wants to start, and then we can just sort of bounce around, however you guys feel most comfortable.

Female 4: Well, I'm not eating anything, so why don't I start.

Moderator 1: Sure. [Everyone else agreeing] So we can start on the first question with defining customer satisfaction.

Female 4: Well, it's coming in and I come so often that I know most of the people who work here and what really amazes me is what they have to go through before they are even allowed to wait on tables. And once I made the mistake of saying I had a little bone in my fish and everyone converged on us and then they wouldn't let me pay for my meal

or anything. I was just, I don't know. I don't know how you can get better than they are now because they've always want to make sure the customer is satisfied. And I certainly am. Should I say would you define customer loyalty different than customer satisfaction? A little bit of both, I think to be loyal you have to be satisfied. And probably everyone sitting at this table is both.

Female 3: Seems like customer loyalty is a step above customer satisfaction. Repeated customer satisfaction will grow duration getting you to be loyal. Little things, people recognizing you from the wait staff to the managers 'Hey how's your golf game' or 'Male 3 came in one time when I was home sick and so the next time they saw us, oh how are you feeling?'

Female 4: One time we didn't come in for two weeks, and because of our age, they were afraid one of us had croaked. [laughter] They were happy to see us. I don't know whether we're going down the list, or are you going to ask or what? And if someone else should go?

Moderator 1: We can stay on just the difference between satisfaction and loyalty just until about 5:30, which is actually about five more minutes. So we can do that if you want, give you time frames for each one, then we'll talk. Anybody can jump in at any time.

Male 3: I work in an industry that is service oriented, not a restaurant or anything, but that's the biggest thing for us, is customer satisfaction because we know that there are 100 people out there doing the same thing we are and so everyone in this room feels that the reason they come here and spend their money is that there isn't any other place out there that's gonna service them the way that this place does. It's not just the food because there's a lot of other places that have good food. There's probably ten restaurants, not that I think any other place has as good food as this place does, but there are places that have good food. For us, when we sit there and say where are we going to go out for dinner tonight, we don't have reservations, usually we come here and we just kinda wing it. We get her birthday, my birthday, and our anniversary are the only times we make reservations. Other than that we say lets just go to the Sole. And for us its always, lets go to the Sole or should we go to some other place? Ninety percent of the time its like we know the food is good and like you (Female 4) touched upon with the staff, they know you, you ask them a question, you get a real answer and I don't think you can put a price tag on something like that. I think definitely the staff and how nice they are and the fact that they do recognize you.

There's a place we used to go to for lunch on our way back from Boston and we went to that place for lunch just because we liked the food. It was amazing to me that we would come in there and they would say have you been here before? And it's like I was here last week, at this exact same time, in this exact same person, and you asked me the exact same question and here we are like ten times. Like I said we liked the food, which is why we kept going there, but that would never happen here. They definitely recognize people, they know what you like, I don't think you can...I think that's why we keep coming here.

Female 2: I think it's also the atmosphere. Like the food is definitely good and the wait staff is good and the atmosphere is good. We come for lunch and one of the best things is the express check because we have to get back, we have patients on our schedule we have to see, so if the combination of all those things lines up and I think the summation of all of them is what makes me loyal because if one of those things didn't work, I'd like it but I might not come here every single week. All of those, like the atmosphere is really good, I really enjoy just being in this kind of style and it's very important just to have everything work out. The only problems I would say I have is sometimes we come and the parking lot is full and then we are forced to go somewhere else, so the parking would be an issue. Actually, there is one waiter here at lunch time that he does not recognize me and he always introduces himself as if I'm brand new. Everyone else is usually pretty good, but this one waiter, but those are the little things that are not very much a big deal. That's not going to stop me from being loyal.

Female 1: I guess I have to agree with everything...I mean, the food, we've never had a bad meal here. The wait staff is excellent and they do, they do recognize us. We're here just about every Friday night and sometimes, most of the times, we try to make reservations, but sometimes for one reason or another we can't and they always accommodate us, that's important.

Male 1: The biggest problem with the Sole is the parking and it's ongoing. You've had positives; I want to give you something that really isn't positive. It can be frustrating at times. Fortunately we got it down pat. We know the best time to come in and we're able to do it, we're retired so we can pace ourselves, but people that are coming in at seven o'clock or after that point, it becomes a real issue trying to find a parking place. That's the only negative I can find.

Female 2: The one thing I was going to say about the parking is I came here in the evening a couple weeks ago and they had the valet right out front and it almost seemed like more of a hassle because there was a line-up of people waiting for the valet, but really there were parking spots right there. So I ended up by-passing the valet and parking and if they weren't there I would have gotten in quicker and I think the valet should be almost at the exit in the back of the lot so that if you can't find somethin here they, the valet's, purpose would be to take you to an overflow and you wouldn't have to walk so far.

[Unknown]: Right, that's a good point.

Female 3: Unfortunately the parking is a by-product of having a popular restaurant in the downtown of a city. It's not Chili's on Route 9 that has the whole Price Chopper lot that overflow can go into.

Female 4: Every once in a while I have seen people go into another restaurant across the street. I know they watch, they do watch, but they can't be perfect.

Female 3: They're not going to put a parking dock [laughter].

Male 3: I think also at lunch, we were talking about that. This week I went to come here for lunch and actually we ended up going somewhere else. What happens is at lunch everybody is coming in like a half an hour period. If you come at like quarter to one there's nobody in the lot because, well, not nobody, but it clears out.

Female 4: Lunch is almost worst than dinner because I tried to come at Christmas time to get some gift certificates and two different, two different lunch hours I couldn't get in, so...

Male 2: Maybe I probably shouldn't say this, but we have a staff meeting that goes from eleven to noon and when its around twenty or quarter of twelve I say 'you know what, we're not going to get parking if we don't get this meeting done. [Laughter] Let's wrap up business now so we can go and parking won't be an issue and have our nice lunch. So that's how usually, that's our usual Wednesday routine.

Female 2: One time I think we came on a Tuesday and it was really bad because there was a bus that brought a whole load of people for an event, so we had to wait for a really long time. So then we were like 'we'll never come on Tuesday again, we'll just keep coming on Wednesdays.'

Male 1: Another favorite thing is when they have lobster special. And Buster the Crab. Those are good periods, especially when we bring the grandchildren to that, you know, they like it.

Male 2: I think that's a good part of loyalty too, is if being a regular and yet expecting different things you know throughout the year when they have the events or like, you know, the specials menu changing and having such good stuff all the time. That helps the loyalty part as well. The regular stuff is satisfying for sure, but I think mixing things up over time helps out loyalty as well.

Female 2: There's one other negative. I don't mean to be a negative person, but I think it could be helpful. In the summer time, when you're walking in on the left hand side there's a dumpster and it kinda really smells [murmurs of agreement]. So I always think, I wish they would just move that dumpster, it would be so much more appealing as you're walking in the entrance, but that's just something I always wanted to bring up. So I figured as long as I'm here I might as well bring it up.

Moderator 1: The next question you sort of all already answered, so if you want to continue on the same topic, only be a little bit more specific as far as your own thoughts on yourself being satisfied and loyal and maybe you can even think back to when you knew that this was one of your restaurants. People who can say 'That's my restaurant.' When you transformed from when you transformed from just being satisfied to being loyal. If you consider yourself loyal.

Male 2: That's a good point. I think I'd describe myself in just that way, as far as saying this is my place, this is where we go all the time. I think again, it was the lunch part of it that really shoed me in. I think I came initially a few times for dinner and had great meals and was blown away with the fact that once I realized that I could come here for lunch and still get anything on the menu that I would have for dinner and have the check in a half hour, that stunned me initially. I didn't really believe it the first time and then when I tried that out, and found out that that was to be true that's really what...

Female 3: And its not like lunches here are, ... I mean the two will come here and have lunch and its \$23, we're not getting a drink or anything, so its just you know, if you get an app[etizer] or a cup of chowder, or you could go next door to The Boynton, I like The Boynton, I don't have anything against it, and its \$20. It's not like its \$50 here for lunch and \$20 at other places. It's incredibly well priced.

Female 1: They allow us, not just us, but everyone to order from the lunch menu at dinner because that's enough food for us and its satisfying

Male 3: Is that possible?

Female 1: Yes

Female 3: That's the other thing Male 3 and I were talking about. There's the whole bar menu, you can order off the bar menu and you can order off the kettle in the restaurant. I don't think that that's ever marketed as such.

Male 3: You wouldn't know it.

Female 3: Right, you wouldn't know it unless you happened to ask one time.

Female 1: I don't know how we started to order from the lunch menu at dinner time but we've done it ever since. Because it is certainly more than enough food. If we want, we'll get a cup of chowder or a salad or something, but its enough food.

Female 3: The kettles are delicious or the tapas. They have all the little small plates. If you're at the bar, they typically ask you if you want the bar menu or the full menu.

Male 1: We used to go to the bar.

Female 1: Yes, we did.

Male 1: A long time ago [Laughter].

Female 3: Back in year 1.

Female 1: Yeah, yeah, exactly.

Male 3: I think the time for us when we thought it was ours was when we came for Valentine's day one year. We figured, oh, they're going to rush us. As busy as this place was on a day like that, not that they'll rush us, but we'll be in and out in like 40 minutes. We were there, they didn't rush us, the meal was great. We actually thanked them. We said 'we know you guys are really busy tonight, and we appreciate you letting us take our time and enjoy ourselves. This wasn't when everybody knew us. This was the beginning. The food was great, we had a great experience, we didn't feel rushed. We've been coming back ever since.

Moderator 1: Okay, we can move on. We can keep on moving, we can keep on moving, we can finish. As soon as we do, you know, we don't have to keep you guys here if we get everything covered. So, the next one is 'What type of rewards, if any, could be offered to increase your loyalty to the Sole Proprietor?' Any kind of reward, it doesn't even have to be money or coupons, it could be guaranteed reservations or special reservations on a given day. Anything you can think of.

Female 1: Well, as I said, if we don't get to make our reservation early on a Friday and we call at 4 o'clock they always accommodate us. That I feel is my loyalty to them. I receive loyalty from them, sorry.

Male 1: That's right, that's a good point.

Female 2: I definitely think being recognized would help a lot because, um, I know you've said you've always been recognized, but maybe it's a little bit different at lunch time. It's just a little bit irritating. I feel like when you come here every week that you kind of, that it would be nice to be recognized consistently. It might be very difficult though because its very busy at lunch and I know they team up with two waiters/waitresses, but I think something like that, feeling like you have a relationship with them like they know you and you know them, and it goes both ways, I think that's what would definitely increase loyalty a little bit.

Male 1: We normally go to the main dinning room. When we come on Friday night. And we've got to know the waiters and waitresses. That's the unique thing. Most of them stay here, there's very little turnover in terms of having a new waiter or waitress. So they know what you want.

Female 3: Sabrina's been here forever. Christin (or Kristen) we love her, and Eric and Nicholas.

Female 1: In fact sometimes they just bring our wine in [laughter].

[Indistinct comments mixed with laughter]

Female 2: That's exactly what I mean. Something like that is definitely gonna keep you there.



Female 3: Male 3 and I love the Black bottom pie, but we're particular about our flavors. We don't like the black raspberry, so Sabrina if she sees us, 'oh, by the way the black bottom pie is, you know... whether she's waiting on us or not... she'll see us sit down and she knows that we like ice pop with lemon. And she'll bring it to us. [Indistinct comments from multiple people] It's like you said, you're loyalty is being rewarded by, she's not our waitress, but she knows that's what we're going to ask for when they walk over and say 'hey do you want...?'

Female 2: It's a genuine caring...

Female 3: Right.

Male 3: I was actually wondering if you were the people, somebody ordered dessert first.

Female 1: Oh no.

Female 3: Apparently they were very sheepish about it at first, but now they say forget, we're ordering dessert first, then you'll eat it and you'll know you'll enjoy it,

Male 3: Half the time when we get to dessert, we're like 'I couldn't eat another bite'.

Female 3: Or we have to plan well in advance, okay we're having dessert tonight, so, no app[etizer] and really only eat just a little.

Male 2: I think we definitely prefer things like that over, we started this conversation before we even got over here, punch cards or stuff like that. That stuff is great, but doesn't seem almost dignified for a place like this. It kinda cheapens the place, even though it would be great to have, but that's not what kind of place this is. Even just at lunch time maybe it makes a little bit more sense, but even, even then.

Female 2: We would benefit from it, but I don't think it would increase my loyalty. I don't think I'd come an extra day with something like that. But maybe I would come an extra day if I really felt like they knew who I was and knew what my favorite drink was and things like that.

Male 4: I think the word rewards sounds like we're trying to pay you to come to the place a lot more. We just go to the restaurants because they have good food, and good service. Sometimes when I go to certain places, I find one waiter or waitress that waited on me before and every time I go there, I'll ask for that particular person, and that's where I'll sit.

[Unknown]: why not?

[Murmuring]

[Unknown]: If someone takes care of you...

Male 1: And they do remember what you normally have in terms of a drink or an hors-d'oeuvre or whatever. And...that's nice. That's nice when they remember and they get you what you want.

Male 3: I'm guessing Female 3 you guys say you don't feel quite as recognized, I'm wondering if it is because you are here for lunch more often. They're only with you for half an hour because you're in and out.

Male 2: I think there's a little more turnover in the staff for the lunch time staff as opposed to the dinner time staff. Maybe I'm wrong, it just seems

Female 3: Well, they have to work lunches too.

Male 2: We're almost always here Wednesdays for lunch, but beyond Wednesday it could be any other day of the week. Sometimes there's a totally different staff on Monday or Friday than Wednesday. Again, it's a double edged sword. One of the reasons the service here is so good is because the staff is adequate. There's a lot of people. I mean you've got on a single table, there might be five or six people taking care of the table. That multiplied by depending on whatever room you happen to be sitting in and so yeah, that makes it, that probably makes lunch a little more difficult.

Female 1: Because at dinner even if I put my wine glass on the end of the table whoever walks by will pick it up and you know the table is cleaned.

Male 3: The other thing I was going to say was a few times, I think it was you [Female 4] with the bone. If you do ever have a small issue, like you said, everybody's over and you don't feel like they're paying lip service to you. They actually care. We had an incident; she ordered the trout with the crispy scallops on them. She ate everything except for the scallops; they were a little bit overdone. So it wasn't like she ate two bites and said this is terrible. She ate the whole thing, but a couple of scallops. Somebody came over and said how was your meal? Not angry or anything, she just said oh it was really good, the scallops were a little over done. This wasn't when we were like now where I would almost expect that somebody would come over and typically whoever's...will come over and ask us anyway. They came over, they said 'We're really sorry. We apologize.' She ate her whole meal except for that, they still took it off the bill. They said we'll take care of it. That kind of stuff to me, that goes a long way.

Female 3: It wasn't necessary. I wasn't still hungry.

Male 3: They actually care about my business. That's not the kind of thing, I think most places will do.

Female 4: Some places will send you over a drink or a dessert that you don't even want.

Moderator 1: I have a question. When you guys come for lunch, do you make reservations? Or do you just come?

Female 2: We don't.

Moderator 1: Okay, I was just curious.

Male 1: They don't take reservations for lunch.

Male 3: You can put in your name. We've put in our name.

Male 1: I think it's if you have a party of a certain size.

Male 2: If we come with six people, then yeah.

Female 2: That's the other thing I was going to say. A lot of times if we have somebody from outside of our department that's coming in and we want to take them somewhere nice, we usually feel confident that by bringing them here we'll leave a good impression on that person.

Male 4: The wait's not that long anyway, even if the parking lot is packed. It's not that long of a wait for lunch.

Male 2: For lunch definitely, the recognition factor, the host and hostess' all know us. They're consistent, they're there everyday. It's the wait staff that's a little harder as far as knowing who we are and what our likes are.

Male 3: I do think a lot of that is who you get too. We don't eat here every Friday, but we eat here a fair amount. Which is why we're here. There are some people who know us, in fact I think it was Ashley who brought over a bottle of wine and we tried it. We were like, eh, it's not very good. They took it back. I don't remember what it was, but this was several months ago, and every time we ask what was that wine again she knows it. She knows what it was, she remembered that we ordered it, so I think in some cases it depends on who you are. But I think everyone in this room feels like the people who do recognize you are the ones that we appreciate more. Sabrina, and people like that as opposed to who are 'Have you been here before?'

Moderator 1: So they know your name up here, they recognize you when you come.

Male 2: More by face than by name. It's pretty obvious they know us well. They say hi when we walk in the door.

Moderator 1: So if they know you, maybe it would be helpful if they told your waiters or waitress 'This is so-and-so. They come here all the time.' Even just something like that.

Female 3: Even if it's off to the side, it doesn't have to be in front of you.

[Everyone agreeing]

Male 2: I think that has happened. There have been times where its been busy, and they've seen us and we haven't made reservations. They see us mingling in the lobby, spot us, grab us, and kinda shove us somewhere.

Female 3: 'Oh, yes your reservation'

Male 2: We've been bumped a little bit because of face recognition.

Male 3: I was going to say about leaving a good impression. People will come in and they'll take me to lunch or whatever, and they'll say 'Where do you want to go?' I say 'do you care?' they say 'no' I say, 'well, we're going to the Sole then. If you're buying, we're going to the Sole.' The last group I came with, they were like 'Wow! We got to start taking you to lunch more often.' I was like 'hey if you're going to take me here every day...' They love the food,... and actually, whenever I do come here, they're like 'you guys eat here a lot, don't you?' Because of course you walk in and everyone's like 'hey how are you?' They think I'm like the mayor or something. [Chuckling] It's like no, I just eat and everybody recognizes me.

Female 3: I think we also make a point to know people's names too.

Female 2: I think that's nice. We don't do that. I'm always wondering what her name is.

Female 3: Even when they get a new hostess or something. We'll say to Sabrina, 'hey Sabrina who's the new hostess? Then on our way out, give a 'Thanks Lauren. We had a great dinner.' You know for that name to face, you know...I think that helps them associate, hey they made a point to address us. Versus just, 'Thanks,' and out the door you go.

Moderator 1: We can either take a quick break and you guys can get some more food or if you'd rather get out of here a little bit early, we can just keep moving, and move into the second two key questions. Whatever you guys prefer.

[Everyone agrees to keep going]

Moderator 1: So the next one is, would an incentive based loyalty program be an enticing way to increase your loyalty with the Sole Proprietor? This would be some kind of automated system where maybe it's a card, maybe you have your own kind of ID that you can tie into the system, its mostly a database that stores personal information about you: name, keep track how many times you come, and that it would give you something back. Like some of the rewards we were talking about before.

Female 1: I suppose if there were rewards I dine here every Friday night, maybe we would come here more often, but other than that I can't see us using it for any reason.

Female 3: I don't think it's necessary.

Female 1: No, everything is so outstanding.

Male 3: Like Male 2 said, I don't think a punch card...it doesn't seem like its necessary for a place like this. If they did it, it would be great, your birthday you get a free dessert or whatever.

Female 3: We belong to the Brew City e-mail club, you get \$5 off an app[etizer]. On your birthday, you get a buy one get one lunch and dinner. But its perfect for Brew City. I don't put the Brew City and the Sole on the same...We go there for pub grub and beers, not for a nice dinner out, a bottle of wine...

Female 1: It's just automatic with us on Friday night, where we go.

Male 3: I guess what I will say, everybody here is coming here enough which is why we're here. I do wonder if you had someone who doesn't eat here a ton and likes it would they get more...

Female 3: Would people who answer the survey online are they going to have a different answer. They may very well if they're not familiar with it and they don't have the relationship with the sole that we all have I'm sure that it would increase how often they came...

Male 3: The whole get a free dessert on your birthday. We're coming here for our birthdays whether we get a free dessert or not. But somebody else, I don't know if they'll come.

Female 1: I do notice when they have the lobster specials, its much, much more crowded, if you can believe it than the regular Friday nights. So the incentive does work for some people.

Female 2: The \$5 martini was a good idea as well, not for myself, but for a coworker,

Male 2: Oh really

[Laughter]

Male 2: Not me, but my friend

Female 3: Her name is feemail 2

Male 3: Yeah that was a good idea. I had one of those \$5 martini's too.

Female 2: Yeah, I think that's a good incentive right there for people to take advantage of.

Moderator 1: What if it was more of a you sign up and you give your e-mail or something and they send you e-mails about specials. More of a channel for communication.

Male 4: They do that.

Moderator 1: Do they ever send out any kind of special specifically for the people in their e-mail?

Female 3: We don't get coupons or offers or anything.

Male 4: They've been around for 28 years, they don't have to do that. They got a good following, a solid base.

Male 2: I think that's their challenge. I mean, it's not as if you're starting from scratch and trying to develop loyalty from the ground level. You're taking a place that already has extreme loyalty and how do you build upon that?

Female 2: Parking [chuckling]

Male 4: They do the promotions; they do the crab thing every year. They do the martini thing at all three restaurants. They send out the e-mails when they have a promotion or special or something brewing, they let you know about it.

Male 3: That's pretty much when you get the e-mail promotion. Christmas they sent it out about the gift cards and holiday parties.

Male 2: I like the idea of incentive based more on reservations or recognition as opposed to something having to do with money or free food.

Male 1: Like I said they don't have to give stuff away to get you in here. They've already got the following.

Male 2: Maybe some kind of loyal patron, and here's something that's not for yourself, you can bring a guest. Somebody else that you could bring in and there's something having to do with the guest rather than yourself.

Female 3: To share the experience...

Moderator 1: The last question, which we've talked about. Specifically to the Sole Proprietor, what types of rewards, any kind of incentive based program. What would

interest you? Although you mentioned that not really incentive based, it would be more recognition.

Moderator 2: Just from talking with the Ahlquists about this, they don't want to do a punch card or gift coupons or anything. They would prefer to tie it in to a debit or credit card or maybe even a work ID badge that you already have. So it keeps track of it without anyone knowing that it's going on.

[Murmurs of consent]

Female 2: That's very smart. I agree with that 100%.

Female 3: It's just not the right type of restaurant for a punch card buy one get one free lunch coupon...

Female 2: It wouldn't be the same place

Male 2: I think it would be best chosen by the staff here recognizing people that they recognize all the time and picking those people rather than having 'Sign up for Sole Proprietor Loyalty Club' type of thing where 500 people suddenly go 'oh yeah.' Something maybe where the host staff after a while they see people come in constantly, every week, they come to your table and say 'We see you here a lot, would you be interested in doing this. We know you're here all the time' rather than posting a sign that says sign up here for the Sole Proprietor club.

Moderator 1: What if they ran some kind of special that was only for members in this program that you had to be invited into or already in. What if it was something, not to the scale of having Buster, some kind of special that is only for people in this club?

Male 2: Like an event? Maybe some kind of holiday party?

Female 2 & 3: Like a customer appreciate day or week.

Female 2: If it's something special on the menu, I don't know if that will make a difference because I pretty much order the same thing most of the time. So I don't know if a certain kind of food would bring me in. But if it was some kind of holiday...

Male 3: Like those \$5 martinis.

Female 2: Yeah. [Laughter]

Female 3: Your friend.

Female 2: I have yet to try one. I will.

Moderator 1: Do you guys want to just think of anything else that you want the Ahlquists, the owners will get a report on all this, so if there's anything else you want to talk about. Any other topics can be completely unrelated. Like I said this is for us to sort of see what you guys think because you are hand-picked loyal customers. It's going to filter down from there. The next focus group isn't going to be with people as loyal. So we're going to need to broaden it a little bit. So any topics that you guys can think of, that you think would be important for other people to talk about.

Female 1: I just have a little pet peeve. Not just this restaurant, but every restaurant. When we tip, we tip generously. And more often than not the waitress or waiter does not come back to say thank you. I think that would be a nice touch. When they're training their wait staff, to just say thank you. Some people maybe don't tip as well as we do, but...and it has happened that people do it, but most of the time they don't.

Female 3: Do you always give your bill and wait?

Female 1: Yes

Female 3: Because often times when we

Female 1: Oh, we put it all...it depends

Male 3: That's a good point.

Female 3: If you're still there, it would certainly be nice to be thanked.

Female 1: It's a nice gesture

Male 1: It doesn't kill you to come over and say 'thank you.'

Female 1: It leaves you with a nice feeling when you leave too.

Male 1: I can see if someone doesn't tip as well as we might...[Agreement]

Female 3: Or if you sign you slip and you get up and you leave. You can't expect them to meet you by the door or run after you.

Female 1: Usually they take the bill and we finish our drinks.

Female 4: But also, you have to take...do you ever say 'Oh, thank you very much, you made my meal complete?'

Female 1: We usually say thank you. [Male 1 agreeing]

Male 1: Because there is a variance from time to time. You don't get the same quantity or the same quality sometimes; they can slip a little bit. Depends upon whose lugging it.



Most of them are good, but once in a while, you get somebody who is probably no longer here.

Female 1: That happened to me once.

Female 3: It's true

Female 1: Back seven or eight or nine years ago. We had a very, very snippy waitress. And I didn't say anything, it was the first time it happened, but the next time we came back she was not here. So obviously someone was watching.

Female 3: I think the only other thing Male 3 and I were talking about was it seems like we get the sushi a lot for an app[etizer] when we come for dinner. It seems like the sushi specials, I don't think they've ever been the same, they seem to change a lot and it seems like the specials on the dinner menu don't change as frequently. We don't come every week, but we come two or three times a month for dinner. In a given time period, we'll come in and 'OK what are the specials?' you know because you get all excited about specials. Maybe there's one new thing, it seems like they could cycle those a little more frequently...It's not like anything is ever bad, but it is always nice to see something new. We were just here Friday night no, Saturday night. I had the haddock with the almond crust top and I like haddock, its not my favorite, but the topping sounded delicious, and what came with it sounded real good. They said afterwards, you should do that with a mahi, tuna, or swordfish because it would add that extra flavor to it. You can always ask, 'Can I have the haddock special prepared with tuna' and I had no idea about that. Even to do that kind of a thing and swap it out for a different type of fish.

Male 3: Actually as kind of a reward thing, you wouldn't know that if they didn't tell you that. Everybody at this table's got a combined 50 years experience here, and nobody knew that. As a reward kind of thing that would be nice to know. If you wanted that topping with something else that they can do it.

Female 3: And you [Male 3] swap out shrimp for scallops. I kinda always assumed specials are typically you're not allowed to make substitutions on specials.

Male 2: The nice thing about sushi specials is it seems they've paid attention because the sushi specials that are the best become regulars. So if there was a special that was really good, its not going away.

Male 3: The first thing I always do is I look up the specials. If there's a special on there, I'm going to get it because my thing is, I can always get the tuna Barcelona if I don't like this special. Like I said the last time we were here it was like, I've already had that, and that was on there before...

Female 3: Nothing new grabbing you.

Male 3: Right. Which is not a bad thing, but I mean it is, they're specials are always good and its always nice to kinda see those things cycle. Other than that we were trying to think of things we didn't like and couldn't really come up with anything.

Female 1: We couldn't come up with anything either.

Male 3: Which is the reason we're at this table, because obviously if we had things we didn't like we wouldn't come here as much

Male 4: So the moral of the story is to get some people who don't come here.

Female 1: Right, to get another perspective on...

Female 3: I'm sure it would be very different.

Female 1: Now if you were doing Via, I'd have a whole different set of comments.

[3 others agreeing]

Moderator 2: Initially our project covered all three restaurants.

Female 1: I was kinda hoping it would; only because I didn't have a good experience.

Moderator 2: After some time doing research and talking with the owners, we decided it would be too much for just two people to do all three restaurants.

Male 1: Oh, definitely.

Female 3: They are so different.

Moderator 2: The Sole being the oldest restaurant we decided to start here because they said anything that's implemented here, they can just kinda copy over to the other two restaurants.

Male 2: I think that's what surprised myself about Via. I assumed a lot of it would be so similar. They would have taken a lot of what goes on here and shifted it over there and it wasn't quite that way which was pretty surprising to me. It's not a bad restaurant at all. It's just...

Female 3: It's not the Sole.

Female 1: Poor service, the waitress was not informed, it was so completely different you wouldn't even believe it was the same owners.

Moderator 1: That doesn't affect how you feel about the Sole?

Female 1: Absolutely not.

[Everyone agreeing]

Female 1: They are completely separate. I wouldn't rush back to Via though.

Female 2: It would be nice to have another Sole type restaurant that is not exactly the same, but different. I think everyone got very hopeful when Via was out and the Chophouse is great too. But it would be nice to have another alternative, especially here in Worcester. This is the only thing really that's great for Worcester, I think. It would be nice to have something. So if they could improve Via, it's a great concept, but...

Female 3: It's a beautiful building.

Male 4: They did have Legal Seafood at one time. Which was very good.

Female 1: We like that, we went there a lot. But for some reason it didn't make it.

Female 3: There's Coral [Seafood] now on Shrewsbury Street, but it's the same thing. We've talked about, should we go try Coral? Well, okay, we're going to go spend the exact same amount of money that we're going to spend here.

Female 1: I went there once.

Male 1: Don't even go there.

Female 3: They don't know us from a hole in the wall.

Female 2: We went there, I think it was their first month, within the first month, and it was horrible service. Really just slow, our lunch was like an hour and a half. If we came here we would have been in and out in a half hour.

Male 2: We're probably pretty spoiled here, when it comes to lunches.

Female 1: If we want to be assured of an excellent meal we just come here, that's all.

Female 3: My mom still lives in central New York, and any time she comes out, she is looking forward to the fact that we're going to go out to dinner and we're coming to the Sole. She's going to get the tuna Barcelona and some balsamic vinaigrette to take home.

[Laughter]

Moderator 1: Well, I can't make any promises, but like Moderator 2 was saying, the goal was to cover all three restaurants so I would expect something in the future with the Chophouse and the Via. Similar to this effort, but it may take some time. This project with us, will finish up in March, which is fairly soon. But they can always continue on

with another group with a similar project. Hopefully by the time they get to Via, they'll have the whole thing perfected

Female 3: I was going to say, it's still new and...They've changed lots of stuff already. The paper placemat/menu is gone. That's how they started initially.

Female 2: I think the last time we went we had a better experience.

Male 1: When they first opened, we were invited to a sampling of the cuisine. It was outstanding.

Female 1: It was excellent.

Male 1: And I said, wow, this is great. But since then we've gone a couple of times...

Female 1: My last experience two weeks ago, I wouldn't go back.

Female 2: Maybe its because the chef's are nervous with the whole restaurant watching them.

Female 1: I had a cold meal, the waitress was not informed, it was not a good experience.

Male 4: I think they need an Italian chef.

[Others agreeing]

Male 4: They took the head chef from here and brought him down there for the opening. The head chef from the Chophouse was brought up here. I see his name on the dinner menu now.

Female 1: The Chophouse, the food is excellent over there.

[Indistinct talking]

Male 3: If you want to sit there and watch someone cook.

Female 3: He [Male 3] doesn't like that.

Male 1: I can sit in a restaurant, but I don't need to see somebody cooking my meal.

Female 2: I don't really like that either, and the Chophouse is not very good acoustics. The atmosphere is not as conducive to good conversation as this one.

Female 1: They rush you too much. And if you say you'll take a few minutes, they're back and hovering over you. Then it becomes a hassle. But its funny. Three different restaurants by the same owners and we just continue to come back here.

Female 3: Three different personalities.

Male 1: Got enough.

Moderator 1: I think so.

Male 4: Run out of ink?

[Laughter]

[Thanking participants, handing out gift cards]

[Lots of small conversations as people start to leave]

## **8.6 Appendix F: Focus Group 2 Transcription**

M: This group is different from the first one we had. The first one we had was made up of completely satisfied with everything, except maybe parking. The people in this room answered the survey and for one particular question answered satisfied, as opposed to very satisfied for their overall satisfaction. What we are trying to determine during this session is whether or not a loyalty program would help satisfaction, would increase your visits, or if you in general think it might be a good idea for The Sole. What we learned from the first FG is that they came all the time and that nothing needed to be done to increase their satisfaction. We are now trying to see if anybody in this room as any different perspectives to add, or something new to discuss. We were planning to have more people here but we had some last minute cancellations. This number will be sufficient. We had 8 participants in FG#1 and we were still able to finish early so we should be able to get out of here. Once we finish, they will bring in your Gift Cards. As soon as I tell them we are finished you will receive your \$50 Gift Card. We can go around the table now and start with introductions, even though our mouths are full. I will start. The first question asks to state your name, how long you have been coming here, and your favorite dish. This should get us all a little more acquainted. I will start us off. My name is Kim and I have been coming here for 3 years. I am a student at WPI. My favorite meal is the seafood salad.

F1: My name is XXX and I go to XXX College. I have been coming here since then. I also like the seafood salad; I think that's what you had mentioned. It might be. Yeah.

M1: My name is XXX and I have been coming here for about four years. I am not too big a seafood fan but I come here with friends for drinks. When I come, I usually get some kind of chicken Caesar...either salad or wrap or something like that. Maybe a steak occasionally.

F2: My name is XXX and I am originally from the Worcester area. I used to come here when I lived with my parents. But then I lived in Boston for about ten years and I just recently moved back with my family so recently for about a year, since I moved back to the Worcester area I have been coming here again and I really enjoy the shrimp and linguini. I guess it is like their scampi dish.

M2: My name is XXX. I live not too far from here and I've been coming here for about 10 years, mostly for lunch. My favorite meal is the trout with the....well it's one of their specials.

M3: My name is XXX and I have been coming here for 7 or 8 years and my favorite meal is the tuna. I too used to come here when I was a kid with my parents a lot. I love the tuna Barcelona....it is my FAVORITE dish although I do like many other things on the menu too. But, usually I get the tuna. Any tuna meal works.

F3: My name is XXX and I have been coming here for about 4 years and my favorite food is lobster, which I can get here and it is delicious. I love the lobster Newburg meal, or even just the steamed lobster meal. It is a little expensive for me, and a drive to get here, but I LOVE it.

M2: So, Kim, based on the answers we provided, it shows us to be not as loyal as the people in the other group?

M: Not as COMPLETELY satisfied as the last group so we are trying to see if a loyalty program could address some of your concerns, for example, parking, seating, or waiting tied to some kind of incentive program, would it have an affect on your satisfaction and/or loyalty. That is what we are trying to get at. I don't know that that is the truth...

M2: So it's how we answered the questions.

M: Right. We were planning to have several different focus groups after the survey but time constraints with the project may limit that. In the future they may hold more sessions, and perhaps even extend the program to reach the other two restaurants.

M2: I've not been to Via yet but I do go to the Chophouse but mostly only for special occasions because of the price structure. I have been meaning to go to Via but I usually come here instead probably because it is more convenient.

M3: I also have not been to Via but I have been to the Chop.

F2: Same for me. But the Chophouse isn't open for lunch either.

M: OK, if that covers introductions we can keep on moving. Please help yourself to more food at anytime.

M3: MMMMMMM. I will grab a couple bites.

M: We can keep moving.

M2: That won't stop him. He will still get more food.

[group laughter while M3 gets more food; as M3 gets food, M2, F2, and F3 also get more food]

M: Some of the questions we are going to address here may seem similar to those you saw in the survey but here we are looking to generate more of a conversation where people can bounce ideas off of each other. You are not restricted as you were in the survey to the spaces or selected answers provided. It will be more of a conversation. If there was ever anything you wanted to say about The Sole feel free to say it here. Like I said before, your name will not appear anywhere. This transcript will be recorded and we will give a general summary excluding any names. Our first real question is asking you to

define customer satisfaction. We don't have to go around the room. If someone just wants to start we can go from there.

F3: I think it pertains to the overall experience...the food, the service, the atmosphere...how it all rolls into one experience. Here I think it is very pleasurable.

M: So, it is the overall...

F3: Yes. It's the overall experience.

M2: I concur. When you come here you have a certain expectation. At least those of us who have consistently coming here (laughs) the food is pretty good, you expect certain amount of wait at times, and I think for me, customer satisfaction is meeting my expectations. I come here and I want to have lunch with my date, my wife, whatever, for \$40 whether it includes a drink or not...I want to be in and out in an hour...I want to find parking and I want to be within a two hour time frame and if these things are met, I'm a satisfied customer on that day.

F2: Yeah and when I filled out the survey, part of my answer was consistency and that goes with what he said. You know want to come; you know you're going to get a good meal. I've got two young kids at home so I don't get out much so if I get a bad meal, it might be another month before I get out to dinner again. So for me, when I go there, I know the experience I am going to have is consistent, what my expectations are like what he said, it's going to be what I thought it would be based on my previous experiences.

M 3: That's pretty accurate. Good food, no issues, expectations are met. I know when I come here and order my food, it's going to be the same. And that's very very important to me because I can't get out as often as I'd like...

F2: Yeah, I agree with that.

M1: You know, for me, when I go out, I consider myself pretty easy to satisfy. You know get food out, you know have a good waitress you know, not interrupting too much. I find that most places I go I don't have many problems, but very rarely do I go to a place and feel I am never going to go back to that place because of the experience

F1: well I guess I agree with everyone is saying here I feel really satisfied when I have had a good meal and I feel that the food I just paid for was worth the price. And the service I got was worth coming all the way out here, yeah, a good experience is one that will keep me coming back.

M: ok, the next question is how is customer loyalty different than customer satisfaction, if at all. Whatever you think.

F2: I think they are different. I think loyalty goes above that. If you do have a bad experience your tendency, you would intend to still come back, because you are loyal.



You say oh maybe it was just a bad day, oh maybe something just went wrong. You know whether it be the parking, the waiting or you had a bad server, you know something like that. But you would continue to come back if you had, if you were, satisfied. But if weren't loyal you probable wouldn't come back if you were not satisfied once. It kind of goes beyond that in that you're able to forgive and still come back.

M2: well for me I don't think the 2 are mutually exclusive because I think you can be both loyal and satisfied. The key difference to me is that loyalty if I were to give you a scenario. If I come here at lunch time and there is a half hour wait but I also know that I can walk across to the Boynton and get seated right away, and I opt to wait that shows that I am a loyal customer here vs. you know, because there are other places that serve good food.

F3: right

M3: I think there is a difference. There is a commonality between loyalty and satisfaction but I've been satisfied at many places and never gone back, and that is important to me. To be satisfied and WANT to come back is important, you know, to walk in, give my name, and have them say, "oh yeah, I remember seeing you last week" or I saw you last month, or its nice to see you again, So I am not going to walk to the Boynton!!!

(everyone laughing!!)

F2: there' a sense of reciprocity in it

M2: Right

F2: its not just one sided, its not just you going, it's you getting something back in return.

M3: it's a sharing

M2: yeah it think its when you feel welcome and I must say that the staff here truly do make you feel welcome as you check in, its almost like they make you feel like they have seen you before

(Everyone is talking in agreement)

M2: and they always tell you they will be right with you and if there is delay that is outside their control, well they'll tell you or they'll come over and explain. It's going to be a little bit longer of a wait, they tell you, and oh we thought such and such table was going to leave but they decided to have another cup of coffee

M3: right, they personalize it

F2: right

M3: you mean something to them and that's well that's important! I don't think satisfaction is anything to do with being recognized, which brings to loyalty which is a step above it. I WILL come back even if I have to wait or something

F3: right, I think that , I totally agree, just because you have one bad day here you know one bad meal or one bad waiter, you're going to come back, you know if you're loyal because usually the food is good the service is good.

F1: yeah I would say that, I am loyal when say I am in the mood for a particular type of food and I think automatically of the one restaurant that serves that kind of food, I am going to that restaurant and not think of any alternatives. I'm not going to try something different, I say I want seafood, I am going to go here! Ok I mean it's a restaurant that you keep coming back to and recommend to other people because you think it is a good place to go , its good food, everything is good, you know its going to be good.

M1: yeah I think its all been said and I agree with everyone so you go there you have one night with a bad experience but you know that all the other times you've been there everything was great except that night. So maybe you go and you ask for a different waiter or you ask that your meal is fixed, but it won't stop you from coming back again because they always fix the problem right away

M2: I think that due to the fact that we were offered the opportunity to answer the survey and for us to come here have some food and talk about some things means a lot to me. The fact that I come here regularly and there's always a line I mean they don't need my business and they are still concerned about me coming here and wanting me to be a loyal customer, I think that says a lot for the owners

M3: the personal touch it's very important

M2: I mean there are things that you don't like about everywhere, like long waits, accessibility, I mean as a loyal customer I come here all the time at 12 o'clock, and the lot is full, I am going to shift my schedule and come here later. I know that there is nothing that they can do because everybody it coming at the same time so I am willing you accommodate them by changing my schedule and remain a customer. I am willing to shift. BECAUSE I am loyal

(everybody is laughing)

[Idle chit-chat]

M1: Like, I'm not going to go to another restaurant. Like he said, I'm going to go to The Sole.

M3: I like to know what to expect. I don't have to worry about it. If I had to wait, they try their best to accommodate me.

M: Now, we can move on to the next question which asks you to qualify yourself as a satisfied or loyal customer to The Sole, specifically. Please do not apply your feelings to the other restaurants (Via or Chophouse). If you would like to take a few minutes to think about your answer before we discuss, that would work. We are already very ahead of schedule so take your time.

M2: Again, I don't think they are mutually exclusive. I think I am both.

M3: I agree with that. I am a satisfied customer, but I am also loyal. I don't go anywhere else and I travel 30-35 minutes to come here. I don't go anywhere else for seafood. The seafood around where I live is just not the same quality or variety of selection. Would I be satisfied there? Sometimes but here I KNOW I will be so it's worth the extra effort, the drive. I guess I am more loyal than satisfied. I am always satisfied but I am also always loyal. I tell all my friends, when they have a special occasion or event, ya know when their in-laws are coming in and they want a good place I ALWAYS say, go to The Sole. And I know they will be satisfied as well.

F2: I don't know, I guess I would call myself a satisfied customer; I'm not very loyal to a lot of stuff. When it comes to brands and things like that, I'm not the kind of person that has to buy Tide or you know when the store brand is cheaper sometimes I go with that. You know, for seafood I might go to a cheaper place but for the experience from instance to instance it takes more time to build it up. But I've become more so as times goes on but I have a tendency to go for what I am interested in, in that moment... if I want Italian, I will go out for Italian and not come here. But I have been satisfied and for the amount of times I've gone out in the past 6 months, I've come here four times and been satisfied. Well, I continue to come back but I would call myself more satisfied.

M1: I would have to agree with that. I would say I am more satisfied because like I said I'm not a big seafood fan but the few chicken items on the menu I like those so when someone says 'oh hey lets go to the sole for lunch' yeah so if I'll go and then other times I will persuade them to go to the chophouse for dinner because I have more options. Even though they may not, I will come here and get the chicken caeser or some of the other chicken items on the menu, I forget specifically, but both of them are very good. So, what I'm trying to say is that even though I'm not a huge seafood fan, I am always satisfied for what I do get when I come here. I am not loyal because there are other places with better selections for what I prefer.

M: One thing that came up frequently in people's responses to the survey was to add more non-seafood items. If they had more such offerings, do you think your answer would be different?

M1: Yes, I think that because I've been to Legal Seafoods and they have, well I mean, it's mostly seafood but they have chicken and options for steak. So, I would go there if it were, well a little closer, and...

M2: There used to be a Legal Seafood here in Worcester but it didn't make it. It was right down across from the DCU center.

(discussion amongst participants)

M2: You weren't loyal enough...that was the problem (to F2).

(laughing)

M2: (to F3) there you go closing another restaurant.

(laughing)

M3: I remember Legal Seafoods. It was a different style restaurant. It wasn't the same as The Sole.

M2: I don't know. I'm one of those people that can eat just about anything. The Sole is associated with seafood. My wife doesn't eat much fish. My daughter doesn't eat much fish and they both come here and they eat the chicken items. I think if you start expanding the offerings then you have to start taking away from something else. I think you start losing the niche that the sole has found. That's my own personal opinion.

M3: That would an interesting topic for a later focus group. If there was a enough of a demand,

M2: I mean, I look at The Sahara restaurant over on the corner down there and they offer a lot of chicken and on a Friday night you cant even find a parking space at The Sole and you drive by there and you can see 13, 14 open tables.

M3: Is there a Surf & Turf here? I never really look at the menu. I am pretty regular with what I order here.

(Idle chat)

M3: But you're right. The Sole has its own niche.

M2: Yeah, going back to what I was saying. You want a nice seafood restaurant, you automatically go to The Sole. But the surf and turf lends itself to an additional choice without having to make any changes to the menu.

M3: Yeah, you're not changing things too much which I agree you shouldn't do. But then again, that one more thing may change a so-so customer into a loyal customer.

F1: Yeah. You say, why are we going to The Sole. There are other things besides seafood you can eat there so...I don't know. Yeah if they could manage to put more things on

their menu without taking away any of their seafood I think that would be a good idea. You might get more people to come more often.

M3: I get the same thing so often I don't really ever look at the menu.

M2: Yeah, I get the same thing every time. I don't really even know what else is on there. We all have to think because we don't even know what the other things on the menu are.

(F2, M3, F3 all nodding heads in agreement)

M2: You get to the tuna and stop. I get to the trout and stop.

M3: Then we all close our menus and put them down because we know we are going to be satisfied.

(group requests a menu; look and find that there are only 5 seafood alternative menu options)

M2: I am going to be shocked when I come in some day and there's turkey on the menu.

(laughter and idle chatter while others look over the menu)  
(a few people get up to grab some more food from the table)

M3: (looking at the table of food) it's all so good, I don't know what I should try next!

M2: Try the sushi with the baked outside crust. I don't know what it is but it's delicious. Have you guys tried what I have here?

F2: No. Which one is it?

M2: It's the one with the baked exterior. It's good. Everyone should go try one. (pleading to F2 to try it) We want you to be a loyal customer...just try it.

(F2, M3 and F3 all go try what M2 suggested along with other selections)

M3: You will be truly satisfied.

M2: No...wait. She's already satisfied. This will make her LOYAL.

F2: INCENTIVES DO entice me! Keep 'em coming!

M: One the subject of incentives, the next question is, what type of incentives, if any, could be offered to increase your loyalty to The Sole Proprietor. It does not have to be money related, it can be anything you can think of at all. It does not have to be a reward. Just something you can think of that would increase loyalty.

F3: I don't really know if this is a reward but when you come in you have to wait, you are just kind of stuck there. They could make that better maybe.

M: As in, enhance the overall waiting experience?

F3: Exactly. Since we already established we are all willing to wait anyways, they could make it better...less frustrating. And the parking, but there's not much they can do about that.

M2: Yeah, but the valet HAS improved that...some. Yeah, we can all park down at The Sahara.

F3: Yeah, or they could build a parking garage over there for The Sole.

F2: I could see where rewards like the kind you get with certain credit card companies, you know, if you spend a certain amount of money you get a coupon in the mail or \$10 discount in the mail or maybe enjoy a free appetizer on us...something like that. Incentives like that are good because they put it in the front of your mind and you say 'oh, I'll go there today' instead of somewhere else or it gives me the incentive to dine there instead of somewhere else...I'll say 'oh, lets go to The Sole, I have an incentive' or maybe I'll earn some extra points there so the next time I go, I'll get a free dessert. So I mean it could be earning some kind of percentage discount or points...free appetizer, free dessert or gift card...something like that certainly would be helpful especially if it's somewhere you're considering going to anyways

M3: I agree with both and not to blaspheme. I did go to another restaurant, once, and only once and they had an extraordinarily long wait there that night so they started bringing out appetizers for those who were waiting. That was very nice and for people who want to come often and become loyal but don't like the long waits and you get hungry especially when you get in the door and smell the food you want to eat so a free appetizer or better waiting section or waiting area with appetizer...

M: You don't mean an appetizer specific to you, but just in general, a plate full for people to sample.

M3: Yeah. A smorgasbord like what we have here tonight. Not every day. But maybe on the days like Friday or Saturday nights when you know it's going to be a long wait, or maybe busy holidays

(F3, F2, and M2 all agree vocally)

M3: Nights when I know its going to be an hour wait or more and I want to come to The Sole, give me an incentive to wait, you know, I know when I get here there's going to be some shrimp cocktail or something. That will tide me over until I'm seated.

F2: There's something I'm thinking of that is sort of unrelated but I'm thinking of the layout of the restaurant...the cutout of the rooms. It is not very conducive. You feel like you are pocketed into a room sometimes and you're right. When you have to wait, there is not place to wait. That's one of my biggest issues. I feel like there is no flow.

M2: Well, you know you're right. Especially considering those who have reservations. They come right through you; you've been waiting there patiently for your name to be called.

F2: I've been in the middle room when it's really crowded and the servers work in teams of two, you've got like 3 people moving around and I feel like I'm boxed into this room. I know it has nothing to do with loyalty programs and rewards.

M2: Yes it does because it makes your dining experience less pleasurable.

F2: If there was a better place to wait...more open and comfortable it might make your waiting experience more pleasurable, or well, less uncomfortable and even a little less cramped WHEN you're eating.

F1: I was thinking of something like what F2 was saying if you bring in a certain number of people, you can get a free appetizer or something.

F3: Yeah that's a good idea.

M2: Yeah, that's pretty good. You get a complimentary appetizer or they offer you free coffee, nothing expensive, just, an incentive.

F2: Yeah, it does make an impact. It makes you feel like you're getting something back for what you're giving. Something for what you're giving and spending, obviously you are getting good food and a good experience but something extra. You know I think there are certainly are people that will go some place no matter what but there are a large group of people who...I mean who doesn't love something free. Something like a token. Something small I think could make a difference.

M2: I think that's why so many companies have them. We're saying the same thing. I think Bob's offers \$10 off at certain times and if you need a t-shirt, you're going to think of Bob's.

M3: Incentives are very important. Something to remind you. It's important to be reminded. Once you're loyal, and a regular, and they don't see your face for a while, a letter, an email, something to say 'hey, we miss you, we know you come here regularly but he haven't seen your face in a while, here's 10% off, come and see us'

F3: you know I don't know if they could implement something like a lot of the retail stores you know like on Amazon, if you go on and you buy a book about trains, they will

send you an email and be like hey there this new book about trains, I mean for here it would be more like, hey its lobster fest and I know you like lobster

(everybody in room agrees especially F3)

M2: and if you bring 12 people your lobsters free!!

F3: I mean yeah that sounds good, but it does not have to be a free lobster, but something to say we have this special and hey here is this extra incentive to come to it.

F2: maybe its something like those grocery store cards that tracks you purchases and knows what you buy most often.....

F3: except I don't want another card in my wallet....PLEASE

F2: yeah I agree maybe if their computer could store it or use the same credit card all the time

Or it doesn't have to be a credit card number, a phone number or something that they could store along with your past purchases

M3: to continue to personalize things. I mean I like to be recognized when I go into a place frequently

(Idle chit chat and laughter)

F1: I was just looking at the menu on line a few days ago, and it is interesting that they have specials of the day or week or whatever, so it would be good if they would sent you an email once a week or month and tell you what the special are going to be because they might have something different that would make you want to go an extra time.

F3: yeah that would be really nice. Some people don't like getting a lot of email, but if it was tailored to your specific interest you would think "yeah I am going to go there and I am going to go there tonight!"

M2: well, they did do that with lobster fest; with the big billboards, so they do stuff like that

F3: yeah but for me I don't live in or near Worcester so I don't see bill boards.

M2: well I came and it was good, 2 lobsters \$17.99!!!!

F3: and you didn't bring me?

(laughter)

M3: some sore of pre-advertisement would be nice.



F3: via email for those of us who don't live in Worcester

M: okay we are now at our scheduled break.

(chatter of agreement to go through the break)

M: okay so that brings us to our next question. Would an incentive based loyalty program increase your loyalty to The Sole Proprietor? Again the incentives don't have to be money based.

F3: I think yeah definitely! If it's a Saturday night and we're thinking what are we going to do and I know if I come here I am going to get a free appetizer or something, I am definitely going to come here. I'll drive all the way out here. I am going to say "oooh I know where I am going" and I am actually going to get what I want and not settle for something convenient.

M3: I definitely think incentives are very important. I mean with all that we have been saying, for a restaurant in particular I think it is very important to have a good structure to the program. I don't want to have to carry another card in my wallet.

F2/F3: chime in agreeing

M3: I have been at stop and shop too many times where I left my card in the car and they wanted me to go out and get it or answer some kind of question to prove that I am me!

M2: do you want to give me your phone number or some other form of ID.

M3: I think if it is something less generic, you know more unique, something that links me personally to the sole. I think some kind of incentive or program to reward me

M2: it could almost be something to also push their other 2 restaurant. I know we're not here to talk about those, but I haven't been to Via, but I come here regularly and I am always waiting so maybe they could say. Maybe next time you might want to try the Via so here is a 25% off coupon....or maybe here's a free entrée on us if you go on a certain month or whatever. You know that would create loyalty amongst all 3 restaurants.

F3: or maybe if you're here and you have to wait an hour or long time, they can say. "hey here's a coupon and a guaranteed reservation if you would rather go there with no wait... that way they clear up their waiting congestion here, and get me into another of their restaurants via an incentive, and make me happy.

(idle chit chat about gas prices)

M3: If you personalize it with pre-advertisements you don't have to worry about gas prices to travel all the way out here, you only come when you know there is something

special and appealing to you. There is no chance what you were in the mood for is not available and get there disappointed, even though it is no fault of the sole. Guaranteed satisfaction.

F2: maybe if when you sign up for the program, you get some sort of quick survey about what kind of food you like, specials you like, nights you like to come, things like that which are tailored to your personal needs and likes. At least they give another channel for communication, about specials or menu changes. Then that way you don't have to have a card!

M3: that reminds me of my thought before... you have to spend 10000 dollars to earn 10 points. Obviously I am exaggerating, a rewards program has to be first, easy to understand and second achievable. Because some people may be loyal and they only come in you know once a month or twice a month, so they need realistic rewards. Maybe even arbitrary... here, you have been coming, we recognize you, you're loyal, but we want you to come 3 times or even 4 times, instead of once or twice. So, here is a coupon.

M1: I know this would maybe help me a little bit. I know with other places, not so much restaurants, but retail stores, they send and say "you have been coming here for so long, so here is a page with x amount of coupons for next time you come in"

M3: Right and it doesn't just benefit the restaurant. Too many of these programs only benefit the organization. If it wasn't based upon spending patterns, but rather just the fact that I am loyal and come when I can and they give me something back, shows that they do care about my once or twice a month visits.

M: okay then, our last scheduled question is what type of rewards would you like to see from a loyalty program from The Sole Proprietor?

F3: myself I like the computer idea. Where I get emails about specials or incentives. I like that idea. I also like the idea of available appetizers when you are waiting. I mean, if you don't have the best place for me to wait, but you tell me I have to wait for an hour, at least give me something to keep me there. If you can't fix it, offset it!

F2: I mean coupons or earning up towards free meals. And also better facilities as far as waiting and seating, those are some very specific things that would help build that loyalty for me.

M1: I know for me my wallet is full of cards from other loyalty programs, so if you could do it without a card, that would be best for me. Also with the rewards, I have experienced too many times where my rewards have expired before I could use them.

M3: yeah I have lost rewards before. Just the other day I purchased an expensive set of cookware and presented a coupon for \$50 off, only to have the clerk tell me that my coupon had expired a couple of days before. That does not create loyalty for me to return to that store!!!!

M2: I think they tried some kind of program this Christmas where if you spent \$100 in gift cards you got a \$10 gift card for yourself. That's perfect because not only am I giving someone else the opportunity to spend at the restaurant, but the restaurant is thanking me with \$10 for myself. That would be a great one to implement year round, for maybe anything over \$50 you get something back for yourself.

M3: it's almost being rewarded for word of mouth advertising. I am obviously not buying myself the gift card so I am being rewarded for bringing new people in. It is a triple exchange, someone gets a nice gift card, I get rewarded to buying the card, and the restaurant gets 2 happy customers!

M2: I know for me personally it would be nice to have preferred seating, you know, if I make a reservation, I would like to be able to reserve my favorite table too. Since some areas of the restaurant are cramped or loud, I would like to specify my seat of choice when possible. Maybe I could apply points for a specific table.

F2: Some restaurants have call ahead seating where they say "its going to be an hour, so come at 7" and they put your name on a list. This way you don't have to come in here and wait. Especially at a place where there is no place to wait.

M: Alright if nobody has anything else to add I would like to open up discussion for additional comments.

F1: I don't really know that this is a reward, but maybe on their slow nights they could offer specials to the colleges to get them in here, because there are so many around the most students are on a tight budget. I know college kids can be loud so bringing them in on a slow night would be good for the restaurant because they would be bringing n customers in on a slow night without upsetting regulars or large groups of people.

F3: I think this would be a great idea. I have kids in school in Worcester and they really cannot afford to eat here often and this would allow them to do so more often. Maybe only certain meals or a special college discount menu to help entice them to come in.

F1: if they start coming in with the discounts they will enjoy the place and start coming in more often at regular times and prices. As a college student myself, with any kind of incentive I would come here all the time and it would be easier for me to convince my friends to come also, rather than hitting the campus dining hall or ordering pizza!

M3: I do agree. I have a son in school in Florida and local establishments publish a booklet for the students offering discounts and such. He is more likely to visit these places on a regular basis as a result. And since I am paying his tuition, I also am more commonly suggesting the same. A dollar saved is a dollar earned!!

M: thank you all for coming. We very much appreciate you time and input. If we do any other groups or incentives we will notify you. Now for what you have all been waiting for, your gift certificates!!