



## Loyalty Model for Ethnic Restaurants: The Role of quality and Value

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### ABSTRACT

Recent research discusses the need for a better understanding of customer perceptions about ethnic restaurant attributes such as qualities and values in influencing the process of customer loyalty and ethnic restaurant competitiveness. This study aims to analyze the importance of quality and value in influencing loyalty in ethnic restaurants. The sample in this study are 210 respondents who visit ethnic restaurants twice in the past month. Data are collected using questionnaire survey which was done in around Bandung Raya. The analysis technique used is the Structural Equation Model with Partial Least Square. The results showed that the quality of ethnic restaurants such as food quality and physical environment quality directly influence loyalty. Meanwhile, service quality has an indirect effect on loyalty through value. Then, price value and emotional value directly influence loyalty. This study provides a better understanding of scholars and managers in ethnic restaurants about restaurant quality, value, and loyalty. This study suggests that the quality of ethnic restaurants, such as food quality, service quality, and physical environment quality can be valuable indicators for increasing values and loyalty, as well as being an attractive marketing strategy for the preferences of different market segments for ethnic restaurant experiences.

### KEYWORDS

Food quality  
Service quality  
Physical environment quality  
Emotional value  
Loyalty  
Ethnic restaurant

## INTRODUCTION

The development of the restaurant business creates intense competition to provide the best service to customers which also happens in ethnic restaurants in Indonesia that have a delicious taste of food (Festivalia, Savitri, & Engrani, 2017) and very diverse ethnic food (Jati, 2014). Revenues in this sector in Indonesia reached IDR 4,589,000,000 in 2017 (BPS, 2019). The high competition in the culinary industry, especially restaurants, requires ethnic restaurant business owners to analyze the needs and wants of customers to make them satisfied and loyal. In increasing ethnic restaurant customer loyalty, the quality of the restaurant, such as food quality, service quality, and physical environment quality, is needed (Ryu, Lee, & Kim, 2012; Zhang, Chen, & Hu, 2019). This research is important to analyze the loyalty of ethnic restaurant customers because Indonesia has cultural diversity which affects the diversity of local food (Handoyo et al., 2018). Unfortunately, in the

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context of restaurant marketing, little effort has been made to examine various aspects of Indonesian restaurant loyalty and to highlight the unique characteristics of certain ethnic restaurant categories, especially Indonesian restaurants that are commonly visited by local and tourist communities. Tourists and local people are looking for various ethnic foods and restaurant dining outlets because they help people to enjoy a unique dining experience and get a better understanding of a country's food culture and gastronomic identity (Kivela & Crotts, 2006).

A factor that is affecting customers' preference is the restaurant's quality (Jalilvand et al., 2017). Previous studies have analyzed and categorized restaurants' quality in some sectors such as food quality (Yi et al., 2018; Lu, Suhartanto, Gunawan, & Chen, 2020), service quality (Lee, Khan, Ha, & Ko, 2018), and physical environment quality (Shamah et al., 2018). In the parameter of food quality, someone will buy high quality and fresh foods for consumption (Savelli et al., 2019). According to service quality notion, services to customers can be provided by employees who directly serve customers or by chefs, supervisors, etc who indirectly serve customers (Amofah, 2016). Moreover, under physical environment quality notions, environmental perceptions, service perceptions, and product perceptions are factors that affect restaurant customer loyalty (Shamah et al., 2018). However, there are no studies that analyze these qualities into a single model that affects restaurant customer loyalty. This study aims to provide knowledge about the influence of ethnic restaurant qualities on customer values and loyalty before suggesting a single model aforementioned.

Other factors that also influence customers' loyalty to ethnic restaurants is its value (Lai, 2015). There are two values assessed from a restaurant; price value and emotional value (Kang et al., 2016). In the price value notion, loyalty can be influenced by prices that can be accepted and satisfy customers (Thalib, 2015). Customers may feel satisfied with some quality, but their perceptions of its value are low due to the high costs incurred in obtaining it. Therefore, the match between the quality provided by ethnic restaurants and the price value is important to analyze which will affect loyalty. Additionally, according to the emotional value idea, Indonesian people are accustomed to consuming ethnic food which leads to attitudes and emotional attachment to ethnic food. Ethnic food consumption is a habit, taste, and cooking method, unless in exceptional cases, otherwise, it is hard to change (Ma, 2015). Emotional attachment to ethnic food might be an essential influence on loyalty to an ethnic restaurant. Following the importance of values for assessing customers' loyalty, both values will be analyzed altogether with quality notion aforementioned as a supporting study.

To address the research gap on ethnic restaurant customer loyalty, this study explores the role of restaurant's quality categorized by food quality, service quality, and physical environment quality on values such as price value and emotional value, then the impact on ethnic restaurant customer loyalty in Indonesia, which is a country that has high diversity in ethnic food. This study is unique and important to be carried out because there are still a few previous studies that discuss the relationship of restaurant quality, value, and customer loyalty in ethnic restaurants. This study advances the latest knowledge about customer loyalty in ethnic restaurants which is then organized as follows; Literature Review (containing theories and hypotheses developments), Data and Table Description (measuring and presenting collected Data), and Results Explanation and Discussion (Supported with managerial implications and demonstrating the limitations and future research).

## LITERATURE REVIEW

### Loyalty in Ethnic Restaurant

Loyalty is defined as a feeling of attachment to a service provider that can influence customers to prefer certain services in the future (Zameer, 2019). In every company, having a loyal customer as well as maintaining customer loyalty is a goal, in particular, to support business sustainability. Customer loyalty is a crucial variable relating to returning customers, making business referrals, providing information from strong word-of-mouth, and providing references and publications (Bowen & Shoemaker, 1994). The literature review has shown that although loyalty can be defined in various ways, there are two main approaches in customer loyalty, such as behavioral loyalty and attitude loyalty (Dick & Basu, 1994). Additional to both main approaches, loyalty is divided into attitudes and buying behavior that benefits the seller (Liat, 2014; Kurian, 2017). Both categories of loyalty are measurable to further ease each company to start developing its marketing strategies. Levels of customer loyalty can be measured in terms of purchase frequency, retention, and relation depth (Hallowell, 1996). In this study, customer loyalty is defined as all the attitudes of customers towards ethnic restaurants and their behavior to revisit and make ethnic restaurants the first choice.

In highly competitive environments, loyal customers are companies' best advertising media which could bring more customers and consumption for the companies' outcomes. However, companies are unable to retain their customers for the long term if they are short on loyal customers (Liu, Lee, and Hung, 2017; Irianto & Kartikasari, 2020). Knowledge of how product attributes, values, satisfactions, desires (Han & Sean, 2017), process, status, company communication, barriers to switching to competitors (Berezan et al., 2015), and perceived service quality (Susskind et al., 2018) contributed to creating loyalty. Customer loyalty is widely accepted, which helps companies to achieve long-term success. In the context of restaurant marketing, customer loyalty is the primary expectation that ethnic restaurants want to achieve. All factors discussed above are important to be placed as restaurants' goals and help them to set strategic effective marketing plans.

### Food Quality

Food quality plays an essential role in increasing loyalty (Liu et al., 2017; Kukanja et al., 2017). Food quality in this research is focused on product quality in ethnic food. The food itself needs to be developed as an excellent cultural product. Besides, it is also important to be developed as cultural contents. Reliance upon its cultural impact is also crucial to maintain its sustainability and existence through strengthening the publics' loyalty. Thus, efforts to deliver information in strengthening quality food communication and focus must be given to the right target group (Loebnitz & Aschemann-Witzel, 2016) to retain customers which lead to loyalty.

The quality of food provided to customers must be adjusted to the price of the product. Lower prices attract a broader spectrum of customers, while upscale prices narrow the number of potential customers (Jalilvand et al., 2017). Reasonable price for healthy foods and perception of value are significant factors to motivate healthy food choice in the restaurant (Jin & Lee, 2017). To date, ethnic restaurants set prices in various ways because the price is the only factor that generates income through the sales process. A quality product with the right price will increase value. Therefore, an ethnic restaurant must be able to determine the right price of its products

along with the food quality. Furthermore, it is also an urge to analyze the relationship between food quality and customer emotions.

Food quality perception encourages customers to buy food, those who like to be well-informed about products buy and appreciate stores providing high quality and fresh foods (Savelli et al., 2019). Food quality is perceived as a core restaurant product that significantly affects the dining experience (Ryu, Lee, and Kim, 2012). Previous studies have discussed about various attributes of food quality, such as taste, appearance, temperature, nutrition, diversity, and cleanliness (Yi et al., 2018; Ryu et al., 2012; Hon & Prybutok, 2008). It is not surprising that food taste is one of the most important criteria in restaurant selection because delicious food gives customers a positive experience and emotional satisfaction.

H<sub>1</sub>: Food quality has a significant and positive impact on loyalty

H<sub>2</sub>: Food quality has a significant and positive impact on price value

H<sub>3</sub>: Food quality has a significant and positive impact on the emotional value

### Service Quality

Moving to service quality, the first pioneers of (empirical) service quality measurement (Gronroos, 1990; Lehtinen & Lehtinen, 1991; Parasuraman, Zeithaml, & Berry, 1988) tried to capture the essential components of service quality in theoretical (conceptual) quality models (the five-step model of service quality; the technical and functional aspects of service quality) to provide a reliable basis for the empirical measurement of service quality. Some previous studies used different dimensions in measuring service quality. However, the previous studies about service quality were not to measure the service provided by the specified ethnic restaurant, so that other studies using holistic dining experiences were significantly influenced by interactions experienced and services provided by restaurant staff; eventually, service quality is considered important to develop and maintain customer relationships (Ryu & Han, 2010; Ryu et al., 2012). This study will be specifically developing the service quality which has not been discussed.

A relation between good service and regular customers is the service quality provided to customers which can affect their loyalty (Lee, Khan, Ha, & Ko, 2018; Kukanja, Gomezelj Omerzel, & Kodrič, 2017; Liu, Lee, & Hung, 2017). Besides, not only service, food, price, and availability are also essential characteristics for these customers (Brečić, Mesić, and Cerjak, 2017). In the restaurant business, service quality can be delivered through employees who are classified as the personnel who deal directly and indirectly with customers (Amofah, 2016). Good service means good interaction since the interaction between customers and employees can affect customer satisfaction (Zameer, 2019) and able to lead to customer loyalty. Service quality and food quality are attributes in assessing restaurant quality (Hon & Prybutok, 2008). Some of these opinions indicate the relationship between service quality with food quality and physical environment quality in influencing loyalty.

Since excellent service quality can create value for the customers, service quality has a direct influence on customers' perceptions of value (Wu, 2013), emotional value dan economic value (Kang et al., 2016). Excellent service quality can also affect loyalty. Service quality has a positive influence on customer loyalty and willingness to recommend (Liat, Mansori, & Huei, 2014). Four factors of service quality attributes affecting loyalty include convenience, employee's service quality, food quality, and restaurant as a place for socializing (K. Lee et al., 2018). From the aforementioned notions, there are strong relations between service quality, restaurants' value, and customers' loyalty from which create several hypotheses as follows:

H<sub>4</sub>: Service quality has a significant and positive impact on loyalty

H<sub>5</sub>: Service quality has a significant and positive impact on price value

H<sub>6</sub>: Service quality has a significant and positive impact on the emotional value

### Physical Environment Quality

Regarding the statement of good service means good interaction from which affects the loyalty level of customers, physical environment quality becomes another supportive measurement. The physical environment refers to the service environment that contributes to the overall customer experience (Jackson, 2016). Environmental perceptions, altogether with service perceptions and product perceptions are factors in creating loyalty in restaurants (Shamah et al., 2018). Environmental perceptions are also defined as physical surroundings that significantly affect customer experience; hence, an attractive and unique physical environment design is highly noticeable and perceived as a characteristic signature of an upscale restaurant (Ryu et al., 2012). The physical environment includes clean interior, room, floor, signboards, decoration, temperature, and equipment to enhance the customer experience (Amofah, 2016). The physical environment will provide tangible evidence of service performance (Zameer et al., 2019). Satisfaction with store attributes has a positive effect on shopping satisfaction (Suhartanto, 2018). In addition, visual perception significantly influences customer perceptions and feelings (Y. C. D. Chen & Lee, 2018). Some customers tend to perceive the tangible dimension as an important aspect in which restaurant managers need to focus on improving the physical environment, such as the cleanliness of the dining area and the staff attire (Cao & Kim, 2015). The physical environment will lead to contented feelings of customers who create positive emotions in the restaurant which is then able to lead to loyalty. Customers also pay attention to physical environment quality at the price paid. If the price matches the quality provided, it can drive their loyalty. Developed hypotheses are explained as follows:

H<sub>7</sub>: Physical environment quality has a significant and positive impact on loyalty

H<sub>8</sub>: Physical environment quality has a significant and positive impact on price value

H<sub>9</sub>: Physical environment quality has a significant and positive impact on the emotional value

### Values in Ethnic Restaurant

Value plays an essential role in increasing restaurant customer loyalty. The perceived value of the customer can be divided into price value and emotional value (Kang et al., 2016). In price value, customers continuously consider benefits and costs. Restaurant management must convey that the customers are receiving high value from the restaurant (Cha & Borchgrevink, 2019). Pricing strategies based on cost, competitors (Pogorelova, Yakhneeva, and Agafonova, 2016), and customer value (Nouri & Soltani, 2015) are considered by customers in buying a product. Customers assess several aspects of purchase such as quality, comfortability, and price (Harrington et al., 2017). Customers can consider more value for lower or affordable prices (Kushwaha & Agrawal, 2015). Price can be influenced by customer income, satisfaction factor, and loyalty (Işoraité, 2016).

Emotional value refers to the perceived utility derived from an alternative capacity to arouse feelings or other affective states (Sheth et al., 1991). Emotional values refer to various affective states or feelings associated with consumption and can lead to behavioral intentions (J. S. Lee, Lee, & Choi, 2011). Food is not only the source of nutrition for humans but it plays various roles in our daily life, beliefs, and socioeconomics (Ma, 2015). Eating behavior, once formed, has continuity.

When people are moving to other regional or countries, they will continue keeping their traditional eating habit, taste, and cooking methods, unless in exceptional cases, otherwise, it is hard to change (Ma, 2015). Customer loyalty in restaurants may follow a cognitive evaluation process and emotions (Gracia, Bakker, and Grau, 2011). The emotional value that is part of the symbolic value is a factor that can attract loyal customers (P. T. Chen & Hu, 2010). In ethnic food, some people may have positive emotions regarding authenticity of food and atmosphere (Jang & Ha, 2015). Emotions can be affected by servicescape (lighting, temperature, the color of the wall and floor, music, theme, comfort level, and the uniqueness of the interior layout and design) and service encounters (the interaction between customers and service staff) (Lin & Mattila, 2010).

H<sub>10</sub>: Price value has a significant and positive impact on loyalty

H<sub>11</sub>: Emotional value has a significant and positive impact on loyalty

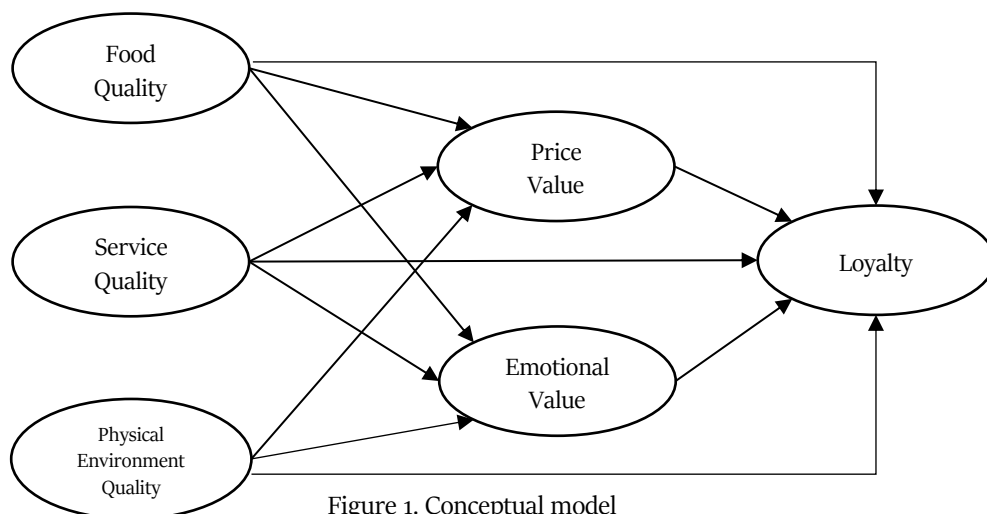


Figure 1. Conceptual model

## RESEARCH METHOD

This study applies quantitative research methods in analyzing the effect of restaurant quality and value towards customer loyalty to ethnic restaurants. The samples in this study are 210 customers who visit ethnic restaurants twice in the past month. The survey was done in various ethnic restaurants starting from Sundanese, Javanese, to Minangnese Restaurants. The instrument used in this study is a questionnaire, built via Google forms, and the link was distributed online through social media. To support data collection, the instrument content validity (questionnaire) that was arranged by experienced academics in marketing research contains no errors and considered valid. The questionnaire developed in English has also been tested before data collection with a group of customers to ensure that the questionnaire can be clearly understood and interpreted. The questionnaire consisted of two parts; the first section presents questions related to the respondent's demographic profile and the second part is related to research variables.

This study has modified several instruments used in previous studies by adjusting the objectives of the study. The price value and emotional value instruments are based on Yeap, Ong, Yapp, & Ooi (2019), which measure values based on the theory of consumption values. This study applies these values for measurement because of its relation to other variables in this study, such

as food quality, service quality, and physical environment quality. Food quality in this study is modified from Kukanja et al., (2017) in measuring restaurant quality; one of the variables was food quality. Then the instruments in measuring physical environment quality and service quality were modified from Ryu et al., (2012) that measured restaurant quality. Loyalty indicators in this study are modified from previous research from Kurian and Muzumdar (2017) and Moreira and Silva (2015). Questionnaire items on each variable were measured using a five-point Likert scale (1 strongly disagree to 5 strongly agree).

## RESULTS

### Data Collection

The research hypotheses are tested with data collected through surveys on ethnic restaurant customers in Indonesia. Selection of respondents with several criteria such as respondents having visited ethnic restaurants twice in the past month and having visited different ethnic restaurants. Technically, to begin, respondents are asked to remember one ethnic restaurant where they visited last time. Those who meet these criteria become respondents. They fill out a questionnaire on the Google form and are not offered incentives to complete surveys. The researchers received 210 respondents' answers that are worth analyzing. Table 1 summarizes the demographic profile of the respondents. Respondents consisted of 44.3% of men and 55.7% of women. The majority (88.1%) of respondents were in Java. Most respondents (53.3%) had a salary below Rp 2,000,000. Based on age, 42.4% are at the age of 17-20 years. The majority of respondents (73.8%) visited ethnic restaurants 2-4 times a month. Then the dominant visit time is at lunchtime (69%

Table 1. Demographic characteristics of samples

Characteristics	Category	N	%
Gender	Male	93	44.3
	Female	117	55.7
Location	Jawa	185	88.1
	Sumatera	20	9.5
	Kalimantan	5	2.4
Salary	<Rp 2.000.000	112	53.3
	Rp 2.000.000 - Rp 3.999.000	39	18.6
	Rp 4.000.000 - Rp5.999.999	21	10.0
	> Rp 6.000.000	38	18.1
Age	17-20 years	89	42.4
	20-25 years	56	26.7
	26-35 years	48	22.9
	36-45 years	15	7.1
	>46 years	2	1.0
Frequency of Visit	2-4 times a month	155	73.8
	5-9 times a month	40	19.0
	>10 times a month	15	7.1
Visiting time	Lunch	145	69.0
	Afternoon meal	37	17.6
	Dinner	28	13.3

## Measurement Model

This study employed the PLS-SEM method as analysis method with two stages of analysis; outer model and inner model analysis (Hair et al., 2014). On the one hand, the outer model analysis was applied to check whether the measurement indicator used is valid and reliable. On the other hand, the inner model examined the structural model formed and examined the relationship between variables in the model. The results of the outer analysis of this research model are summarized in table 2, where the outer model has been proven to have excellent reliability and validity.

Table 2. Construct validity and reliability

Constructs/Item	Loading factor	$\alpha$	CR	AVE
Food Quality		0.876	0.910	0.668
-Many choices of food	0.805			
-Delicious taste	0.835			
-Interesting food serving	0.829			
-Appropriate portion of food	0.849			
-Guaranteed halal and health	0.766			
Service Quality		0.848	0.898	0.688
-Employees have a friendly attitude	0.863			
-Employees have an excellent ability to serve consumers	0.800			
-Employees are responsive to consumer questions	0.859			
-Employees serve customers quickly	0.794			
Physical Environment Quality		0.832	0.899	0.748
-Sufficient number of employees to serve	0.782			
-Cleanliness of equipment and restaurants	0.902			
-Neat layout	0.905			
Emotion Value		0.886	0.928	0.811
-Likes to visit ethnic restaurants	0.929			
-Feel comfortable in an ethnic restaurant	0.902			
-Likes ethnic restaurants more than any other restaurant	0.869			
Price Value		0.856	0.898	0.688
-Price list menu available	0.829			
-The price is the same as the price list	0.851			
-Price according to quality	0.832			
-Price is cheaper than competitors	0.830			
Loyalty		0.923	0.943	0.768
-There is no other restaurants that provide better service than ethnic restaurants	0.865			
-I opine that ethnic restaurants have more benefits than other restaurants	0.826			
-Although other restaurants offer lower prices, I still choose ethnic restaurants	0.798			
-I intend to be ethnic restaurants' regular customers	0.944			
Ethnic restaurant as the primary choice	0.939			



Table 3. Discriminant validity of variables (Fornell & Larcker criterion)

	Emotional Value	Food Quality	Loyalty	Physical Environment Quality	Price Value	Service Quality
Emotional Value	0.901					
Food Quality	0.367	0.817				
Loyalty	0.530	0.721	0.876			
Physical Environment Quality	0.444	0.560	0.846	0.865		
Price Value	0.486	0.636	0.813	0.687	0.835	
Service Quality	0.455	0.600	0.751	0.720	0.638	0.829

Based on construct validity and result reliability, it can be stated that all loading scores are above 0.5. So, there are no indicators to be eliminated from the research model. Discriminant validity can be evaluated by looking at AVE scores which must be above 0.5. Table 2 shows that all AVE scores have acceptable values. It can be said that discriminant validity is good.

**Structure Model**

After testing the outer model, the next step is to test the direct effect between variables and the indirect effects shown in table 4.

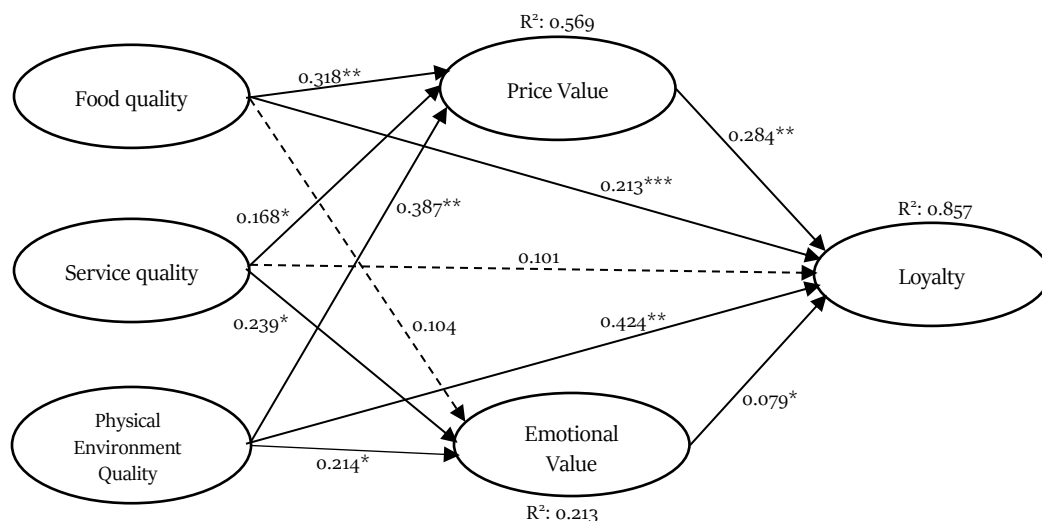
Table 4. Hypothesis testing

Variable	Dirrect		Indirrect		Total	
	Path Coefficient	T Statistic	Path Coefficient	T Statistic	Path Coefficient	T Statistic
H <sub>1</sub> : FQ – LOY	0.213	6.123**	0.099	3.828**	0.312	8.698**
H <sub>2</sub> : FQ – PV	0.318	5.291**	-	-	0.318	5.291**
H <sub>3</sub> : FQ – EV	0.104	1.291	-	-	0.104	1.291
H <sub>4</sub> : SQ – LOY	0.101	1.558	0.067	2.527*	0.167	2.382*
H <sub>5</sub> : SQ – PV	0.168	2.253*	-	-	0.168	2.253*
H <sub>6</sub> : SQ – EV	0.239	2.408*	-	-	0.239	2.408*
H <sub>7</sub> : PQ – LOY	0.424	5.855**	0.127	3.972**	0.551	7.564**
H <sub>8</sub> : PQ – PV	0.387	5.630**	-	-	0.387	5.855**
H <sub>9</sub> : PQ – EV	0.214	2.329*	-	-	0.214	2.329*
H <sub>10</sub> : PV – LOY	0.284	5.930**	-	-	0.284	5.930**
H <sub>11</sub> : EV – LOY	0.079	2.265*	-	-	0.079	2.265*

Note. FQ: food quality, SQ: service quality, PQ: physical environment quality, PV: price value, EV: emotional value, LOY: loyalty; Significance \*\*0.01; \*0.05

Based on the results of testing the direct effect on Hypothesis 1 and Hypothesis 2, it indicates that food quality significantly influences loyalty (0.213) and price value (0.318). However, the results of hypothesis 3 indicate that food quality has no significant effect on emotional value (0.104). The test of hypothesis 4 shows the insignificant effect of service quality on loyalty (0.101). Meanwhile, the results of hypothesis 5 and hypothesis 6 indicate that service quality has significant effect on price value (0.168) and emotion value (0.239). The results of hypothesis 7, hypothesis 8, and hypothesis 9 show that physical environment quality has a significant effect on loyalty (0.424), price value

(0.387), and emotional value (0.214). Then, the test results of hypothesis 10 and hypothesis 11 show that price value has a significant effect on loyalty (0.284) and emotional value also significantly affects the loyalty level (0.079). The results of the direct effect show that almost all variables have significant effect except for hypothesis 3 and hypothesis 4.



Note. Standardized path coefficient; Dotted lines indicate nonsignificant paths ( $p < .05$ ); Significance \*\*0.01, \*0.05

Figure 2. Structural model testing of the conceptual model

## DISCUSSION

The study result provides essential results in analyzing the factors that build loyalty toward ethnic restaurants. The results show that food quality is an important factor in increasing emotional value in ethnic restaurants. Customers will like and feel comfort while visiting ethnic restaurants if ethnic restaurants have good quality food, many choices of types of food, good food taste, attractive appearance, suitable food portions, and guaranteed halal and healthy status. Some respondents will continually become ethnic restaurant customers and choose an ethnic restaurant as the primary choice if it provides good food quality. There is an influence between products that can satisfy customers on loyalty (Thalib, 2015). Good quality food provides its value benefits for customers. Culinary entrepreneurs, especially ethnic restaurants, must have good, authentic, varied, and healthy and halal food to be able to compete with other restaurants. Good food can attract customers to keep coming back to the restaurant who are prospective to be loyal customers.

Surprisingly, service quality has no direct effect on loyalty but has an indirect effect on both emotional and price value. It shows that customers will be loyal to ethnic restaurants because of its quality service provided from which increase emotional value and price value. Additionally, physical environment quality has a significant influence on loyalty. An adequate number of employees in service, the presence of managers or owners in ethnic restaurants, cleanliness of equipment and restaurants, beautiful restaurant layouts, and ethnic restaurant designs that display types of food can contribute to their loyalty. The fact is that physical environment quality leads to positive emotions because customers feel comfortable and happy in the restaurant. The results of this study provide evidence that the quality of the physical environment can increase value, especially in emotional value. Therefore, excellent quality of service, food, and physical

environment will affect the loyalty of ethnic restaurant customers. Four factors of service quality attributes include convenience, employee's service quality, food quality, and restaurant as a place for socializing (K. Lee et al., 2018).

Ethnic restaurant customer loyalty can also be influenced by emotion value and price value. If customers feel an attachment to ethnic restaurants and feel comfortable visiting ethnic restaurants, it will affect their loyalty. Other important factors for customers in ethnic restaurants are food quality, comfort, service quality that can satisfy their desires. At a stage, while these values represent one of the fundamental drivers of human behavior, research is still interested in understanding which individual or situational factors can affect the actual intention of customers to change their eating patterns according to these values (Loebnitz, Mueller, & Grunert, 2015). If ethnic restaurants can create high value, it affects customer emotions that lead to loyalty. Within the price value, perceived price came out as a motivator of food selection. Reasonable price, perception of value, reasonable price of healthy foods are significant factors to motivate food choice in the restaurant (Ryu & Han, 2010). Additionally, the price can be influenced by customer income and another factor of satisfaction and loyalty (Išoraitė, 2016). The price value is a critical factor in increasing ethnic restaurant customer loyalty. Customers consider the quality provided by ethnic restaurants at the prices offered. This suitability will lead to the loyalty level of ethnic restaurants' customers. Last but not least, both emotional and price values are considerably impactful aspects to encourage customers' loyalty.

Based on the analysis of overall direct effects shows that food quality, service quality, and physical environment quality are influentially affecting customers' loyalty in ethnic restaurants either directly or through value. Restaurant qualities are significant parameters of consumption value. Followingly, local food attributes such as quality and variety of dishes were strongly related to consumption value (Kim, 2013). Ethnic restaurants, which serve dishes consumed by a populace daily, often serve as manifestations of a region's history, identity, and heritage (DiPietro & Levitt, 2019). In the ethnic restaurants, dishes variety, quality, ethnic identity, and history are commonly placed together. Thus, the relationship creates emotional attachments that ultimately, drive customers to visit the restaurant in a regular manner. Moreover, customers' loyalty to ethnic restaurants can also be influenced by price value. The menu price list, price according to the price list, price according to quality, price is lower than competitors and set according to what customers expect can affect their loyalty to ethnic restaurants. Therefore, the results of this study provide knowledge that many customers have expectations on the quality of food, service, and physical environment which will affect loyalty if ethnic restaurants can create emotional and price value.

## **THEORETICAL AND MANAGERIAL IMPLICATION**

Theoretically, the results showed that customers are loyal to restaurants because of restaurant quality including food quality, service quality, and physical environment quality as well as value that includes price value and emotional value. Simply, the loyal customers of ethnic restaurants are driven by restaurant qualities and values. The price value and emotional value in this study are based on the theory of consumption values that describes the cognitive beliefs of ethnic restaurant customers. This research supports the influence of emotional value and price value on customer loyalty, which means that the theory of consumption values provides a foundation of values that can affect loyalty. The results of the study illustrate how quality affects value and loyalty, thereby providing evidence that quality and value can measure customer loyalty of ethnic restaurants.

Managerial implications can be derived which, in turn, call for further investigations aimed at improving the competitiveness of ethnic restaurants. First, it shows the importance of quality in ensuring overall restaurant quality and loyalty. Ethnic restaurant managers must ensure substantial efforts in understanding the importance of improving food quality, service quality, and physical environment quality. Managers must continually measure the quality of their offers and adjust their marketing strategies to ensure customer loyalty. Second, pricing strategies are also crucial in increasing loyalty. Managers must adjust prices with the quality provided to customers. The suitability of the price with the quality will increase the value and affect customer loyalty. Third, customer emotional factors in ethnic restaurants are also crucial in influencing loyalty. Emotional attachments will affect long-term customer loyalty. It is important for managers in creating positive emotions for customers when they visit ethnic restaurants. Overall, each quality and value variable provides an essential role in increasing the loyalty of ethnic restaurant customers. However, the results of the analysis show that ethnic food plays a dominant role in influencing loyalty, both directly and indirectly. Managers need to improve the quality provided to customers that will affect their loyalty.

## LIMITATION AND FUTURE RESEARCH

Although this research makes an essential contribution to the combined effect of quality (food quality, service quality, physical environment quality) and value (emotional value and price value) on customer loyalty understanding, this research remains limited in some manners. First, since data were collected using a convenience sampling approach, the findings of this study must be generalized carefully from which results may differ for different customer segments. Future research is expected to divide between several segments in determining the effect of ethnic restaurants' customers' loyalty. Second, the data of this study are collected in ethnic restaurants in several major cities in Indonesia, thus the results of this study may differ in ethnic restaurants in smaller regions or cities. Future research is expected to provide a proportion of customers in various cities. Each province in Indonesia has different ethnic food characteristics from which may vary the results of future discussions. Third, the diversity of ethnic food in Indonesia due to a variety of cultures makes this research cannot generalize the results on all ethnic food in Indonesia. Future research is expected to be able to differentiate the influence of several ethnic foods. Fourth, this research is more dominated by middle class and lower class ethnic restaurant customers which can be seen by the level of respondents' income. The results will differ in customers with higher income classes. Future research is expected to divide customers based on their income or provide equal proportions at each level of customer income.

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