

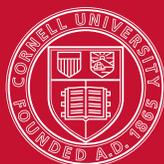


## How Restaurant Customers View On-line Reservations

### Cornell Hospitality Report

Vol. 9, No. 5, March 2009

by Sheryl E. Kimes, Ph.D.



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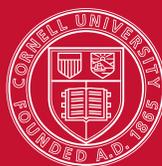
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# How Restaurant Customers View Online Reservations

by Sheryl E. Kimes

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## ABOUT THE AUTHOR



**Sheryl E. Kimes**, Ph.D., is Singapore Tourism Board Distinguished Professor of Asian Hospitality Management at the Cornell University School of Hotel Administration, where she has also served as interim dean (sek6@cornell.edu). In teaching restaurant revenue management, yield management, and food and beverage management, she has been named the school's graduate teacher of the year three times. Her research interests include revenue management and forecasting in the restaurant, hotel, and golf industries. She has published over fifty articles in leading journals such as *Interfaces*, *Journal of Operations Management*, *Journal of Service Research*, *Decision Sciences*, and *Cornell Hospitality Quarterly*. She has served as a consultant to many hospitality enterprises around the world, including Chevys FreshMex Restaurants, Walt Disney World Resorts, Ruby's Diners, Starwood Asia-Pacific, and Troon Golf.

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## EXECUTIVE SUMMARY

**R**estaurant customers appreciate the convenience of being able to make restaurant reservations online, but they also like the personal touch of telephone reservations. A study of 696 restaurant customers found that nearly one-third had made an online reservation. Those who made reservations online tended to be younger than those who did not, and online users also ate out more frequently. Those who made online reservations considered those reservations to be significantly more convenient than telephone reservations, and the online users also thought that websites gave more information about a restaurant than what they learned by calling on the telephone. At the same time, those online users felt that they had a better personal connection with the restaurant when they made telephone reservations. This tradeoff between efficiency and service perceptions points to a strategy of offering reservations via both methods. Emphasizing the convenience of online reservations may encourage customers to use the website, and that will give restaurant operators more information about their customers. Whether a restaurant uses a third-party reservation service or builds its own website, one key to ensuring a successful reservations process is to make the electronic process as straightforward as possible.

# How Restaurant Customers View Online Reservations

by Sheryl E. Kimes

**R**estaurants have traditionally relied on telephone calls for reservations, if they accept reservations at all, but the growth of the internet has provided them with the opportunity to also use online distribution channels for guests to make reservations. Some restaurant operators have been reluctant to take online reservations because of concerns about loss of control, diminished personal connection with their customers, and cost. The purpose of this study was to evaluate how online reservation users view telephone and online distribution channels and assess the factors that drive their opinions.

## Comparison of reservation methods

Distribution channel	Description	Hours of Operation	Reliability/ Quality	Cost	Marketing Opportunities	Personal Connection
Telephone	Non-dedicated telephone agent	Limited to opening hours	Inconsistent	Fairly low	Some	Depends
	Dedicated telephone agent	Limited to opening hours	Consistent	Medium	Some	Strong
	Call center	Longer hours	Relatively consistent	High	Medium	Reasonably strong if know restaurant
Online	Restaurant website	Constant	Very consistent	Fairly low	Some	Some connection
	Third-party website	Constant	Very consistent	Low	Strong	None

In this study, I compared customers' views of online and telephone reservations. I will first discuss restaurant reservations in general with an emphasis on online reservations and provide an overview of their potential effects on both restaurants and consumers. As part of the discussion, I present an overview of the academic literature on perceived control, customer convenience, and service reliability, along with their implications for online reservations. Finally, I present the results and implications of my survey.

### Restaurant Reservations

The U.S. restaurant industry will generate \$395 billion in eating and drinking sales in 2009, according to an estimate by the National Restaurant Association.<sup>1</sup> Most fine dining restaurants take reservations, as do approximately one-third of casual dining restaurants.<sup>2</sup> Customers prefer to be able to make reservations because of the increased control and convenience that they provide.<sup>3</sup> When reservations are not taken, customers have little control over the length of their wait, the time they are seated, or the time they are done. Reservations help restaurants better manage their capacity, but some operators are reluctant to take reservations because of the possibilities of no shows and late shows.

Online reservations represent a change in the way most restaurants do business, since traditionally all reservations

<sup>1</sup> <http://restaurant.org/pressroom/pressrelease.cfm?ID=1725>.

<sup>2</sup> Sheryl E. Kimes and Jochen Wirtz, "Customer Satisfaction with Restaurant Seating Policies in Casual-Dining Restaurants," *Cornell Research Report*, Vol. 7, No. 16, (2007), Cornell University Center for Hospitality Research, [www.chr.cornell.edu](http://www.chr.cornell.edu).

<sup>3</sup> *Ibid.*

have been made personally by customers via a telephone call to a restaurant employee. This contrasts with the hotel and airline industries, where (before the internet) many customers relied on travel agents to make their reservations. In a recent study, the Nielsen Company found that approximately 38 percent of U.S. consumers had made an online reservation during the previous six months.<sup>4</sup> I will first review the various ways in which restaurants can take reservations and then discuss online reservations in more detail. Exhibit 1 evaluates the relative strengths and weaknesses of each method.

### Telephone Reservations

Telephone reservations give a restaurant more control over the way it takes bookings and allow it to have a personal connection with their customers. During busy times, however, it may be difficult to take reservations because of other demands on restaurant staff. From a customer's perspective, telephone reservations may be seen as problematic because of restricted hours when reservations may be made, difficulty in calling the restaurant during busy periods, and sometimes inconsistent service.

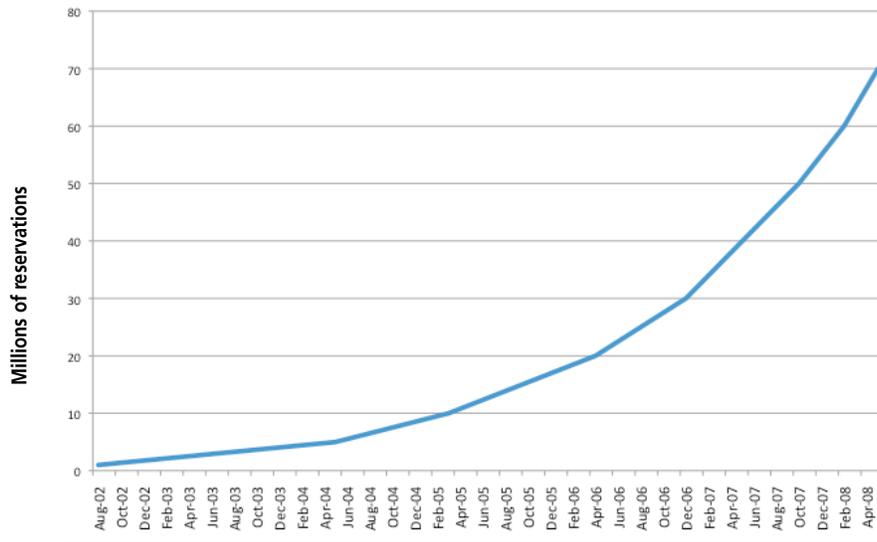
Restaurants can handle their telephone reservations by having no dedicated reservation agent, designating an individual reservation agent, or using a dedicated reservation call center. Let me briefly discuss each of these approaches and then examine online reservations.

**Non-dedicated reservation agent.** Some restaurants adopt the low-cost approach of not having a dedicated

<sup>4</sup> Marketwire.com, 2008, [www.marketwire.com/press-release/The-Nielsen-Company-919654.html](http://www.marketwire.com/press-release/The-Nielsen-Company-919654.html) [downloaded on January 25, 2009].

## EXHIBIT 2

### Growth of OpenTable online reservations



reservation agent, but instead allow anyone who answers the telephone to take a reservation. Although this may be expeditious and reduce customer waiting time (since there will be no need to wait for a designated reservation agent), the associated reduction in reliability is considerable.

**Dedicated reservation agent.** Some restaurants assign a specific staff member (typically, the *maitre d'* or manager) to field telephone reservation requests. Depending on the training and professionalism of the employees, this method should have a moderate cost and have reasonable reliability. Moreover, depending on the quality of the employee, customers should feel a personal connection with the restaurant. Sometimes a reservation agent has multiple duties, however, such as greeting guests, seating guests, and assembling take-out orders. This arrangement interferes with the efficiency of a dedicated-agent approach, because customers may be placed on hold, the reservation agent may be rushed, and record keeping may be unreliable.

**Dedicated call center.** This is probably the highest-cost solution, but it provides the restaurant with increased reliability and provides customers with a reduced wait time. Dedicated call centers are typically used by large restaurants, restaurants with multiple locations, and facilities with multiple restaurants (such as a large hotel or theme park). If properly trained, the agents should have a good knowledge of the restaurant and achieve a strong rapport with customers. Dedicated call centers often have longer hours of operation which make them more convenient for customers.

Recordkeeping should be more reliable since reservation agents typically do not have multiple duties.

### Online Reservations

Online restaurant reservations have been available since the late 1990s and have grown in importance and acceptance over the years. OpenTable.com, the largest online restaurant reservation provider in the U.S., seats approximately 3 million diners per month. By August 2002, after just three years of operation, this site had seated 1 million customers and by April 2008, that number exceeded 70 million (Exhibit 2). The number of restaurants accepting reservations via this website has risen from only ten in 1999 to over 8,500 in 2008.<sup>5</sup>

I reviewed the websites of the top 100 independent U.S. restaurants, as listed in *Restaurants and Institutions*,<sup>6</sup> to determine whether they offered online reservations and if so, whether they used OpenTable.com, another third-party vendor, or the restaurant's own system. Of the eighty-seven restaurants on this list that accepted reservations, fifty-five (63%) used OpenTable.com to take their online reservations and ten (11%) used some other system. The other twenty-two of the eighty-seven restaurants in the top 100 that do accept reservations did not do so online.

<sup>5</sup> www.opentable.com.

<sup>6</sup> "R&I Top 100 Independents," *Restaurants and Institutions*, April 18, 2008, pp. 28–45.

**EXHIBIT 3**

**Major online restaurant reservation providers**

Company	Number of restaurants	Major locations	Cost structure	Specialized hardware or software?	Reservation transfer to restaurant
<b>Third-party websites</b>					
<b>OpenTable</b>	8,500	U.S., Asia, U.K.	Monthly Fee plus Fee per Seated Customer	Yes	Automatic
<b>Dinnerbroker</b>	900	U.S.	Monthly Fee	No	Fax or email
<b>Eat2Eat</b>	900	Asia	Monthly Fee plus Fee per Seated Customer or Monthly Fee	Depends	Depends
<b>TopTable</b>	N/A	U.K.	Fee per seated guest	No	Direct, fax, or email
<b>Reservations providers for restaurant websites</b>					
<b>OpenTable</b>	8,500	U.S., Asia, U.K.	Monthly Fee and fee per seated guest	Yes	Direct
<b>Restaurant Diary</b>	300	U.K.	Monthly Fee	No	Direct, fax, or email
<b>Magellan</b>	400	U.S.	Monthly Fee	No	Fax or online
<b>GuestBridge</b>	N/A	U.S.	Monthly Fee	No	Fax or email

Approximately one-third of U.S. adult consumers have made an online restaurant reservation.<sup>7</sup> Surprisingly, this number is fairly similar to that of U.S. consumers who have made a hotel or airline reservation.<sup>8</sup> Online users tend to be younger, more educated, and dine out more frequently.<sup>9</sup> In addition, once customers have made an online reservation, they are more likely to consider online reservations to have high value.<sup>10</sup> This suggests that restaurants should encourage their customers to try online reservations.

Online reservations can be taken either through a third-party site (such as OpenTable.com or Dinnerbroker.com) or through the restaurant’s own website, as I discuss below. Exhibit 3 summarizes information on the major online providers and on selected companies that provide reservations capabilities for restaurant websites.

**Third-party site.** Third-party sites such as OpenTable.com or Dinnerbroker.com offer reservations at a number of restaurants and show customers the availability of reservations at their desired times. Reservations are fairly easy to make. When a reservation is made, an email confirmation is immediately sent to both the customer and the restaurant.

<sup>7</sup> Michael J. Dixon, Sheryl E. Kimes, and Rohit Verma, “Customer Preferences and Use of Technology-Based Service Innovations in Restaurants,” *Cornell Research Report*, in review for 2009.

<sup>8</sup> Marketwire.com., *loc.cit.*

<sup>9</sup> Dixon *et al.*, *loc.cit.*

<sup>10</sup> *Ibid.*

Reservations can be made twenty-four hours a day and are connected directly to the restaurant. Restaurant operators have the option of putting all or some of their table inventory online. Since customers are not contacting the restaurant directly, though, there may be a loss of personal connection with the restaurant.

**Restaurant website.** Restaurants can also develop their own website for taking reservations. By doing so, they give their customers the convenience of making reservations at any time but also control the restaurant information that is provided to the customer. In addition, customers do not see information on competing restaurants. While the personal connection is not as high as if someone calls the restaurant, it is higher than that achieved through a third-party website.

Restaurants have several choices for taking online reservations through their websites. Many U.S. restaurants are connected through OpenTable.com, while others use one of the companies that provide website reservation capabilities.

**Online Reservations: Benefits for Restaurants**

Restaurants gain the following benefits from online reservations: (1) reduced processing costs, (2) increased volume and revenue, (3) improved service quality.

**Reduced processing costs.** Online reservations can help to reduce labor costs since not as many employees will be required to take telephone reservations. Online reservations are not intended to completely replace telephone reservations but to provide an additional distribution channel.

## Restaurant operators have been concerned about the loss of a personal connection with the guest in online reservations, as well as the costs.

**Increased volume and revenue.** Online reservations make restaurants more accessible to customers and assist in attracting additional customers. Customers can make online reservations any time and are not restricted to a restaurant's hours of operation. Even when customers are willing to call during regular business hours, they may have difficulty in getting through or may be placed on hold. Online reservations help alleviate these problems. Many online reservations are made during periods when restaurants are not normally open,<sup>11</sup> which means that the restaurant is most likely capturing business it might not otherwise receive. In that regard, Opentable.com estimates that 25 percent of reservations are made between 10:00 PM and 10:00 AM.<sup>12</sup>

Third-party vendors also provide customers with information on multiple restaurants, and customers often make reservations at restaurants that were previously unfamiliar to them. This additional distribution channel can help restaurants gain incremental business. Over half (59%) of restaurants using on-line reservations have seen sales increase as a result,<sup>13</sup> and a representative of Opentable.com estimated for me that about 50 percent of its reservations are incremental reservations.

**Improved service quality.** Online reservations can also help a restaurant provide a better and more consistent service experience to its guests since each time a reservation is made, the process is exactly the same. Telephone reservation experiences may vary according to the training and commitment of the person taking the reservation. An increase in reliability can lead to an increase in customer satisfaction.<sup>14</sup>

Most online reservation systems track guest name and contact information, as well as details on birthdays and other

special events, customer preferences, and no-show history. By having this additional information readily available, restaurants can provide more personalized and consistent service to their guests without having to rely on the memory of the manager or maître d'.<sup>15</sup> An increase in perceived service and product quality leads to an increase in customer satisfaction and profit.<sup>16</sup>

### Online Reservations: Costs to Restaurants

While online reservations certainly have benefits, many restaurant operators have been concerned about the loss of a personal connection with the guest, the costs associated with the reservations, and the potential loss of business.

**Loss of personal connection.** Some operators are concerned about the loss of personal touch since customers do not have to contact the restaurant to make a reservation.<sup>17</sup> This lack of personal touch is thought by some to lead to a decrease in customer satisfaction. Customers have a more favorable perception of a restaurant's service orientation when it takes reservations,<sup>18</sup> and it is possible that online reservations may lead to a decrease in perceived service orientation.

**Costs.** If restaurants use a third-party vendor for their online reservations, they will have to pay for those reservations. For example, OpenTable.com charges a fixed monthly fee plus \$1 for each seated diner. Even if a restaurant has reservation capability on its website it will have to either invest in that capability or contract it out to another vendor. In contrast to OpenTable.com's blended fee, some online reservations providers charge a straight monthly fee, and some charge a fee per seated diner (such as TopTable.com.uk). Even though some restaurant operators consider the

<sup>11</sup> Thomas Layton, "The Internet Is Changing Dining Out Behavior. Are You Ready?," *Savoir Fare*, February 1, 2006 (<http://otrestaurant.com/>); and Julie Ritzer Ross, "Online Reservations Technology Gains Ground," *Nation's Restaurant News*, 6/26/06, p. 68.

<sup>12</sup> Layton, *op.cit.*

<sup>13</sup> Joan Lang, "Is the Web Really a Sales Builder?," *Restaurant Business*, May 2006, pp. 11–12.

<sup>14</sup> A. Parasuraman, Valarie A. Zeithaml, and Leonard L. Berry, "A Conceptual Model of Service Quality and Its Implication for Future Research," *Journal of Marketing*, Vol. 49, Fall 1985, pp. 41–50.

<sup>15</sup> Katie Hafner, "Restaurant Reservations Go Online," *New York Times*, 6/18/07.

<sup>16</sup> Roland T. Rust, Anthony J. Zahorik, and Timothy L. Keiningham, "Return on Quality (ROQ): Making Service Quality Financially Accountable," *Journal of Marketing*, Vol. 59, No. 2 (1995), pp. 58-70.

<sup>17</sup> Milford Prewitt, "Operators See Pros, Cons in Online Reservations Boom," *Nation's Restaurant News*, 2/28/05, [http://findarticles.com/p/articles/mi\\_m3190/is\\_9\\_39/ai\\_n12934951](http://findarticles.com/p/articles/mi_m3190/is_9_39/ai_n12934951).

<sup>18</sup> Kimes and Wirtz, *op.cit.*

fees to be high, they are considerably lower than the 20- to 25-percent commission that hotels and airlines typically pay to third-party websites.

**Potential loss of business.** Since third-party vendors provide potential customers with reservations information about multiple restaurants, it is possible that restaurants listed on these websites may be unwittingly sacrificing customers to their competition. Some restaurants have countered this by directing their customers to their own website.

### Benefits to Customers

As I discuss next, online reservations provide customers with the following benefits: (1) increased convenience, (2) increased control, and (3) a more consistent and reliable reservation experience.

**Improved convenience.** Service convenience is related to customers' desire to conserve their time and effort. An increase in convenience is associated with an increase in satisfaction.<sup>19</sup> Online reservations can increase convenience by giving customers information about reservation availability and by allowing them to make their reservation at any time and from anywhere. Given that customers believe that restaurants that take reservations offer higher service convenience,<sup>20</sup> online reservations may enhance perceived convenience.

**Increased control.** When customers perceive that they have substantial control over a service encounter, they are more likely to be satisfied with that encounter.<sup>21</sup> In a reservation context, customers can exert control by choosing the time they make their reservation, by choosing the restaurant, and by selecting the time of the reservation. In previous research, customers indicated that they felt an increased sense of control over their dining experience, their evening's schedule, and the table at which they will be seated.<sup>22</sup> Online reservations may give customers more perceived control over the reservation process. This increase in control may lead to an increase in customer satisfaction.

<sup>19</sup> Leonard L. Berry, Kathleen Seiders, and Dhruv Grewal, "Understanding Service Convenience," *Journal of Marketing*, Vol. 66, No. 3 (2002), pp. 1-17; Scott R. Colwell, May Aung, Vinay Kanetkar, and Alison L. Holdern, "Toward a Measure of Service Convenience: Multiple-Item Scale Development and Empirical Test," *Journal of Services Marketing*, Vol. 22, No. 2 (2008), pp. 160-169.

<sup>20</sup> Kimes and Wirtz, *op.cit.*

<sup>21</sup> James R. Averill, "Personal Control over Aversive Stimuli and Its Relationship to Stress," *Psychological Bulletin*, Vol. 80, No. 4 (1973), pp. 286-303; Michael Hui and John E.G. Bateson, "Perceived Control and the Effects of Crowding and Consumer Choice on the Service Experience," *Journal of Consumer Research*, Vol. 18, September 1991, pp. 174-184; Michael K. Hui, and David K. Tse, "What to Tell Consumers in Waits of Different Lengths: An Integrative Model of Service Evaluation," *Journal of Marketing*, Vol. 60, April 1996, pp. 81-90; Ellen J. Langer, *The Psychology of Control* (Beverly Hills, CA: Sage, 1983).

<sup>22</sup> Kimes and Wirtz, *op.cit.*

### EXHIBIT 4

#### Construct measurement

Construct	Variable
Control	I can choose my table.
	I can control the time of my reservation.
	I can control restaurant selection.
	I have more choices of restaurants.
Convenience	I can make the reservation when I want.
	This method is fast.
	I can choose when to contact the restaurant.
	This method is convenient.
Reliability	This method is easy.
	My reservation will be accurate.
	I am given good information about the restaurant.
	The information on my reservation will be correct.
Service orientation	I am confident that everything is correct with my reservation.
	The restaurant staff treats me with care.
	The restaurant staff addresses me by name.
	The restaurant staff remembers me.
	The restaurant staff knows my likes and dislikes.
	I have a strong personal connection with the restaurant.

**Improved reliability.** Telephone reservation procedures vary by restaurant and by restaurant employee. This lack of consistency may cause confusion for some customers. In addition, when customers call to make a reservation, they may not be sure if their reservation was accurately recorded unless they receive a written or emailed confirmation. In contrast, the process of making an online reservation is typically the same each time and customers typically receive an email confirmation of their reservation. Service reliability has been shown to be a major component of perceived service quality.<sup>23</sup> Online reservations should offer increased reliability over telephone reservations.

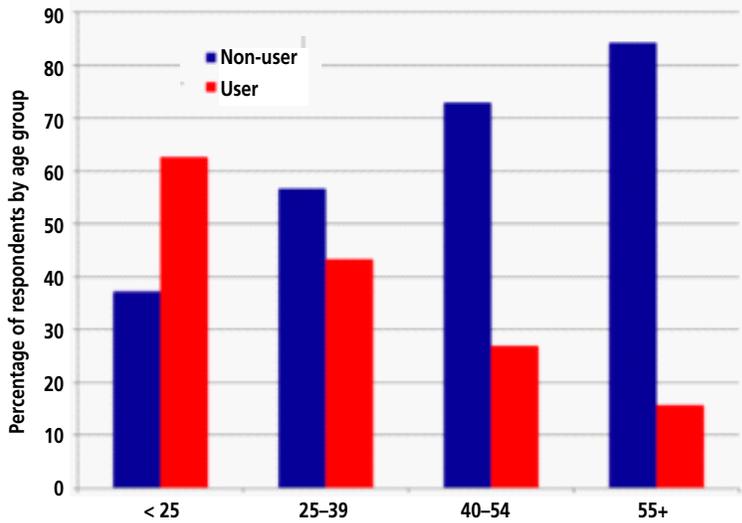
### The Study

I conducted an online survey with a representative national sample of 811 respondents. Respondents received a discount coupon redeemable at various shopping malls throughout the U.S. in return for their survey participation.

<sup>23</sup> Parasuraman *et al.*, *op.cit.*

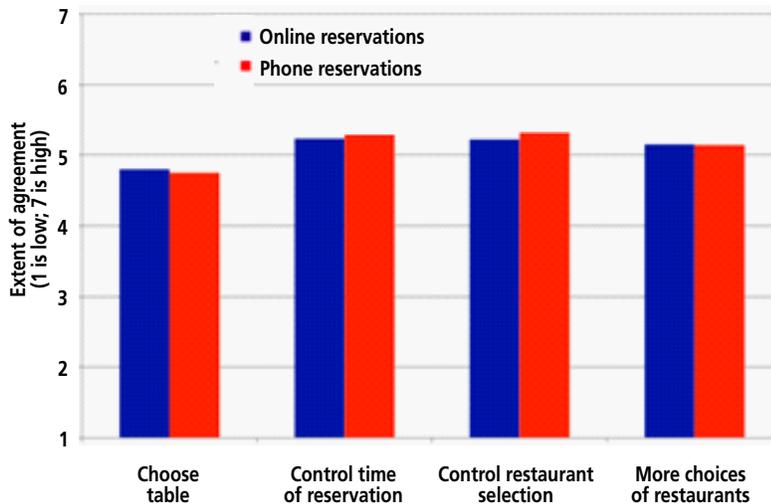
**EXHIBIT 5**

**Online reservation use by age**



**EXHIBIT 6**

**Online users' attitudes towards control in online and phone reservations**



Only the responses of those who had made a reservation at a restaurant at least once in the previous year were included in this study. This resulted in 696 usable responses. Since the focus of our research was on online reservations, the bulk of my analysis included only the 196 respondents who had made an online reservation. I asked a variety of questions regarding telephone and online reservations, including questions on eighteen variables that measured different aspects of control, convenience, reliability, and service orientation for the two types of reservation. I also asked questions about online reservation usage, restaurant reservation frequency, and several demographic questions.

The eighteen statements measured four constructs relating to the customer benefits that I just discussed: (1) control, (2) convenience, (3) reliability, and (4) perceived service orientation of the restaurant. Respondents were asked to indicate their agreement with a statement measuring each variable for both reservation methods (7 = strongly agree, 1 = strongly disagree). Exhibit 4 (previous page) summarizes the variables that were used to measure each construct, and those constructs are also listed in the discussion below.

**Demographics**

The sample was fairly balanced by gender (51.1%, female), and the age distribution closely matched the national averages (<25, 12.0%; 25-39, 26.3%; 40-54, 27.4%; and 55+, 34.5%).<sup>24</sup> Nearly one-third (31.6%) of the respondents had made an online reservation. There was no significant difference by gender, but younger participants were significantly more likely to have made an online reservation than were older participants (Exhibit 5).

Online users dined out more frequently than non-users did. About 55 percent of respondents who dined out more than once a month had made an online reservation. About one-third (32.2%) of online users had dined more than once a month at a restaurant that took reservations, and about half (49.8%) dined at such a restaurant at least once a month.

**Results**

The reliability of the four proposed scales (that is, control, convenience, reliability, and service orientation) was evaluated using Cronbach's alpha. I used paired sample t-tests to

<sup>24</sup> Based on 2000 U.S. Census figures ([www.census.gov](http://www.census.gov)).

compare how online users viewed online and telephone reservations. The results for the four constructs are presented below.

**Control.** Control was measured using the following four variables: (1) I have control over the time of the reservation, (2) I have control of restaurant selection, (3) I can choose my table, and (4) I have more choices of restaurants. The scale was reliable (Cronbach's alpha: online = 0.85; telephone = 0.83). Online users found no significant differences in perceived control between online and telephone reservations (online, 20.39; telephone, 20.56). In addition, there were no significant differences between any of the scale components (Exhibit 6).

**Convenience.** Convenience was measured using these five variables: (1) This method is easy, (2) I can make reservations whenever I want, (3) This method is fast, (4) I can choose when to contact the restaurant, and (5) This method is convenient. The scale was highly reliable (Cronbach's alpha: online = 0.94; telephone = 0.93).

Online users found online reservations to be significantly more convenient than telephone reservations (online, 27.9; telephone, 26.7). Online reservations were considered to be significantly faster (online, 5.57; telephone, 5.34) and more convenient (online, 5.67; telephone, 5.47). In addition, online users felt that online reservations allowed them to contact the restaurant when they wanted (online, 5.61; telephone, 5.34), and, further, that they could make the reservation when they wanted (online, 5.58; telephone, 5.13, see Exhibit 7).

**Reliability.** Reliability was measured using the following four variables: (1) My reservation will be accurate, (2) I am confident of the correctness of my reservation, (3) I am confident of the correctness of the information given me about the restaurant, and (4) I am given good information about the restaurant. The scale was highly reliable (Cronbach's alpha: online = 0.93; telephone = 0.92).

Online users found online reservations to have the same level of reliability as telephone reservations (online, 20.51; telephone, 20.59). The one exception was that online reservations were considered to provide better information about the restaurant than telephone reservations did (online, 5.20; telephone, 4.92, see Exhibit 8).

**Service orientation.** Service orientation was measured using these five variables: (1) The restaurant staff treats me with care, (2) The restaurant staff remembers me, (3) The

EXHIBIT 7

Online users' attitudes toward convenience of online and phone reservations

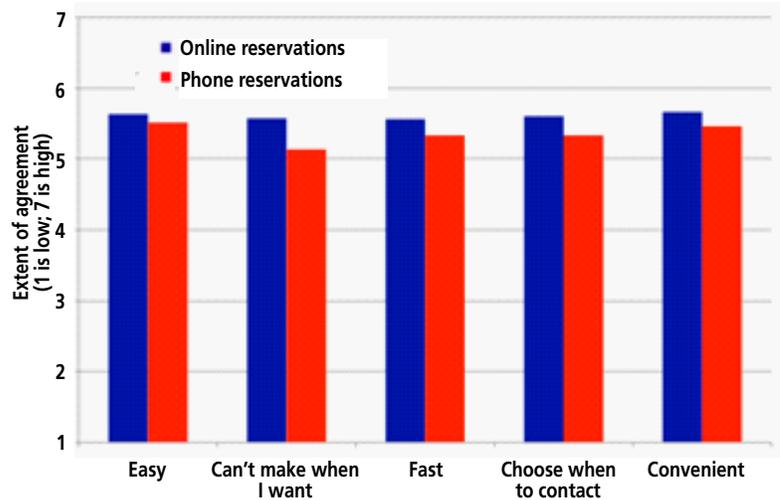
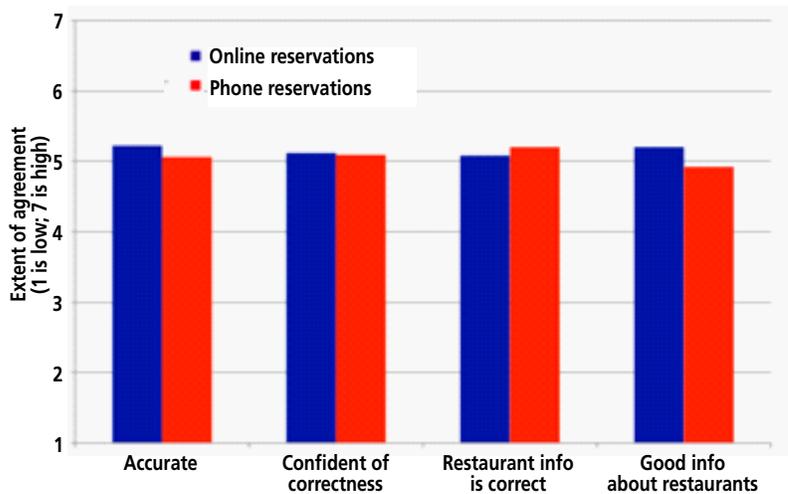


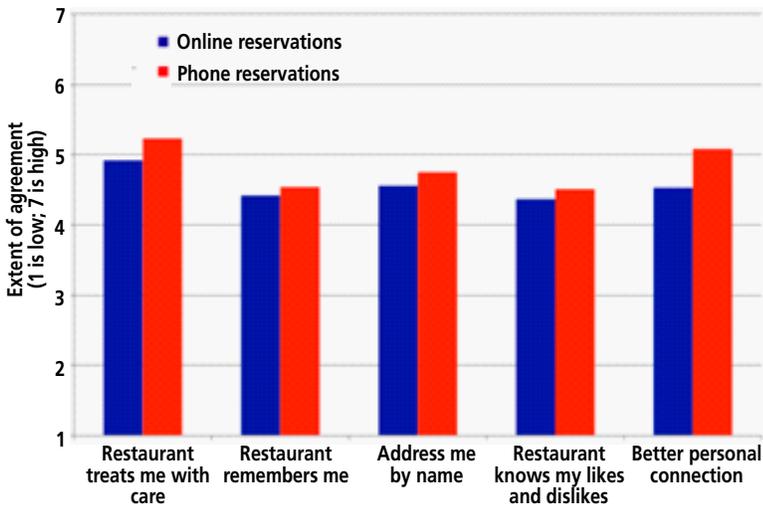
EXHIBIT 8

Online users' attitudes toward reliability of online and phone reservations



## EXHIBIT 9

### Online users' attitudes toward service orientation of online and phone reservations



restaurant staff addresses me by name, (4) The restaurant staff knows my likes and dislikes, and (5) I feel a strong personal connection with the restaurant. The service orientation scale was highly reliable (Cronbach's alpha: online = 0.92; telephone = 0.88).

Online users felt that the service orientation associated with online reservations was lower than that of telephone reservations (online, 22.62; telephone, 24.14). In particular, online users felt that they had a better personal connection with the restaurant when they made a telephone reservation (online, 4.53; telephone, 5.08) and that they were treated with more care when they made a telephone reservation (online, 4.92; telephone, 5.23, see Exhibit 9).

### Implications

To review the findings, about 31 percent of the 696 respondents to this online survey on restaurant reservations had made an online reservation. Given the relative newness of online restaurant reservations, this percentage is remarkably high, but as I mentioned at the outset it is similar to the percentage for hotel or airline reservations.<sup>25</sup> Online use did not vary by gender, but online users tended to be relatively young, frequent diners.

Online reservation users view online reservations to be significantly more convenient than telephone reservations, but that they do not provide as much of a personal connection with the restaurant as telephone reservations do. Online reservation users found the reliability and the amount of

perceived control they experienced to be the same for both distribution channels.

The tradeoff between customer convenience and the personal connection with the restaurant is worthy of consideration from both a practical and research perspective.

From a practical perspective, restaurant operators should continue to use both telephone and online reservations, so customers have a choice in how they make reservations. The convenience of online reservations may appeal to one group of customers, while the personal connection associated with telephone reservations may appeal to an entirely different group. I believe that restaurateurs should emphasize the convenience associated with online reservations and encourage customers to use online reservations as much as possible. In that way, restaurant operators can use the customer information from online reservations by customizing their service to their guests' particular needs. Appropriate use of this information can help provide

an enhanced customer experience which should in turn lead to higher customer satisfaction.

Restaurants have much to gain from taking online reservations. The increased customer convenience may attract additional customers and may help retain existing customers. The reduced labor costs may also prove beneficial. The costs associated with online reservations obviously need to be considered, but in most cases, are more than offset by the increase in business.

### Advice to Managers

Given that it seems that online reservations are here to stay, I offer the following suggestions regarding how should a savvy restaurant operator manage online reservations, based on the results of this survey.

*Encourage your customers to try online reservations.*

Research shows that once customers make an online reservation that they are more likely to consider online reservations to have higher value.<sup>26</sup>

*Make it easy for your customers.* Don't force customers to hunt through your website to determine how to make a reservation. If customers are visiting your website, they are probably interested in dining with you. Don't turn your website into a treasure hunt.

*Use multiple distribution systems.* If customers can see your restaurant on both your website and through third-party websites, you are more likely to generate additional business. Not everyone is going to know how to find your

<sup>25</sup> Marketwire.com, *loc.cit.*

<sup>26</sup> Dixon *et al.*, *loc.cit.*

website, but they might find it using some other third-party provider.

*Continue to offer a telephone reservation option.* Not everyone will want to use online reservations, so be sure to offer an option for those guests. Be sure that staff members who take telephone reservations are well-trained and that you have accurate record-keeping procedures in place.

*Consider using a third-party website.* Even though third-party web reservations have specific costs, it's a worthwhile investment since these sites can bring in customers who may not have previously known about your restaurant, who then may decide to dine with you.

*If you use multiple distribution channels, make sure that you receive regular updates on which tables have been sold and at what times.* If you only receive updates once a day, it might not be frequent enough for particularly busy days. In addition, make sure you have procedures established for regularly updating your reservations book. Failure to have this procedures in place may result in an oversold situation.

*Take advantage of the reminder capabilities associated with online reservations.* It's quite simple to send an email reminder to customers before their reservation. By doing so, you may be able to cut back on your no-show rate.

*Take advantage of the information you gain from online reservations.* You can use the customer names and emails to launch email promotions. In addition, if the online system you use allows you to track guest preferences, be sure to use it to help customize your service.

## Future Research and Research Limitations

From a research perspective, the tradeoff between convenience and the personal connection is intriguing. An interesting question to consider would be to learn which is more

important to different segments of customers. This question was not addressed in this research, but could be readily studied using choice modeling.<sup>27</sup> A related question to study is whether the tradeoff between convenience and personal connection varies by whether customers are familiar with the convenience associated with the technology.

While still in its infancy, reservations made through mobile devices such as cellphones will most likely become more prevalent in the future. A study similar to this on mobile device reservations would be extremely interesting and useful.

Also, restaurant websites are still relatively young. It would be interesting to use Hitwise or Google to investigate the presence and use of search by restaurants and the prominence of third-party sites such as OpenTable.com and Dinnerbroker.com. The objective would be to analyze the linkages among these sites and to evaluate downstream search paths. This might lead to further research of both general online use and more specific aspects of search related to restaurant reservations.<sup>28</sup>

As with all studies, this one was not without limitations. The study was only conducted in one country (USA), and the findings might not be generalizable to other parts of the world. Although the research was conducted with a representative, national sample, it was conducted online, and respondents may have systematic differences from respondents who do not use the internet. ■

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<sup>27</sup> Rohit Verma, "Unlocking the Secrets of Customer Choices," *Cornell Research Report*, Vol. 7, No. 2 (2007), Cornell University Center for Hospitality Research, [www.cornell.edu](http://www.cornell.edu).

<sup>28</sup> The author would like to thank one of the reviewers for this helpful suggestion.

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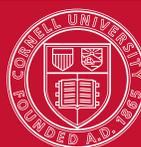
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