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A Consumer's View of Restaurant Reservations Policies

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A Consumer's View of Restaurant Reservations Policies

Abstract

Restaurant customers view reservations as a form of contract, according to a survey of 1,230 frequent diners. The self-selected respondents to the survey had little patience for restaurants that fail to have tables ready, but they also thought that customers who could not honor their reservations should keep their end of the deal, by contacting the restaurant with their change of plans. Along that line, survey respondents often found it difficult to contact a restaurant when they needed to change a reservation. An examination of specific reservations-related policies found that, with regard to late-arriving diners, a policy of holding a table for no longer than a stated period, typically 15 minutes, is viewed as fair and acceptable. Also seen as relatively fair is asking guests to guarantee their reservation with a credit card. The respondents dislike the idea of premium pricing, question the fairness of policies that set a maximum duration at table or a minimum party size, and take a negative view of restaurants that penalize guests when one or more members of a party do not appear. Guests who linger at a table present a special challenge. Respondents do not want to be rushed or be asked to leave when they stay long at a table, but at the same time they realized that lingering guests cause delays for parties that follow them. One way to circumvent this issue might be for the restaurant operator to discuss time expectations when accepting the reservation.

Keywords

restaurant, reservation policies, wait times

Disciplines

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Comments

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A Consumer's View of Restaurant Reservations Policies

by Sheryl E. Kimes, Ph.D.

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Cornell University School of Hotel Administration

A Consumer's View of Restaurant Reservations Policies

by Sheryl E. Kimes

EXECUTIVE SUMMARY

estaurant customers view reservations as a form of contract, according to a survey of 1,230 frequent diners. The self-selected respondents to the survey had little patience for restaurants that fail to have tables ready, but they also thought that customers who could not honor their reservations should keep their end of the deal, by contacting the restaurant with their change of plans. Along that line, survey respondents often found it difficult to contact a restaurant when they needed to change a reservation. An examination of specific reservations-related policies found that, with regard to late-arriving diners, a policy of holding a table for no longer than a stated period, typically 15 minutes, is viewed as fair and acceptable. Also seen as relatively fair is asking guests to guarantee their reservation with a credit card. The respondents dislike the idea of premium pricing, question the fairness of policies that set a maximum duration at table or a minimum party size, and take a negative view of restaurants that penalize guests when one or more members of a party do not appear. Guests who linger at a table present a special challenge. Respondents do not want to be rushed or be asked to leave when they stay long at a table, but at the same time they realized that lingering guests cause delays for parties that follow them. One way to circumvent this issue might be for the restaurant operator to discuss time expectations when accepting the reservation.

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Sheryl E. Kimes, Ph.D., is Singapore Tourism Board Distinguished Professor of Asian Hospitality Management at the Cornell University School of Hotel Administration (sek6@cornell.edu). She has served as interim dean of the Hotel School and as the school's director of graduate studies. Her research interests include revenue management and forecasting in the restaurant, hotel, and golf industries. She has published over 50 articles in leading journals such as *Interfaces, Journal of Operations Management, Journal of Service Research, Decision Sciences*, and the *Cornell Hotel and Restaurant Administration Quarterly*. She has served as a consultant to many hospitality enterprises,

including Chevy's FreshMex Restaurants, Walt Disney World Resorts, Ruby's Diners, Starwood Asia-Pacific, and Troon Golf. A special thanks to Frank Bruni, the restaurant critic for the New York Times. This survey would not have been possible without his assistance. The author is also indebted to Wayne Taylor, an undergraduate student at the Cornell University School of Hotel Administration, for his assistance with developing the on-line version of the survey and for his able assistance in analyzing the results.

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estaurants and most other capacity-constrained service firms use reservations and appointments in an effort to manage demand. Without reservations or appointments, a restaurant or physician's office would have little control over when customers arrive. Customers would experience excessive waits at certain times, while the facility would sit empty at others. Even though reservations and appointments can help manage demand, they are not

without problems related to the uncertainty associated with whether customers will honor their reservation or appointment and with the uncertainty associated with the length of time that customers will use the service. In addition, firms must balance the schedule of reservations and appointments with the need to keep slots open for walk-in demand, whether that means dinner guests or patients with emergencies. This report outlines how a large group of consumers view reservation-related policies, based on an online survey.

Restaurants do not explicitly sell time, even though timing is a key element of the business. So restaurants must find ways to control when customers begin and end their use of a table. Managers can calculate average meal duration as a tool to plan capacity utilization for a meal period, but inevitable variations from this average may mean that tables will not be available when expected. One consequence is that customers with reservations for that particular time may have to wait—and are likely to be displeased.

The tools that managers hold to control arrival and duration involve either internal means (i.e., those that do not involve customers) or external means (which do involve customers).1 The chief internal duration-control methods involve regulating and redesigning service processes (including speeding up service to promote customer turnover and providing an optimal table mix), forecasting customer arrivals (i.e., forecasting the timing of reservations and walk-ins and party-size mix of arriving customers), and implementing inventory controls (e.g., determining the number of tables available by time period, overbooking the room, or setting minimum party sizes for particular table sizes). External methods include requiring booking fees or guarantees (for example, having guests guarantee reservations on a credit card) and overt restrictions on the length of time that customers can use the table. Not surprisingly, most restaurants have chosen to manage arrival and duration internally, so as not to risk offending customers.

That said, certain external controls become appealing to restaurateurs in high demand periods. If a restaurant could reduce the no-show rate and have customers show up on time with the promised number of people in their party, and if those customers stay for an expected (or agreed upon) duration, restaurant utilization and profitability would almost certainly increase. The question is whether customers would accept external control policies designed to reduce no-shows and table duration. External arrival and duration management tools, specifically regarding reservations, are the subject of the research described in this report.

Studying Reservations Policies

The study described here examined what customers think of the fairness and propriety of restaurant reservation policies. I posted a customer survey on the *New York Times* Diner's Journal blog on May 2, 2007.² As of June 30, 2007, the survey had logged 1,230 responses from people residing in the United States. (An additional 159 responses from people living elsewhere were not included in the analysis presented here.) Although the sample is obviously not representative, I believe that the respondents, who dine out frequently, are the type of customers that most restaurants would like to host. To be specific, the sample is restricted to computer users who either read the *New York Times* Diner's Journal blog or are friends of someone who does. This self-selected sample is, I would argue, much more interested in dining out than are members of the general population.

In addition to demographic information, the survey posed questions on respondents' expectations of and reasons for making reservations for three different dining situations, namely, a business dinner, a special occasion, and an ordinary social meal. Asked for their specific views on seven different reservations policies, respondents were also asked to provide reasons for their responses. In addition, the survey asked questions measuring the time sensitivity of respondents and their reaction to the scarcity of reservations.

I supplemented the survey using qualitative information from comments on reservations-related articles that were posted on the *New York Times* Diner's Journal blog and a similar site for the *San Francisco Chronicle.*³ The overall results from the customer survey will be presented first followed by a discussion of the results for each specific reservations policy.

Survey Results

The respondents were evenly divided by gender, and the large majority (92.0%) have at least a college degree (over 50% have a post-graduate degree). The majority (52.9%) are between 25 and 39 years old, with 10.9 percent under 25, 22.8 percent between 40 and 54, and 13.4 percent 55 or over.

¹ Sheryl E. Kimes and Richard B. Chase, "The Strategic Levers of Yield Management," *Journal of Service Research*, Vol. 1, No. 2 (1998), pp. 156-166; and Sheryl E. Kimes, Richard B. Chase, Sunmee Choi, Philip Lee, and Elizabeth Ngonzi, "Restaurant Revenue Management: Applying Yield Management to the Restaurant Industry," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 39, No. 3 (June 1998), pp. 32-39.

 $^{^2}$ Survey questions are presented in Appendix 1 at the end of this report.

³ See: dinersjournal.blogs.nytimes.com/tag/reservations/; and www.sfgate. com/cgi-bin/blogs/sfgate/category?blogid=26&cat=627.

Restaurant customers view a reservation as a type of contract—and they are not happy when restaurants fail to have a table ready.

About 38 percent of respondents work in or have worked in the restaurant industry.

Not surprisingly, the respondents dine out frequently. About half (46.8%) go out for dinner four or more times per month at restaurants that take reservations, 35.5 percent go out two or three times per month, and 17.6 percent go out once a month. Only 1.1 percent reported not going out even once a month.

With regard to the three different dining occasions, the majority of respondents indicated that they always made reservations for special occasion dinners (70.0%), while 46.9 percent said they always made reservations for business dinners. Only 12.8 percent of respondents said that they always made reservations for social dinners (Exhibit 1). The respondents considered reservations to be extremely important for special occasion dinners (6.4 on a scale of 1 through 7), and very important for business dinners (5.6), but of middling importance (4.3) for social dinners (Exhibit 2).

Reservation Expectations

Respondents were requested to indicate their expectations about restaurant reservations based on their agreement with nine statements about reservations (1 = Strongly Disagree through 7 = Strongly Agree). For each statement, an average rating above 5.5 was considered to indicate strong agreement; between 4.5 and 5.49, simple agreement; 3.5 to 4.49, neutral; 2.5 to 3.49, disagreement; and below 2.5, strong disagreement.

Respondents had fairly clear expectations regarding reservations (Exhibit 3). They believed that they should call and cancel their reservation if unable to honor it (6.6), but they also expected that their table would be ready for them when they arrived at a restaurant (5.9). They also expected that they should call the restaurant if they are running more than a few minutes late (6.0). In addition, they expected that they should show up with the number of people specified in the reservation (4.9).

Moreover, respondents did not think it was acceptable to be 20 minutes late (2.6), or that a table was theirs for the evening (3.4). Even though they thought they should show up on time, respondents also did not expect to be charged a fee if they did not show up at all (3.4). Respondents had no strong expectations for whether they would have to wait to be seated until their entire party had arrived (3.6) or that the restaurant would hold the table for 15 to 20 minutes for parties arriving late (3.8).

Reservation Reasons

The reasons rated most important for making a reservation were difficulty in getting a table without a reservation (5.8), being able to better plan one's evening (5.7), not liking to wait (5.6), and the desire to make sure that everything is perfect (5.7). Reasons that gained a rating of important were having more control (4.9), knowing that the restaurant was ready for them (4.9), and expecting that the restaurant required reservations (4.8). Respondents did not think (2.8) that a reservation gave them more control over where they were seated (Exhibit 4).

Reservations Policies

I asked respondents to evaluate the following seven different reservations policies: requiring credit-card guarantees, charging for short shows, seating only the entire party, canceling tables for late shows, requiring a minimum party size, setting maximum duration limits, and differential pricing for premium times (see Exhibit 5).

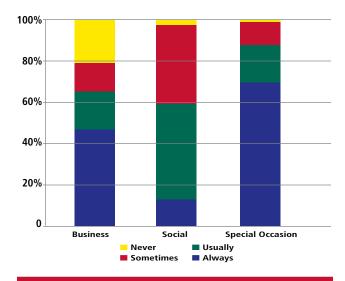
For each reservations policy, I asked respondents to evaluate its acceptability, understandability, and fairness, as well as to indicate their familiarity with the policy, all on scales of 1 through 7. I also asked the respondents to indicate why they answered the way they did and sorted those qualitative responses into eight to ten categories for each reservation policy.

The specific results for each of the reservations policies (including current restaurant practice) will be discussed first followed by a comparison of the results for various reservations policies.

Credit Card Guarantees

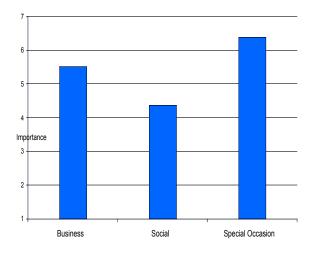
Restaurants take any of several approaches to ensure that customers honor their reservation. Some call to remind customers of their commitment and others require that

Reservation frequency by occasion



Ехнівіт 2

Reservation imortance by occasion



Ехнівіт З

Reservation expectations

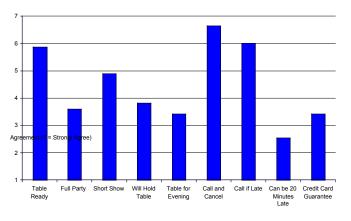
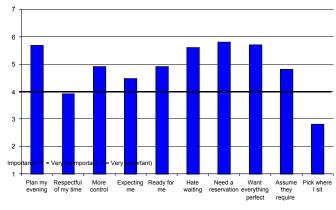


Exhibit 4 Reservation reasons

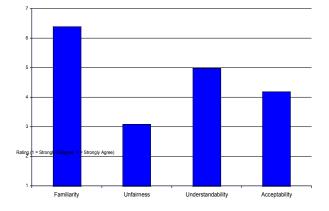


Ехнівіт 5

Reservation policies

Policy	Definition
Credit-card guarantees	Customers are required to guarantee their reservation with a credit card. If they do not honor their reservation or do not call to cancel within a specified time, their credit card is charged a pre- determined amount per person in the reservation.
Short show	Customers who arrive at the restaurant with fewer people than specified in their reservation.
Entire party seating	The restaurant will not seat a party until everyone in that party has arrived at the restaurant.
Late show	If customers are running late, restaurants will hold their table for a certain length of time after the time of the reservation before releasing it for use by other customers.
Minimum party size	Restaurants require that reservations only be given to parties that have a minimum of a certain number of people.
Maximum duration limits	The restaurant tells customers that they can only use a table for a certain length of time.
Premium pricing	Customers are charged a premium for reservations at certain times.

Attitudes toward credit-card guarantees



customers call or e-mail the restaurant to reconfirm their reservation. Beyond telephone calls, restaurants can require a credit card guarantee and charge a penalty if the party does not show up; they can require either a deposit or full payment in advance; or they can charge a penalty if the reservation is not cancelled within a certain time period.

Customer opinion. Respondents were very familiar with credit card guarantees (6.2). They viewed them as understandable (5.0), but were neutral on their acceptability (4.3). Credit card guarantees were considered (at an average of 3.2) to be a fair practice (Exhibit 6).

Credit-card guarantees were basically well-received by the numerous respondents (936) who offered comments. Of the eight general comment categories, three of the four most common were supportive of the idea. Those comments were: "this policy is fair to both the restaurant and other customers" (25.9%), "restaurants are in business and need to protect themselves against no-shows" (16.4%), and "customers should have the courtesy to cancel their reservations if they cannot honor them" (13.3%). A small but solid group (14.2%) said: "this policy is unfair." Representative comments are given in Exhibit 7.

Ехнівіт 7

Representative comments regarding credit-card guarantees

Category	Representative Comments		
	A reservation is a contract on both sides. It should be honored as such.		
This policy is fair to both the restaurant and other customers	If they ask for a credit card, then the deal is implied. I'm expected to hold up my end of the arrangement and show up.		
(25.9%).	There is opportunity cost for the restaurant to hold the table so it is only fair for them to charge a fee for "no show."		
	There is a real cost to a restaurant in a reservation that is not used by a customer.		
Restaurants are in business (16.4%).	Restaurants are businesses, not charities, and so it makes sense for them to provide an incentive for the customer not to bail out at the last minute. This is also sound policy for other customers, who may have been denied a table at a time of their choice, and which ended up unused.		
	A restaurant is a business, and a security deposit is standard practice for may businesses.		
Unfair (14.2%).	It is a fair reaction to an understandable need, but it feels somewhat presumptuous regardless.		
	I don't think I should be charged for changing my mind. I do not consider eating out the same as seeing a Broadway show. For me it is typically a casual experience. Adding the charge add a level of rigidity.		
	I understand the reasoning, but it seems petty.		
Customers should have the courtesy to cancel (13.3%).	Too many selfish people making reservations in order to decide at last minute where and when to dine. Totally disrespectful.		
	You should cancel a reservation if you are not going to show up. It is a waste of the restaurant's time and unfair to someone who would like to eat there but could not get a reservation because you were holding that time.		
	I understand why restaurants have to do this, however, diners should have the courtesy to call and cancel. It's a five-minute phone call.		

The comments on the dining blogs indicated that the mechanics of the guarantee sometimes interfered with the principle. That is, the major complaints centered around difficulties in contacting restaurants to cancel reservations. Many customers mentioned calling the restaurant and getting either a busy signal or no answer. Others were annoyed at the need to fax a copy of their credit card and signature to the restaurant (something that many restaurants require because of difficulties in collecting from credit card companies without a valid signature).⁴

Short Shows

When a party shows up with fewer customers than expected, the restaurant faces two potential costs: (1) the opportunity cost of an empty seat (especially since the forgone reservation might have used all of the seats), and (2) overstaffing and repurchasing costs because of the expected additional customers. Obviously, one fewer customer will not have a significant impact on costs, but if a shortfall occurs many times during an evening, it can have a substantial effect on profitability.

While a charge for short-shows might make sense from an operational perspective, customers may feel that they do not have control over their party size and may have difficulty in notifying the restaurant of any changes in that number.

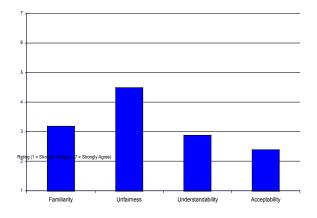
Customer opinion. Respondents were generally unfamiliar with short-show penalties (2.9), and viewed this policy as difficult to understand (2.9) and very unacceptable (2.4). Short-show policies (at 4.6) were considered to be unfair (Exhibit 8).

Most of the 820 respondents who made comments about short-show penalties took a dim view of them. The most common comments were "I don't have control over who in my party shows up" (25.4%), "it should depend on the number of people who don't show up" (17.1%), "this policy is unfair" (10.9%), and "this policy is inhospitable (9.8%)." Representative comments are given in Exhibit 9 (overleaf).

The dining blogs carried few comments regarding being charged for a short show. A representative comment was: "My worst and most unusual experience in this was a good ten years ago at a 'hot' place where I had a reservation for three. Two of us showed up, and we were unsure whether the third would come or not, so I leveled with the hostess and asked for a three. I was told that was fine, but I would

Ехнівіт 8

Attitudes toward short-show policies



have to pay \$65 for the place whether or not anyone else turned up! (I took a two and crossed my fingers)."⁵

Entire Party Seating

The requirement that the entire party be present before the party is seated makes operational sense, especially for large parties. If the complete party does not show up (thus becoming a short-show), the restaurant will have to reconfigure the tables it may already have set for the large party, or have tables empty. Worse, if patrons straggle in over time the tables will be occupied far longer than expected, perhaps delaying the seating of later-arriving parties.

This reservation policy risks offending both the large party and those who follow it. Customers who must wait for others in their party before being seated may resent having to wait (especially if the waiting area is not comfortable or they don't want to be stuck in the bar), but other customers who are forced to wait because the large party held the table too long will resent waiting (because their table wasn't ready when promised).

Customer opinion. Respondents were very familiar with entire party seating policies (6.25) and had a neutral view of the acceptability (3.6), understandability (4.0), and fairness (3.7) of this policy (Exhibit 10, also overleaf).

The 798 qualitative responses reflected the mixed views on this policy. While a fair number of respondents (18.5%) commented that they understood the reason for the policy, another good-size group (16.7%) pointed out: "I'm spending regardless of where I'm waiting." Others were less than thrilled: "most waiting areas are uncomfortable" (13.8%),

⁴ Frank Bruni, "Holding My Fire," *New York Times*, dinersjournal.blogs. nytimes.com/tag/reservations/(7/16/06); Frank Bruni, "Reservations About Reservations," *New York Times*, dinersjournal.blogs.nytimes. com/tag/reservations/ (4/26/06); Frank Bruni, "Reasonable Precaution or Unreasonable Demand?," *New York Times*, dinersjournal.blogs. nytimes.com/tag/reservations/ (2/20/07); and Frank Bruni, "Café Boulud Responds," *New York Times*, dinersjournal.blogs.nytimes.com/tag/reservations/ (2/28/07).

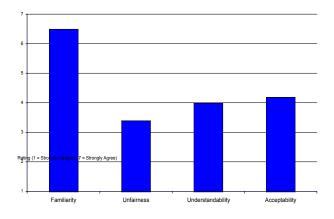
⁵ Frank Bruni, "All Together Now?," *New York Times*, dinersjournal.blogs. nytimes.com/tag/reservations/ (2/27/06).

Representative comments regarding short-show policies

Category	Representative Comments			
No control (25.4%).	You can't control others. If they got stuck, something happened, last minute changes— whatever. If some people show up, the restaurant should be able to accommodate and not get hit financially.			
	The people that don't show up are the reason the party is smaller, the ones that attended shouldn't be penalized.			
	Sometimes people get sick, or there's traffic, or there are delays—it's not fair to blame the people who show up when this happens.			
	Understandable, but it should be that more than just 6 to 4 people—it should be that the current table doesn't work anymore.			
Depends on how many people	Unless the difference is very large, I find it difficult to believe that an average restaurant couldn't accommodate a small shift in numbers on an average evening.			
don't show up (17.1%).	Obviously restaurants set aside certain tables for certain numbers, but if it's not a drastic change (e.g., one couple is stranded in traffic or had an emergency), they should work around it as best they can. Better to make people wait longer to be seated than charge a fee.			
	Next thing you know they'll be charging you money for not ordering an appetizer or dessert. While I think the fee for not showing up is acceptable, this is a stretch.			
Unfair (10.9%).	This is not acceptable?			
	Again, petty.			
Inhospitable (9.8%).	It seems to be the good will of a dining party should be more important than the cost of a dinner or two.			
	People should notify the restaurant in advance, but still, charging parties for people not coming is a good way to alienate customers and ensure that they won't return, and that they'll tell their friends about their negative experience.			
	Be happy that anyone is in your restaurant. How can you punish the guests that were able to make it if others had to cop out or change plans?			

Ехнівіт 10

Attitudes toward entire-party seating



and "it depends on how busy the restaurant is" (12.0%). Representative comments are given in Exhibit 11.

Comments on the dining-related blogs regarding full-party seating were similarly mixed. Many complained about being forced to wait in a too-small waiting area, and others commented on inconsistent enforcement, saying that the policy is not enforced during slow times, but comes into effect during busy times. Even so, many blog participants understood the need to wait for the entire party and believed that customers have the responsibility to inform the restaurant ahead of time regarding arrival times. Once again, though, the bloggers warned that it should be easy for them to contact the restaurant.⁶

Table-Holding Policies

When diners are late for their reservation, many restaurants hold the table for a specified length of time before declaring the party a no-show and seating the next waiting or arriving party at that table. Should the late party arrive, it is either

⁶ Bruni, 2/27/06; and Bruni, 4/28/06.

Representative comments regarding entire-party seating

Category	Representative Comments		
Understandable (18.5%).	No point in giving valuable real estate to a party that won't be eating for a while.		
	I fully understand why a restaurant would do this.		
	Restaurants need to turn over tables in an expedient way—seating partial parties slows things down.		
Still spending, regardless of where I'm waiting (16.7%).	If the restaurant is holding the table for the party, why wait to seat them? It is much more comfortable to wait seated (and let the water start earning money on the drinks) than to make them wait at the counter.		
	We can just as easily order drinks at our tables as at the bar.		
	Why should I have to possibly give up my table because one or more of my party is late? If I'm ordering drinks or food, the restaurant stands to make more money from me than normal.		
	If the restaurant has a decent waiting area, I don't mind waiting until my whole party is there, but I'd really prefer to sit and order a cocktail.		
Comfort of waiting area (13.8%).	I don't see much purpose here. If I reserve a table of four, and the other couple doesn't show up, I don't object to moving to a smaller table; but I dislike sitting in the bar for 30 minutes.		
	I prefer to wait at the table for the other members of my party; the bar area is often too crowded and noisy.		
Depends (12.0%).	Depends on the restaurant, how many people have arrived, etc. If 70 percent or so of the people are there, they should be seated.		
	It depends on how many people in the party are missing. If the reservations is for six but five show, seat them. If one or two show, let them wait.		
	It can be annoying when the restaurant is half empty and there's no reason they can't seat part of the group, but I understand when a restaurant is busy that they don't want to give away a table that might eventually fill only halfway.		

given the next available table or are put into the queue of walk-in parties waiting for a table.

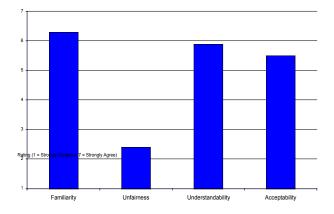
Customer opinion. Late-show policies were considered to be the least unfair of all of the reservations policies studied (2.3). Respondents were very familiar with table-holding limitations (6.2) and viewed them as very understandable (5.9) and (at 5.6) very acceptable (Exhibit 12).

The 757 survey comments on this topic reflected the positive attitudes customers had towards table-holding policies. The most common comments were "customers should call the restaurant if they're running late" (35.9%), "this is a fair policy" (24.2%), "restaurants should have the right to move on to the next party if someone is too late" (13.6%), and "customers should be on time" (13.3%). Representative comments are given in Exhibit 13, on the next page.

Despite the relatively favorable response in this survey, an analysis of the newspaper blogs showed that customers have mixed feelings on restaurant policies on late shows. Many felt that being late is beyond their control, while others renewed the complaint about difficulty in contacting the

Ехнівіт 12

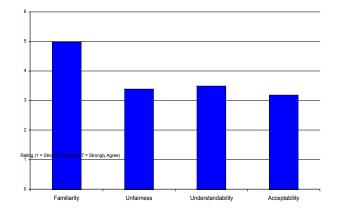
Attitudes toward table-holding policies



Representative comments on table-holding policies

Category	Representative Comments			
	What if there's a traffic jam? I think if the diner calls ahead and explains the reason, they should hold it for a bit longer.			
Customers should call if they're running late (35.9%).	You make a reservation for a specific time; there are no excuses for being more than 20 minutes late without notification that the restaurant should abide. Any true emergency would probably prevent the diner from eating out anyway.			
	If you don't call and let them know you're late, you are a jerk and deserve to be turned away.			
Fair (24.2%).	Restaurants should give some buffer before giving a table away. 15-20 minutes is a reasonable amount of time. If you can't be there by then, you don't deserve the table.			
	20 minutes is more than enough time to make my reservation. If I don't call ahead and explain the problem, make me give up the table.			
	I absolutely agree. Anyone who can't get to a restaurant within 15-20 minutes of their reservation doesn't deserve the table.			
OK to move on to next party (13.6%).	As I said running a restaurant is a business and it is understandable that if you are late and there is someone else that will take the table, then they should be able to give the table to the waiting customer.			
	A smaller restaurant needs to be able to turn their tables in order to make a profit, after 15-20 min, there may not be enough time to seat a walk-in if the party is a no-show.			
	It throws the restaurant off if you are too late. If you are really late, they should give the table to someone else and then accommodate you when you are finally there.			
	A patron can have no beef if he himself is tardy. Pun intended!			
Customers should be on time (13.3%).	I have no problem with this, as long as restaurants will be flexible if people notify them that they will be late. Other than that, I have no patience for tardiness. Again, people should honor their reservations or sacrifice them. It's hard enough to get reservations as it is.			
	Like the saying goes—you snooze, you lose. I think that if you are late—you risk losing your table plain and simple. I don't like waiting and seeing empty tables sitting. It makes me really unhappy.			

EXHIBIT 14 Attitudes toward party-size policies



restaurant. Aside from those complaints, a number of people commented on the need for customers to be responsible and to show up at the reservation time or to let the restaurant know when they cannot do so. Many others mentioned the financial impact of late shows and on other, later-arriving guests who may end up waiting because of the late-arriving party.⁷

⁷ Michael Bauer, "Do You Have a Reservation?," *San Francisco Chronicle*, www.sfgate.com/cgi-bin/blogs/sfgate/category?blogid=26&cat=627 (5/23/06); Michael Bauer, "No-Shows, Restaurant Roulette and Other No-Nos," *San Francisco Chronicle*, www.sfgate.com/cgi-bin/blogs/sfgate/ category?blogid=26&cat=627 (5/25/06); and Michael Bauer, "Could I Have Your Seat?," *San Francisco Chronicle*, www.sfgate.com/cgi-bin/blogs/ sfgate/category?blogid=26&cat=627 (3/2/07).

Representative comments on minimum-size-party policies

Category	Representative Comments		
	I've never heard of a minimum party size before and can't imagine what kind of restaurant would be ill-mannered enough to enforce one. What about date night? Am I to be in a "car pool" line with my best friend and her date so that I have the "pleasure" of dining in this ridiculous restaurant with these strictures. I don't think so.		
Inhospitable (53.5%).	The whole point of making a booking is to ensure that you get to eat; you're doing the restaurant a favor and they're doing you a favor as well. Not taking small reservations is just a way of marginalizing non-high cash yield parties, again shafting the guest.		
	If they want me there on nights they are not busy they should welcome me on busy nights as well.		
	I understand a restaurant's position to keep the dining room full. While I often wish I could make a two-person reservation, I understand this policy.		
Fair (10%).	That's fine. That way, the restaurateur is able to free-up tables for walk-ins.		
	Seems like a reasonable thing to ask, but only if they have a lot of two-tops or bar eating and seating or a good bar area.		
Discriminatory (8.3%).	Please. It only shows that they value the business of large parties more than smaller ones. I should not have less of an ability to make a reservation just because it's just the two of us.		
	Why does it matter? And doesn't it discriminate against couples trying to plan special nights out?		
	I think this policy is ridiculous. There are a lot of couples who like to go out to eat and by turning them down, the couple is less likely to come back, even with a group		
	I would take my business elsewhere if a restaurant refused to take my reservation.		
Wouldn't go to this type of restaurant (6.5%).	I most often dine out with just my husband. It drives me crazy when I want to plan my evening, I'm willing to wait for an evening and time that I can obtain a reservation, and then I'm blocked from doing so with this stupid rule. When this happens we just don't go to the restaurant.		
	Why can't they guarantee a seat for my wife and me? I wouldn't go to such a restaurant even if it was not a busy night.		

Matching Party Size to Table Size

During busy periods, restaurants attempt to maximize their seat occupancy and, thereby, their potential revenue, by limiting reservations according to party size. Although an earlier study showed that matching party sizes to table sizes was acceptable for the purposes of seating parties, setting a minimum limit on reservations based on party size was another matter. For example, if the restaurant has primarily 4-tops, the restaurant may specify a minimum party size of four.

Customer opinion. Respondents were familiar with minimum party size policies (5.0) and had a neutral view of their fairness (4.2). However, the respondents considered these policies to be not understandable (3.5) and (at 3.1) unacceptable (see Exhibit 14).

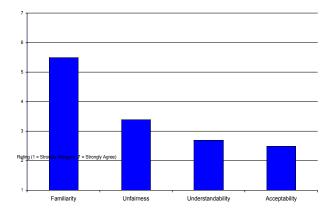
The 678 survey comments were primarily negative. The most common negative comments were "this policy is inhospitable" (53.5%), "this policy discriminates against couples and small parties" (7.1%), and "I wouldn't go to a restaurant that had this sort of policy" (6.5%). Only a small number (10 percent) agreed that "this policy is fair." Representative comments are given in Exhibit 15.

Maximum Duration Policies

Managing capacity—and meal duration—during busy periods is a challenge for most operations. Restaurants can reduce the uncertainty of table occupancy by imposing a reasonable time limit on meals.⁸ Imposing table-usage limits makes sense from the restaurant's perspective and could be

⁸ Bauer, 5/25/06.

Attitudes toward maximum-duration policies



appreciated by customers who have late-hour reservations.⁹ The challenge comes when customers who are subject to the time limit feel that they are being rushed or, worse, feel that they have been forced to relocate to the bar. Research has shown that customers who feel as if they are rushed or who feel as if they have lost control over the pace of their meal (as would be the case here), will show a decrease in satisfaction.¹⁰

Customer opinion. While respondents were familiar with maximum duration policies (5.3), they viewed such policies as unacceptable (2.7), difficult to understand (3.4), and (at 4.5) unfair (Exhibit 16).

⁹ Frank Bruni, "Dining by Stopwatch," *New York Times*, dinersjournal. blogs.nytimes.com/tag/reservations/ (11/10/06).

¹⁰ Breffni Noone and Sheryl E. Kimes, "Dining Duration and Customer Satisfaction," *Cornell Research Report*, Vol. 5, No. 9 (July 2005).

Ехнівіт 17

B			
Representative comments	on minimiim-ci	70-narty i	nnliries
Representative comments		ze purty p	Joncies

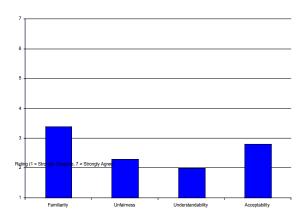
Category	Representative Comments		
	Really greedy—shows disrespect by the restaurant.		
	It's ludicrous; it shows they don't care about you at all, they are money hungry.		
Inhospitable (27.5%).	A restaurant that decides to do this has decided that turning the table is more important than my ultimate satisfaction. I can understand that, but it is still rude, so the restaurant and especially its staff should realize that I will respond in the only way I can, by not leaving as large a gratuity.		
	While I understand the motivation, this would be offensive to me as a customer. I'm there to relax and enjoy an evening, not punch a clock.		
	Dinner is an experience. Don't rush me!!		
I don't like being rushed (11.8%).	One should never feel that the timer is ticking when they're eating. We often linger over our drinks and coffee, and if I were asked to hurry up, I'd never return. I'm not talking about one cup of coffee for an extra hour, I'm talking about ordering a bottle of dessert wine and enjoying it with my friends.		
	I think it depends on the circumstances. I think people lingering for hours over a fev appetizers should be treated differently to people ordering an extensive tasting menu.		
Depends on the situation (9.6%).	Depends—acceptable only for very popular restaurants.		
	Depends on the restaurant—something small and casual is understandable because they need to have some turnover. When it's an expensive place it's not good protocol.		
	If the dinner is served at an appropriate pace, there should not be a problem. For dawdlers, a kind, gentle word from the server or manager about the next seating may be in order.		
Restaurants should manage this internally (6.8%).	Come up with more creative ways to turning a table (e.g., offering a drink at the bar). Or figure out how long people take to eat on average, and plan accordingly. If some customers are extreme, let a manager address them directly.		
	Can't this be done by appropriate timing of bringing out courses, desserts, checks, etc.?		

On balance, the 742 comments on maximum duration policies were mixed, although the largest comment categories were negative. The most common comments were "this policy is inhospitable" (27.5%), "I don't like feeling rushed" (11.8%), "it depends on the type of restaurant and occasion" (9.6%), and "restaurants should manage this internally through the timing of the meal or through other means" (6.8%). Representative comments are given in Exhibit 17.

Likewise, the blog comments about meal duration limits were also mixed. Many bloggers said they resent being pressured to leave and feel that they have the right to the table for as long as they want. Along that line, several people expressed their anger on being asked to move to the bar. At the same time, a substantial number of customers could see the value of a time limit of some kind, because they had to wait for their table because of lingering diners (even when they had a reservation). These writers expressed their desire that the restaurant either impose some sort of time limit or that the other customers be more courteous and leave in a timely fashion. A slightly higher percentage blamed the restaurant for the delay rather than blaming the other customers.¹¹

Ехнівіт 18

Attitudes toward premium-pricing policies



Premium Pricing

The idea of charging a higher price when the restaurant is busy makes economic sense, but I found that customers dislike this idea intensely. The restaurant may be seen as taking advantage of customers (i.e., charging a higher price because it can). While respondents seemed unhappy with restaurants that charge extra for premium spots, third-party sites such as www.primetimetables.com and www.weekend-

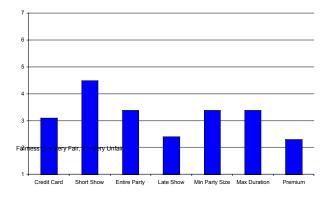
Ехнівіт **19**

Representative comments on charging for premium reservations

Category	Representative Comments		
	Sounds unfair.		
Unfair (38.1%).	It's not a restaurant to methen it starts to border on paying for tickets to get into a restaurant. It would probably deter me from going.		
	Unhappy. The food quality is the same, why do customers need to pay more?		
	Seems like a restaurant trying to scam more money from a customer.		
Excessive (20.6%).	gouge, gouge, gouge		
	They shouldn't charge a premium—the restaurant is going to get filled on busy nights anyway, and they are making their money. To ask for more is simply greedy.		
l wouldn't go to this type of restaurant (13.8%).	It's gaming the system. I will not patronize a restaurant that will charge me to make a reservation to spend money in their establishment. It's crass. And the online services prevent the regular folk from getting prime reservations.		
	You must be kidding. I would never eat at a place that is that obnoxious		
	I would not make a reservation at a restaurant with this policy. Reserving provides as much of a courtesy to the restaurant by allowing them to plan for sales of meals as it does to the diner.		
	It seems more functional or fair than slipping the hostess a 20 to get you in quicker.		
Fair (10%).	I wish more restaurants would do that; it's annoying to not be able to get a reservation.		
	It's not great, but the diner knows what the fee will be and can decide whether to make the reservation.		

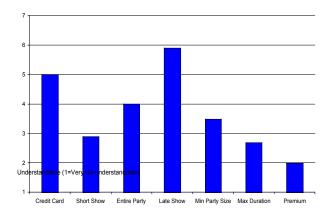
¹¹ Bauer, 5/25/06; Bruni, 4/26/06; Frank Bruni, "Wait, Then Hurry Up," *New York Times*, dinersjournal.blogs.nytimes.com/tag/reservations/ (7/26/06); Frank Bruni, "Sorry Seems to be the Hardest Word," *New York Times*, dinersjournal.blogs.nytimes.com/tag/reservations/ (8/9/06); Bruni, 11/10/06; Bruni, 2/20/07; and Bruni, 2/28/07.

Unfairness ratings of reservation policies



Ехнівіт 22

Understandability ratings of reservation policies

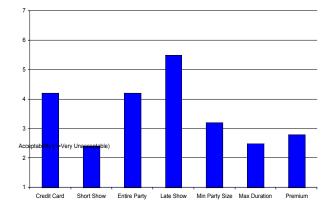


epicure.com are doing this exact thing. They book prime time reservations at highly coveted restaurants and then sell those reservations for \$30 to \$40 per reservation. These sites have been controversial, but have been successful because of the sizeable market of customers who are willing to pay a premium for a hard-to-get reservation.¹² Many restaurant operators do not approve of these sites because they lose control over their customer base and potentially forgo the additional revenue.

Customer opinion. Although respondents were unfamiliar with premium pricing (3.3), they took a dim view— deeming such a policy very unacceptable (2.1) and difficult to understand (2.4). The policy was considered (at 5.0) to be the most unfair of all of the reservations policies (Exhibit 18, previous page).

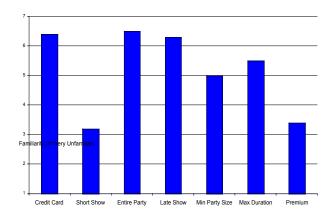
Ехнівіт 21

Acceptability ratings of reservation policies



Ехнівіт 23

Familiarity ratings for reservation policies



The 347 comments on this topic from the survey and those from the blogs were primarily negative. The most common comments were "this policy is unfair" (38.1%), "this policy is excessive" (20.6%), and "I wouldn't go to this type of restaurant" (13.8%). Amid this general dislike, 10 percent of respondents who commented on this policy felt that "this is a fair business practice." Representative comments are given in Exhibit 19, on the previous page.

Reviewing Reservations Policies

Fairness. Respondents believed that premium pricing was the most unfair of the seven policies evaluated. Maximum duration policies and short-show policies were also considered to be unfair. Late-show policies (e.g., holding the table for no more than 15 minutes) were considered to be extremely fair, and credit card guarantee policies were considered to be relatively fair). Entire party seating and minimum party size policies were viewed as neither fair or unfair (Exhibit 20).

¹² Katy McLaughlin, and Sarah Nassauer, "How to Get the Ungettable Table," *Wall Street Journal*, 3/31/2007, P1; Kim Severson, "Now, for \$35, an Insider's Access to Hot Tables," *New York Times*, 1/31/07.

Policy	Familiarity	Understandability	Acceptability	Fairness
Credit card guarantees	66	₿.		
Short show	Ţ	9	€ [™]	Ţ
Entire party seating	66			
Table-holding	66	66		66
Minimum party size	ß	Ţ	5	÷
Maximum duration	₿.	Ţ	Ţ	Ţ
Premium price	Ţ	€ [™]	€ [™]	Ş

Summary of attitudes toward reservation policies

Legend: 🕹 🕏 very positive; 🗳 positive; 💬 neutral; 🔻 negative; 🍼 very negative

Acceptability. Respondents thought that late-show policies were highly acceptable, but were neutral about credit card guarantee policies and entire party seating policies. Premium pricing policies were considered to be extremely unacceptable, as were short-show policies. Maximum duration policies and minimum party size restrictions were viewed as unacceptable (Exhibit 21).

Understandability. Respondents found premium pricing policies, short-show policies, minimum party size policies, and maximum duration policies to be not understandable. They were neutral on entire party seating policies, but felt that credit card guarantees were understandable and that late show policies were extremely understandable (Exhibit 22).

Familiarity. Respondents were extremely familiar with entire party seating, credit card guarantees, and late show policies. They were also familiar with maximum duration policies and minimum party size restrictions, but were unfamiliar with short-show policies and premium pricing (Exhibit 23).

Summary. Exhibit 24 summarizes customer attitudes towards each of the seven reservations policies. Table-hold-ing policies and credit card guarantees were considered the most understandable, acceptable, and fair. Entire party seating and minimum party size policies were viewed in a mostly neutral manner. Respondents had a negative view of short-show policies, maximum duration policies, and premium price policies.

Advice to Managers

The results of this study paint a picture of what customers expect from reservations. Although some customers treat reservations in cavalier fashion, the bulk of respondents view reservations as a sort of contract between the guest and the restaurant. These respondents believe that it is the customers' responsibility to show up on time (or to notify the restaurant if they are running late or won't be able to make it), but they also expect that their table will be ready when they arrive at the restaurant. Any changes in the equities of this contract (such as making it difficult for guests to contact the restaurant with schedule changes, not having a table ready, or cutting short the meal) are likely to lead to customer dissatisfaction and possible future loss of business.

Restaurants have several ways to address the problems associated with reservations—most of which involve broken commitments. Regardless of which reservation policies you decide to adopt, I strongly suggest that you make it easy for guests to contact you if they need to, and be sure that you have their table ready at the agreed-upon time. By following these two guidelines, you will help ensure that customer expectations of reservations are met. Based on the survey findings, I expand on these recommendations below.

 As I just said, most of your customers would like to notify you if their plans change and they cannot honor a reservation. Therefore, make it easy for customers to contact you in case they need to cancel or change their reservation. Many respondents and bloggers complained about the difficulty in getting through by phone to cancel their reservation. Consider having a designated phone line for cancellations and changes or allowing customers to contact you via e-mail.

- (2) Have a party's table ready at the designated time, even on a night when you are getting slammed. If you anticipate a busy night, this may mean increasing the amount of time between reservations and streamlining your operations to ensure that the meal proceeds at a reasonable pace without making customers feel rushed. Here are some ideas to keep tables turning:
 - (a) If customers occupy a table longer than you expect, make it their choice. That is, don't allow slow service to be the reason that they are lingering. Two easy things that can help here without upsetting customers: (1) take their drink order and deliver it quickly, and (2) once guests ask for the check, get it to them promptly and process it as quickly as possible. Both have been shown to increase customer satisfaction in both casual and fine dining restaurants.¹³
 - (b) If you have a casual concept, consider explaining to customers who make reservations for early in the evening that you can work them in, but that you need the table back at a certain time for another party. Many customers are fine with time limits as long as the time dimension is part of the "contract," because the restaurant has explained the situation in advance.
 - (c) If a party is lingering far beyond expectations and you have another party waiting for the table, consider having the manager approach the table, politely describe the situation, and offer to complementary drinks or coffee at the bar.

(d) If you feel uncomfortable about approaching people in this way, be sure that the waiting party is treated well. Apologize to them, briefly explain the situation and offer them a drink or appetizer to help compensate for their wait. Once they are seated, have a manager stop by sometime during the meal to again apologize for the delay. Consider bringing them a complimentary appetizer or dessert to compensate for the delay. The cost of complementary items will be far exceeded by the value of the resulting good will.

If you conclude that sterner policies are required, you also need to be sensitive to the fact that customers' schedules are sometimes beyond their control. Here are some ways to manage no-show, late-show, and short-show customers while maintaining customer satisfaction.

- (1) Consider taking credit card guarantees for busy evenings. Restaurants that use credit card guarantees require that customers who need to cancel do so by a particular time (typically, 24 hours in advance). The no-show fee can be a nominal amount per expected customer or some other flat amount. Customers find credit card guarantees to be fair and understandable. The chief difficulty occurs when it is difficult to contact the restaurant, which is why I recommend a special cancellation number.
- (2) For late shows, hold the table for about 15 minutes. Once again, make it easy for your customers to contact you if they're running late. Also, when taking the reservation, remind the guest to let you know if the party is running late and how to contact you.
- (3) Decide on a threshold for seating parties with late arrivals. Instead of insisting on having all party members, seat the guests if, say, over two-thirds of the party is there. Guests rarely have control over others in their party, and will still be spending (and will be more com-

¹³ Noone and Kimes, *op.cit*.

Many respondents complained about the difficulty in getting through to the restaurant to cancel their reservation.

fortable) if seated at the table. Encourage them to place their orders (at least for drinks and appetizers) while waiting for the rest of their party. Again, make it easy for them to contact you if they are running late. This said, most customers are fine with entire party seating if the rules aren't overly strict (say, you'll seat a large party that is waiting for one or two people).

(4) Likewise, if a party shows up with fewer people than specified in the reservation, it's best to just ignore this matter (as long as the difference isn't too large). Even if you had to set up a special table, you're better off seating your guests, if necessary at a smaller table. Again, make it easy for guests to contact you about changes in the number of people. This is another case where events may be beyond the guest's control. Rather than implement a short-show policy, on special occasions (such as Valentine's Day or Mother's Day), you may want to consider having guests make a nonrefundable deposit or pre-payment (particularly if you're offering a fixed menu).

I suggest avoiding short-show penalties because my respondents considered this policy, along with premium pricing and maximum duration limits, to be unfair and not acceptable. Thus, it's better to not adopt any of these policies.

Future Research: The Other Side of the Coin

This report has examined reservation policies from the customers' point of view, based on an on-line survey. In a subsequent report, the results of a survey of restaurateurs regarding reservations policies will be presented and compared to customers' attitudes on those policies.

In future studies, I'll offer a more detailed analysis of the effects of various demographic factors (including previous or present work experience, continent of residence, gender, and frequency of dining out) on attitudes towards the seven reservations policies. The relationship between expectations of a reservation and attitudes towards the reservations policies will also be further examined.

Appendix

Survey questions

How many times do you usually go out for dinner per month at restaurants that take reservations? (4 or more; 2 or 3 times; Once; Never) How often do you usually make a reservation for the following occasions?(Always; Usually; Sometimes; Never) Business Dinner • Social Dinner • Special Occasion Dinner How important are reservations to you for each of the following occasions? (1 = Not At All Important to 7 = Extremely Important) Business Dinner • Social Dinner • Special Occasion Dinner Please indicate your agreement with each of the statements about restaurant reservations. (1 = Strongly Disagree to 7 = Strongly Agree) I expect that my table will be ready when I arrive at the restaurant If I have a large party, I expect that we will only be seated once everyone has arrived I expect that I need to come with the same number of people specified in my reservation I expect that even if I'm late, the restaurant will hold a table for me I expect that I will have the table for the evening I expect that if I'm not going to be able to make it, I need to call and cancel the reservation I expect that if I'm running late by more than a few minutes, I need to call the restaurant and let them know I expect that it is it is all right to be late by around 20 minutes I expect that if I don't show up and don't cancel my reservation, the restaurant will charge me a fee When you make a reservation, why do you do so? Please indicate whether you agree with each of the statements. (1 = Strongly Disagree to 7 = Strongly Agree)I can better plan my evening It shows that the restaurant is respectful of my time It gives me better control over when I eat I like to know that the restaurant is expecting me I like knowing that the restaurant is ready for me I don't like to wait It is difficult to get a table without a reservation I have an important dinner and want to make sure that everything is perfect I expect that the restaurant requires reservations I can choose where I would like to sit

Restaurants that take reservations often have different policies associated with their reservations. We'd like to ask you a few questions about your opinion of these policies.

Some restaurants require customers to use a credit card guarantee to hold their reservation on busy nights. If the customer does not cancel the reservation 24 hours before the time of the reservation, the person's credit card is charged a small fee per person. What do you think of this policy? Please indicate whether you agree or disagree with each of the statements.

(1 = Strongly Disagree to 7 = Strongly Agree)

I have heard of this policy before

This policy is understandable

This policy is acceptable

This policy is unfair

We are interested why you feel the way you indicated in the questions above. Can you describe your reasons in a few words?

Some restaurants may charge a fee per person if the party is smaller than expected (i.e. the reservation was for 6, but only 4 people showed up). What do you think of this policy? Please indicate whether you agree or disagree with each of the statements.

(1 = Strongly Disagree to 7 = Strongly Agree)
I have heard of this policy before
The policy is understandable
This policy is acceptable
This policy is unfair
We are interested why you feel the way you indicated in the questions above. Can you describe your reasons in a few words?

Some restaurants only seat parties when everyone in that party has arrived. What do you think of this policy? Please indicate whether you agree or disagree with each of the statements.

(1 =Strongly Disagree to 7 = Strongly Agree)

I have heard of this policy before

This policy is understandable

This policy is acceptable

This policy is unfair

We are interested why you feel the way you indicated in the questions above. Can you describe your reasons in a few words?

Some restaurants only hold reserved tables for 15-20 minutes after the time of the reservation. What do you think of this policy? Please indicate whether you agree or disagree with each of the statements.

(1 = Strongly Disagree to 7 = Strongly Agree)
I have heard of this policy before
This policy is understandable
This policy is acceptable
This policy is unfair
We are interested why you feel the way you indicated in the questions above. Can you describe your reasons in a few words?

Some restaurants require a minimum party size (i.e. at least 4 people in the party) for reservations on busy nights. What do you think of this policy? Please indicate whether you agree or disagree with each of the statements.

(1 = Strongly Disagree to 7 = Strongly Agree) I have heard of this policy before This policy is understandable This policy is acceptable This policy is unfair

We are interested why you feel the way you indicated in the questions above. Can you describe your reasons in a few words:

Some restaurants impose a maximum dining time limit on parties. What do you think of this policy? Please indicate whether you agree or disagree with each of the statements.

(1 = Strongly Disagree to 7 = Strongly Agree)

I have heard of this policy before

This policy is understandable

This policy is acceptable

This policy is unfair

We are interested why you feel the way you indicated in the questions above. Can you describe your reasons in a few words:

Some restaurants and online services charge a premium for a reservation on a very busy night. What do you think of this policy? Please indicate whether you agree or disagree with each of the statements.

(1 = Strongly Disagree to 7 = Strongly Agree)

I have heard of this policy before

This policy is understandable

This policy is acceptable

This policy is unfair

We are interested why you feel the way you indicated in the questions above. Can you describe your reasons in a few words:

How far in advance are you willing to plan and reserve a specific night for a special restaurant?

Less than one week One week Two weeks One month Two months Three months or more

If the only reservation for a desired restaurant is 90 minutes earlier than you usually eat, what is the likelihood that you will take the reservation? (1 = Not Likely to 7 = Very Likely)

If the only reservation for a desired restaurant is 90 minutes later than you usually eat, what is the likelihood that you will take the reservation? (1 = Not Likely)

It is very difficult to get a reservation at some highly-rated restaurants. What impact does that have on your desire to get a reservation at one of those restaurants? (1 = None to 7 = A lot)

Now, we'd like to ask you a few questions about yourself.

What is your approximate age?

Under 25 25 – 39 40 – 54 55 and over

What is your gender? Male Female

Please indicate your highest obtained educational level: Some high school High school graduate Some college College graduate Post-graduate

Where do you live? US/North America Singapore Asia (excluding Singapore) Europe Other Do you work or have you ever worked in the restaurant industry? Yes No

Thank you very much for your participation in this study. Please be assured that your responses will remain completely

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