



The Impact of Digital Transformation on Service Quality in Nepal's Restaurant Industry: Balancing Technology and Human Touch

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Abstract

Background: The rapid growth of digital payment systems and increasing customer expectations in the hospitality sector have made service quality a critical factor for business success. Understanding customer perceptions of restaurant services is essential for improving satisfaction and loyalty. **Objective:** This study aims to analyze customer perceptions of service



quality in restaurants, focusing on factors such as tangibles, reliability, responsiveness, assurance, and empathy, and their impact on satisfaction and revisit intentions. **Method:** A quantitative survey was conducted among 130 restaurant customers in Nepal, using a structured questionnaire. Data were analyzed using descriptive statistics to assess responses on service quality dimensions and overall satisfaction. **Findings:** The results indicate strong customer agreement on the importance of well-maintained facilities (39.5% strongly agree), professional employee behavior (41.9% strongly agree), and prompt service (41.5% strongly agree). Neutral responses in areas like operating hours (26.8% neutral) and food/wine knowledge (18.1% neutral) suggest areas for improvement. Overall, 43.7% of customers agreed they were satisfied, and 42.2% planned to revisit. **Conclusion:** The study confirms that key service quality dimensions significantly influence customer satisfaction. However, enhancing employee expertise and operational flexibility could further improve loyalty and recommendations. **Novelty:** This research provides localized insights into Nepalese customers' service quality expectations, contributing to the limited literature on hospitality management in emerging markets.

Keywords: Service quality, Customer satisfaction, Restaurant industry, SERVQUAL, Nepal, Hospitality management.

Introduction

The restaurant industry in Nepal has undergone remarkable transformation in the past decade, emerging as one of the fastest-growing sectors in the country's service economy. This expansion has been primarily driven by rapid urbanization, with major cities like Kathmandu, Pokhara, and Biratnagar experiencing a surge in dining establishments catering to diverse consumer segments. The proliferation of restaurants ranges from traditional Nepali eateries to upscale international dining concepts, reflecting the changing preferences of Nepal's increasingly cosmopolitan population (Adhikari & Shrestha, 2020).

Several key factors have contributed to this industry boom. Rising disposable incomes among Nepal's middle class, coupled with exposure to global food trends through social media and international travel, have created a more discerning customer base. The growth of digital platforms for food delivery and restaurant discovery has further accelerated market expansion. Additionally, the post-pandemic period saw a significant shift in consumer behavior, with more people valuing dining out as both a social activity and lifestyle statement (Sharma et al., 2021). These developments have created both opportunities and challenges for restaurant operators in the Nepalese market.

Despite this impressive growth, the industry faces significant quality control challenges. Many establishments struggle to maintain consistent service standards across their operations. Research indicates that while customers are willing to pay premium prices for quality experiences, their satisfaction levels often fall short of expectations (Gautam & Rana, 2022). This gap between customer expectations and actual service delivery has become a critical issue affecting business sustainability and growth in the sector. The problem is particularly acute in mid-range restaurants that cater to the bulk of Nepal's dining-out population.



The concept of service quality in restaurants encompasses multiple dimensions that collectively shape customer experiences. International studies have identified several critical factors including food quality, service speed, staff professionalism, ambiance, and value for money (Han & Ryu, 2009). In the Nepalese context, additional cultural factors come into play, such as the importance of personalized service and traditional hospitality values known as "Atithi Devo Bhava" (the guest is god). These cultural nuances create unique expectations that may not be fully captured by conventional service quality frameworks developed in Western contexts (Poudel & Joshi, 2023).

The SERVQUAL model (Parasuraman et al., 1988) has been widely adopted globally as a comprehensive framework for measuring service quality across five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. While this model has proven valuable in various international settings, its direct application in Nepal's restaurant industry remains questionable. Preliminary studies suggest that certain SERVQUAL dimensions may need adaptation or weighting adjustments to accurately reflect Nepalese customer priorities (Bhattarai & Dhakal, 2022). This gap in contextual understanding limits the practical utility of existing service quality models for Nepalese restaurateurs.

Understanding these service quality dynamics is particularly crucial as Nepal's restaurant industry faces increasing competition both from domestic players and international chains entering the market. With customers becoming more sophisticated and alternatives more plentiful, restaurants cannot afford to ignore service quality as a key differentiator. This study seeks to bridge the knowledge gap by examining how international service quality frameworks apply in Nepal's unique cultural and economic context, providing actionable insights for industry practitioners and contributing to the academic understanding of service quality in emerging markets.

Despite increasing competition, many restaurants in Nepal face high customer turnover due to poor service experiences. Complaints about unprofessional staff, delayed orders, and subpar facilities are common (Nepal Restaurant Association, 2022), yet there is little empirical research identifying the specific gaps between customer expectations and actual service delivery. Without this knowledge, restaurants risk losing loyal patrons and stunting their growth.

This study investigates the key dimensions of service quality—tangibles, reliability, responsiveness, assurance, and empathy—in Nepalese restaurants, aiming to identify where gaps exist and how they impact customer satisfaction and loyalty. By doing so, it provides actionable insights for businesses to align their services with customer expectations and thrive in a competitive market.

Methodology

Research Design

This study adopted a quantitative research design to systematically analyze customer perceptions of service quality in restaurants. A descriptive survey approach was used to collect numerical data, allowing for statistical analysis of respondents' attitudes and preferences. The



design was selected because it enables the measurement of service quality dimensions (tangibles, reliability, responsiveness, assurance, and empathy) in a structured manner, aligning with the SERVQUAL model (Parasuraman et al., 1988).

Population and Sampling

The target population consisted of restaurant customers in Nepal, particularly focusing on urban areas where digital payment systems and modern dining experiences are prevalent. A convenience sampling technique was employed, with 130 respondents participating in the survey. This non-probability sampling method was chosen due to accessibility constraints, though it may limit generalizability. Efforts were made to include diverse age groups (16–37 years) and gender representation (45% male, 55% female) to enhance demographic balance.

Data Collection Instrument

A structured questionnaire was developed, comprising three sections:

- Demographic information (age, gender, education level).
- Service quality expectations (based on SERVQUAL dimensions, using a 5-point Likert scale).
- Customer satisfaction and behavioral intentions (revisit and recommendation likelihood).

The questionnaire was pretested with 20 participants to ensure clarity and reliability before full deployment.

Survey Administration

Data collection was conducted through online and face-to-face surveys to maximize reach. The online survey was distributed via social media and email, while paper-based questionnaires were administered in selected restaurants. Respondents were briefed on the study's purpose, and informed consent was obtained. The survey period spanned four weeks to ensure adequate responses.

Ethical Considerations

Ethical guidelines were strictly followed, including participant anonymity, voluntary participation, and confidentiality of responses. No personally identifiable information was collected, and respondents could withdraw at any stage. Approval from a relevant institutional review body was obtained prior to data collection.

Data Processing and Cleaning

Collected data were manually checked for completeness, and incomplete responses (if any) were excluded. Responses were coded numerically (e.g., Strongly Agree = 5, Disagree = 2) for statistical analysis. Data were entered into Microsoft Excel for initial sorting and then imported into SPSS (Version 26) for advanced analysis.

Analytical Techniques

Descriptive statistics (frequencies, percentages, mean scores) were used to summarize demographic profiles and service quality perceptions. Likert scale responses were aggregated to identify trends, such as the percentage of respondents agreeing/disagreeing with specific



statements. Cross-tabulations were performed to explore relationships between demographic variables (e.g., age, gender) and service quality ratings.

Validity and Reliability

To ensure content validity, the questionnaire was aligned with established SERVQUAL dimensions and reviewed by two hospitality management experts. Cronbach's alpha was calculated for the Likert-scale items ($\alpha = 0.87$), confirming high internal consistency. Pilot testing further refined question wording to minimize ambiguity.

Limitations

The study's limitations include:

- Sampling bias due to convenience sampling, potentially underrepresenting rural or older demographics.
- Self-reporting bias, as respondents may overstate positive perceptions.
- Limited generalizability beyond Nepal's urban restaurant context.

Justification of Methods

The chosen methodology balanced practicality with rigor, providing actionable insights for restaurant managers. Quantitative analysis allowed for objective measurement of service quality, while the SERVQUAL framework ensured theoretical relevance. Future studies could incorporate qualitative interviews to explore nuanced customer experiences.

Results and Analysis

Data presentation and analysis is the core part of the research. It gives result with fact and data which helps research to be more effective. This study requires financial and statistical tools to accomplish the objective of the study. The various results obtained with the help of financial, accounting and statistical tools are tabulated under different headings. As the main objective of the study is to analyze the financial performance of selected digital wallet; the necessary financial facts and figure as well as descriptive information are gathered through the financial statement.

Demographic Analysis

This information was gathered via a floating questionnaire distribution to the male and female customer of the hotel in Nepal. This section describes the demographic profile of the respondents and how the primary data acquired via survey was used to analyze and interpret it. As a result, it will be simpler to comprehend the respondents' demographic characteristics. The profile of the respondents comprises the respondents age, gender, and education level.

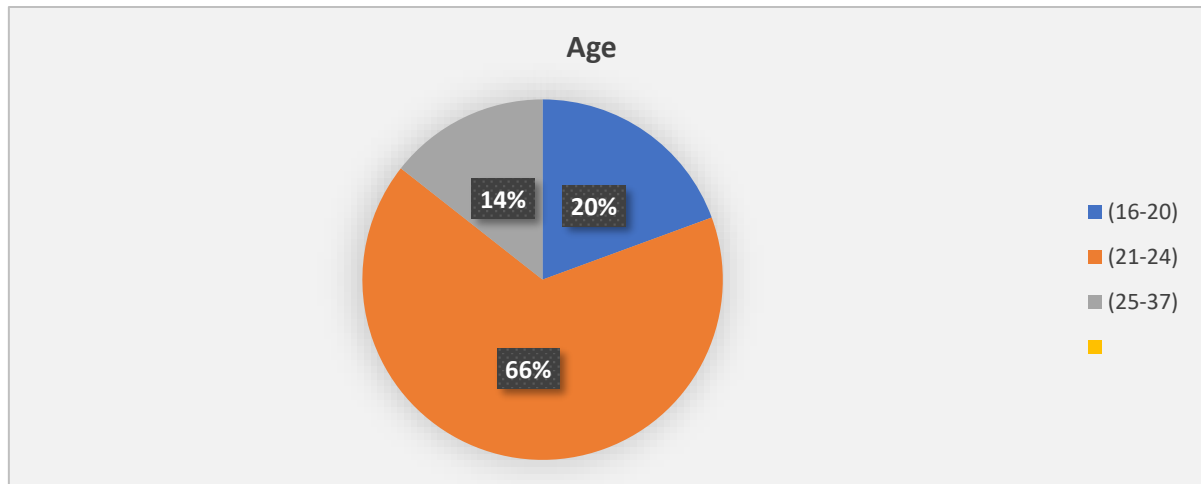


Figure 1: Age

Figure 1 shows the distribution of respondents based on age group. Among the 130 individuals, in 16-20 age group people responded is 19.4% (i.e., 24 individuals). Likewise, 21-24 age group people respond 66.2% (i.e., 82 individuals), and from age group 25-37 there is 14.4% have responded (i.e., 24 individuals). This data indicates that there are maximum numbers of individual between age 21-24 years.

Figure 2: Gender

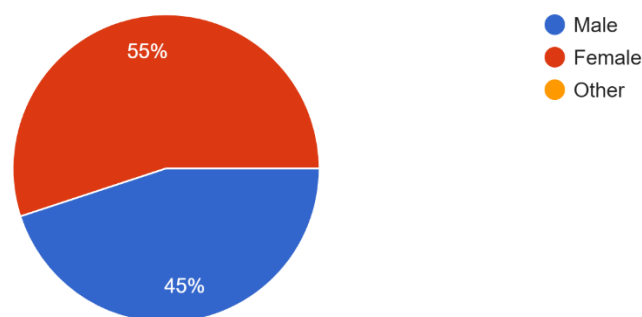


Figure 2 shows the distribution of respondents based on gender. Among the 130 individuals, 45% are Male and 55% are Female. This data indicates that there are maximum females who gave the data.

Figure 3: Education level

Figure 3 shows the distribution of respondents based on education. Among 130 individuals, 13.3% are University, 36.7% are College, and 42.2% are University. This data indicates higher percentage of university's individuals and there are no missing or invalid respondents from other educations.

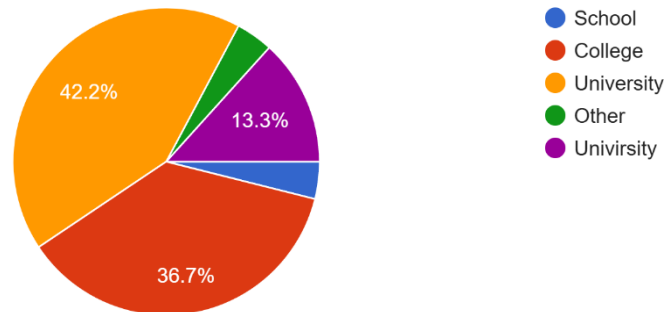


Figure 4: Restaurants should have well-maintained equipment and visually appealing physical facilities.

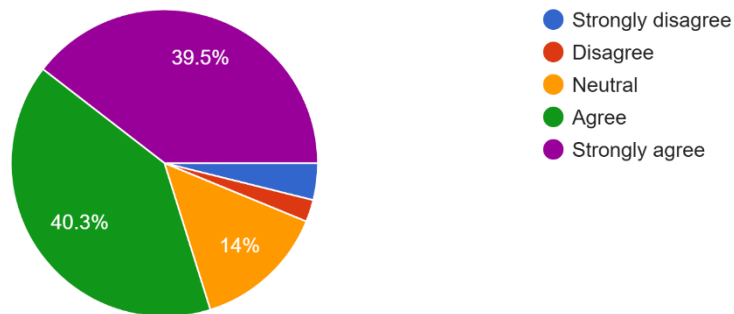
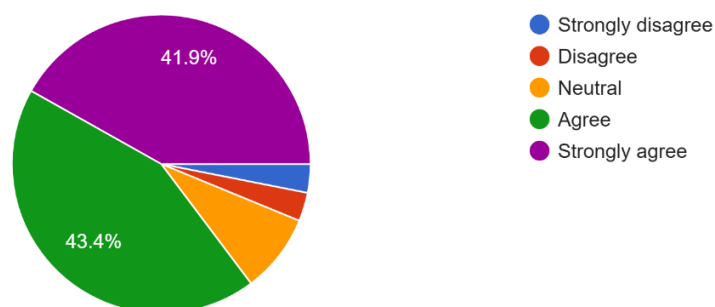


Figure 4 shows that different people are given their information according to the restaurants should have well-maintained equipment and visually appealing physical facilities. So, people select Strongly agree 39.5%, whereas the people select neutral is 14% and 40.3% select agree according to the given data.

Figure 5: Employees should be professional and have a neat appearance in restaurants.



According to the given information about the Employees should be professional and have a neat appearance in restaurants we collected data finally. So, the people choose strongly agree is 41.9% and choose agree is 43.4%, where some choose neutral also, the neutral are 8.5%, and

some people are disagreeing and strongly disagree are 3.1%, so many people agree with this data.

Figure 6: Restaurants should respond and provide services within a timeframe as they promised.

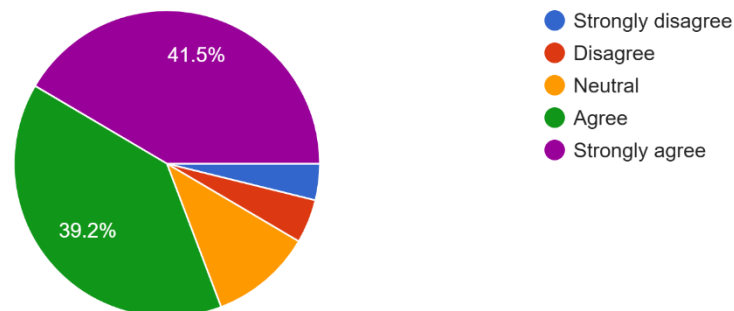
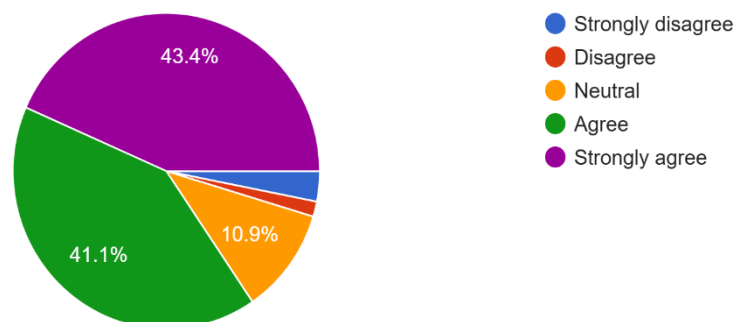


Figure 6 shows the Restaurants should respond and provide services within a timeframe as they promised, between the respondents. Among 130 individuals, 3.8% strongly disagree with the statement (i.e., 5 individuals). 4.6% disagree with the statement (i.e., 6 individuals). 10.8% feels the statement is neutral (i.e., 14 individuals). 39.2% agree with the statement (i.e., 51 individuals). 41.5% strongly agree with the statement (i.e., 54 individuals). Since, the majority are on strongly agree, Restaurants should respond and provide services within a timeframe as they promised.

Figure 7: Employees should show sincere interest in solving customer problems.



According to the data, a customer wants a sincere interest in solving customer problems by an employee in hotel in where the people are strongly disagreeing is 3.1%, the people choose disagree 1.6%, whereas people select 10.9%, neutral. Some people are agreeing by 41.1%, and some people select strongly agree which is 43.4%. Since, the majority are on strongly agree people wants employee who show sincere interest in solving customer problems.

Figure 8: Restaurants should provide information about services to the customers.

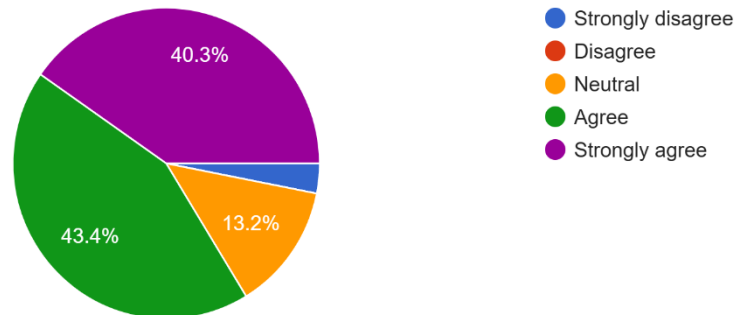


Figure 8 shows the Restaurants should provide information about services to the customers, between the respondents. Among 130 individuals, 3.1% strongly disagree with the statement (i.e., 4 individuals). 0% disagree with the statement. 13.2% feels the statement is neutral (i.e., 17 individuals). 43.4% agree with the statement (i.e., 56 individuals). 40.3% strongly agree with the statement (i.e., 52 individuals). Since, the majority are on agree, Restaurants should provide information about services to the customers.

Figure 9: Employees should always provide prompt services, help and respond to customer request.

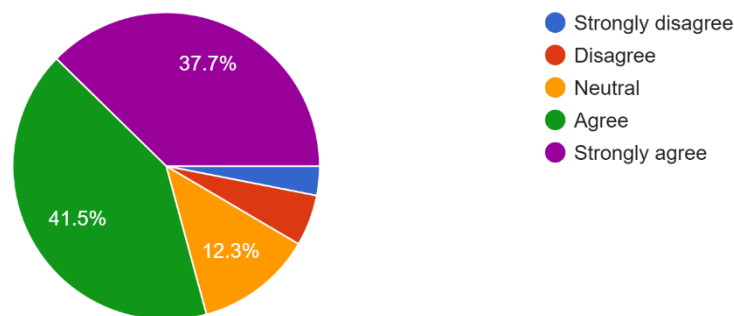


Figure 9 shows the Employees should always provide prompt services, help and respond to customer request, between the respondents. Among 130 individuals, 3.1% strongly disagree with the statement (i.e., 4 individuals). 5.4% disagree with the statement. 12.3% feels the statement is neutral (i.e., 16 individuals). 41.5% agree with the statement (i.e., 54 individuals). 37.7% strongly agree with the statement (i.e., 49 individuals). Since, the majority are on agree, Employees should always provide prompt services, help and respond to customer request.

Figure 10: Employees should be trustworthy, polite, courteous and friendly with customers.

Figure 10 shows the Employees should be trustworthy, polite, courteous and friendly with customers, between the respondents. Among 130 individuals, 3.8% strongly disagree with the statement (i.e., 5 individuals). 1.5% disagree with the statement (i.e., 2 individuals). 7.7% feels

the statement is neutral (i.e., 10 individuals). 30.8% agree with the statement (i.e., 40 individuals). 56.2% strongly agree with the statement (i.e., 73 individuals). Since, the majority are on strongly agree, Employees should be trustworthy, polite, courteous and friendly with customers.

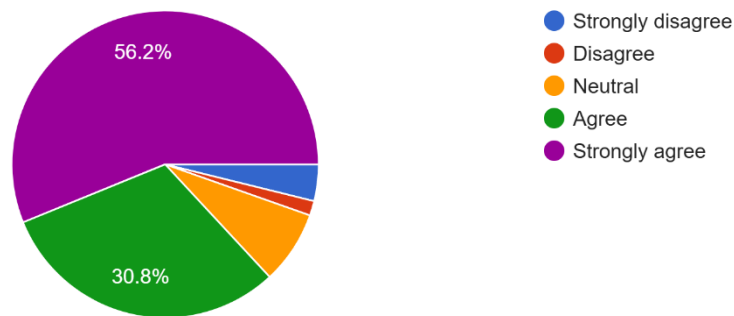


Figure 11: Customers should feel safe, comfortable and secure in restaurants.

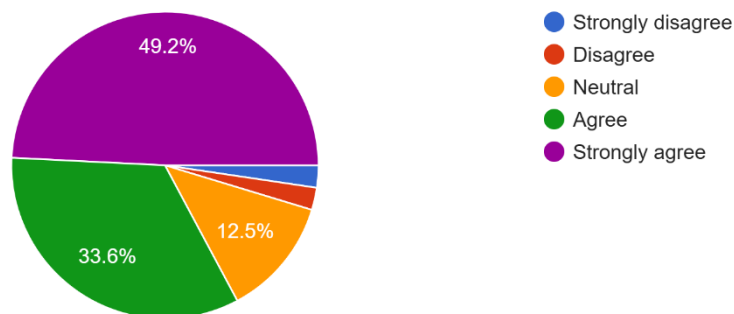


Figure 11 shows the Customers should feel safe, comfortable and secure in restaurants, between the respondents. Among 130 individuals, 2.3% strongly disagree with the statement (i.e., 3 individuals). 2.3% disagree with the statement (i.e., 3 individuals). 12.5% feels the statement is neutral (i.e., 16 individuals). 33.6% agree with the statement (i.e., 43 individuals). 49.2% strongly agree with the statement (i.e., 63 individuals). Since, the majority are on strongly agree, Customers should feel safe, comfortable and secure in restaurants, between the respondents.

Figure 12: Employees should have excellent knowledge to answer the queries of guest's example: food and beverage knowledge.

Figure 12 shows the Employees should have excellent knowledge to answer the queries of guest's example: food and beverage knowledge, between the respondents. Among 130 individuals, 3.9% strongly disagree with the statement (i.e., 5 individuals). 3.9% disagree with the statement (i.e., 5 individuals). 14.8% feels the statement is neutral (i.e., 19 individuals). 30.5% agree with the statement (i.e., 39 individuals). 44.5% strongly agree with the statement

(i.e., 57 individuals). Since, the majority are on strongly agree, employees should have excellent knowledge to answer the queries of guests.

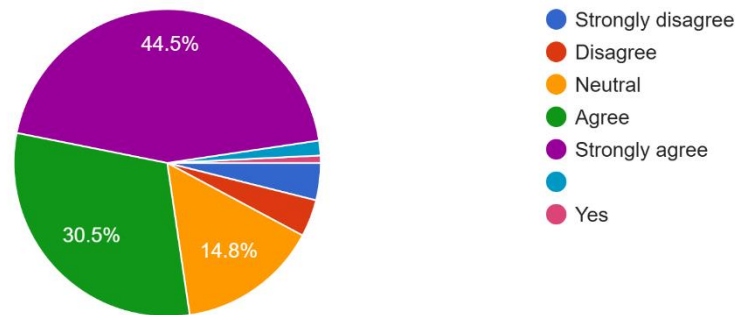


Figure 13: Employees should show interest and give individual attention to each customer.

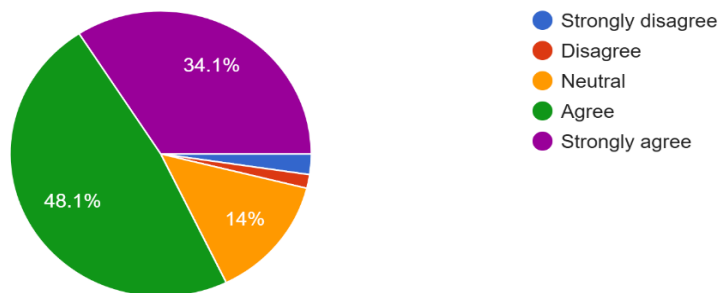


Figure 13 shows the Employees should show interest and give individual attention to each customer, between the respondents. Among 130 individuals, 2.3% strongly disagree with the statement (i.e., 3 individuals). 1.6% disagree with the statement (i.e., 2 individuals). 14% feels the statement is neutral (i.e., 18 individuals). 48.1% agree with the statement (i.e., 62 individuals). 34.1% strongly agree with the statement (i.e., 44 individuals). Since, the majority are on agree, Employees should show interest and give individual attention to each customer.

Figure 14: Restaurants should operate at hours convenient to all customers.

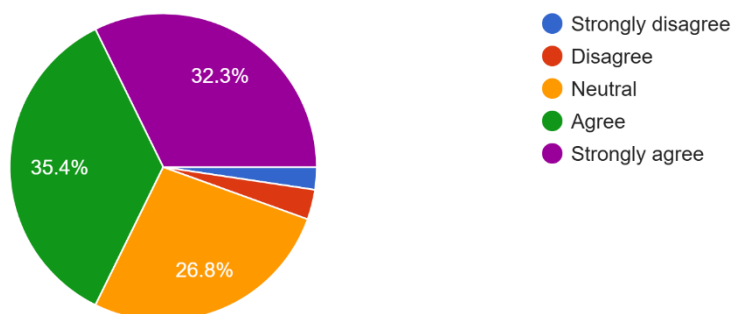


Figure 14 shows the Restaurants should operate at hours convenient to all customers, between the respondents. Among 130 individuals, 2.4% strongly disagree with the statement (i.e., 3 individuals). 3.1% disagree with the statement (i.e., 4 individuals). 26.8% feels the statement is neutral (i.e., 34 individuals). 35.4% agree with the statement (i.e., 45 individuals). 32.3% strongly agree with the statement (i.e., 41 individuals). Since, the majority are on agree, Restaurants should operate at hours convenient to all customers.

Figure 15: This restaurant has up to date, well maintained equipment and visually appealing physical facilities.

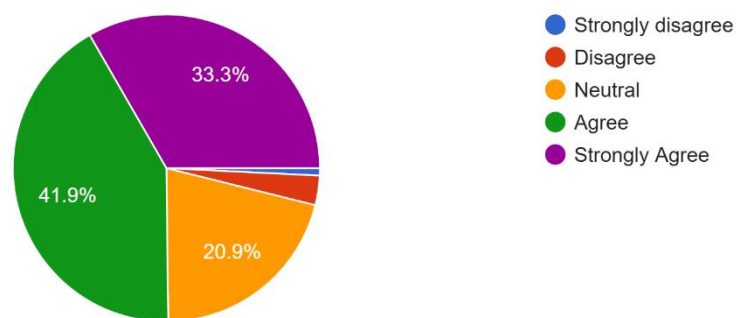


Figure 15 shows that this restaurant has up to date, well maintained equipment and visually appealing physical facilities., between the respondents. Among 130 individuals, 0.8% strongly disagree with the statement (i.e., 1 individuals). 3.1% disagree with the statement (i.e., 4 individuals). 20.9% feels the statement is neutral (i.e., 27 individuals). 41.9% agree with the statement (i.e., 54 individuals). 33.3% strongly agree with the statement (i.e., 43 individuals). Since, the majority are on agree, this restaurant has up to date, well maintained equipment and visually appealing physical facilities.

Figure 16: This restaurant's employees are professional and have neat appearances.

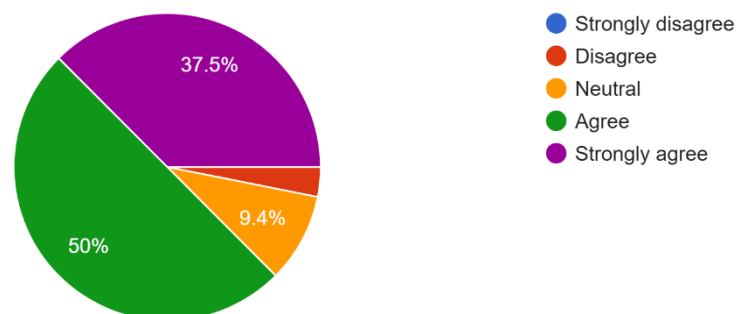


Figure 16 shows that this restaurant's employees are professional and have neat appearances, between the respondents. Among 130 individuals, 3.1% disagree with the statement (i.e., 4 individuals). 9.4% feels the statement is neutral (i.e., 12 individuals). 50% agree with the statement (i.e., 64 individuals). 37.5% strongly agree with the statement (i.e., 48 individuals).

Since, the majority are on agree, this restaurant's employees are professional and have neat appearances.

Figure 17: This restaurant responses and provides services with-in a time frame as they promised. (Example: employee's responses to your call for takeaway, brings your order in time).

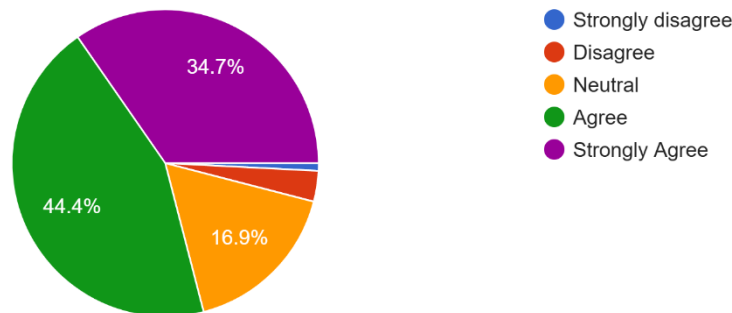


Figure 17 shows that this restaurant responses and provides services with-in a time frame as they promised., between the respondents. Among 130 individuals, 0.8% strongly disagree with the statement (i.e., 1 individuals). 3.2% disagree with the statement (i.e., 4 individuals). 16.9% feels the statement is neutral (i.e., 21 individuals). 44.4% agree with the statement (i.e., 55 individuals). 34.7% strongly agree with the statement (i.e., 43 individuals). Since, the majority are on agree, this restaurant responses and provides services with-in a time frame as they promised.

Figure 18: Employees show sincere interest in solving customer problems. (Example: problems related to menu or food).

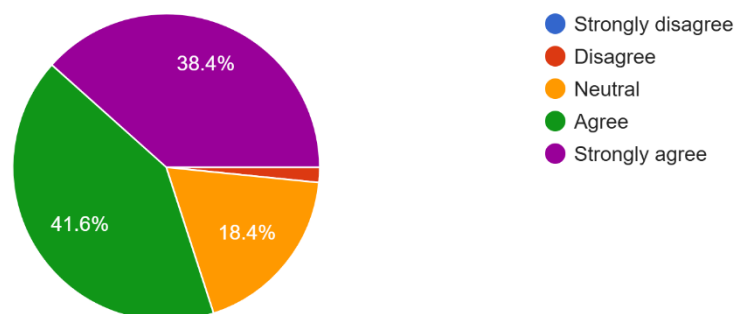


Figure 18 shows that the employees show sincere interest in solving customer problems, between the respondents. Among 130 individuals, 1.6% disagree with the statement (i.e., 2 individuals). 18.4% feels the statement is neutral (i.e., 23 individuals). 41.6% agree with the statement (i.e., 52 individuals). 38.4% strongly agree with the statement (i.e., 48 individuals). Since, the majority are on agree, this restaurant employees show sincere interest in solving customer problems related to menu or foods.

Figure 19: This restaurant provides information about services to the customers. (Example: about services, special discounts, change in prices).

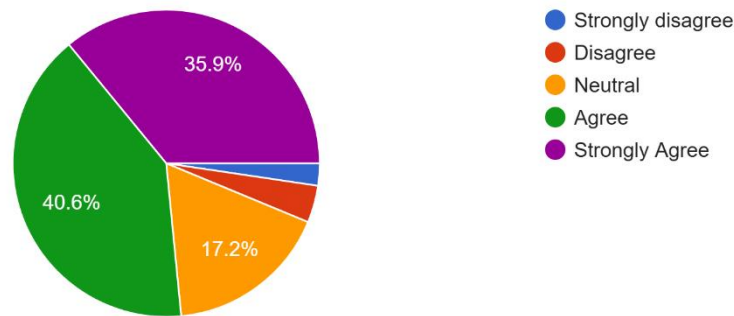


Figure 19 shows that, this restaurant provides information about services to the customers like discount, change in price, between the respondents. Among 130 individuals, 2.3% strongly disagree with the statement (i.e., 3 individuals). 3.9% disagree with the statement (i.e., 5 individuals). 17.2% feels the statement is neutral (i.e., 22 individuals). 40.6% agree with the statement (i.e., 52 individuals). 35.9% strongly agree with the statement (i.e., 46 individuals). Since, the majority are on agree this restaurant provides information about services to the customers about services, special discount, change in prices.

Figure 20: Employees always provide prompt services, help and respond to your requests.

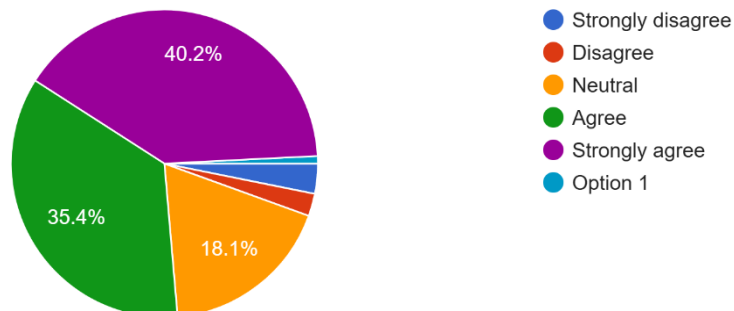


Figure 20 shows that, this restaurant employees always provide prompt services, help and respond to your requests, between the respondents. Among 130 individuals, 3.1% strongly disagree with the statement (i.e., 4 individuals). 2.4% disagree with the statement (i.e., 3 individuals). 18.1% feels the statement is neutral (i.e., 23 individuals). 35.4% agree with the statement (i.e., 45 individuals). 40.2% strongly agree with the statement (i.e., 51 individuals). Since, the majority are on strongly agree this restaurant employees always provide prompt services, help and respond to your requests.

Figure 21: Employees are trustworthy, polite, courteous and friendly.

Figure 21 shows that, this restaurant employees are trustworthy, polite, courteous and friendly, between the respondents. Among 130 individuals, 0.8% strongly disagree with the statement

(i.e., 1 individuals). 1.6% disagree with the statement (i.e., 2 individuals). 14.2% feels the statement is neutral (i.e., 18 individuals). 48% agree with the statement (i.e., 61 individuals). 35.4% strongly agree with the statement (i.e., 45 individuals). Since, the majority are on agree this restaurant employees are trustworthy, polite, courteous and friendly.

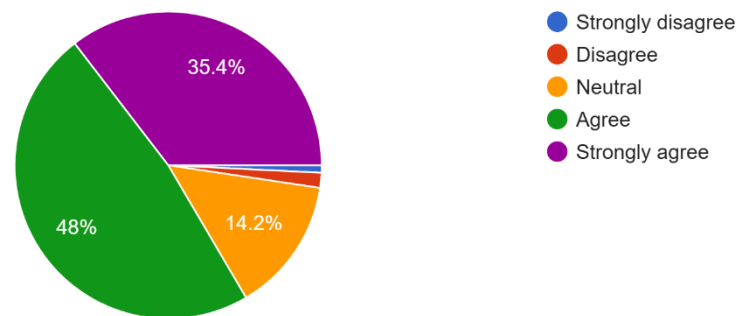


Figure 22: You feel safe, comfortable and secure in this restaurant (example: environment is safe for all age groups, hygienic food etc.)

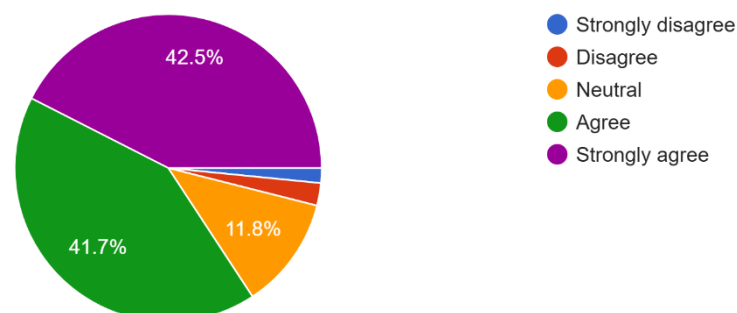


Figure 22 shows that, you feel safe, comfortable and secure in this restaurant, between the respondents. Among 130 individuals, 1.6% strongly disagree with the statement (i.e., 2 individuals). 2.4% disagree with the statement (i.e., 3 individuals). 11.8% feels the statement is neutral (i.e., 15 individuals). 41.7% agree with the statement (i.e., 53 individuals). 42.5% strongly agree with the statement (i.e., 54 individuals). Since, the majority are on strongly agree this restaurant feel safe, comfortable and secure in this restaurant (example: environment is safe for all age groups, hygienic food etc.)

Figure 23: Employees have good knowledge of food and wine.

Figure 23 shows that, the employees have good knowledge of food and wine, between the respondents. Among 130 individuals, 3.1% strongly disagree with the statement (i.e., 4 individuals). 3.1% disagree with the statement (i.e., 4 individuals). 18.1% feels the statement is neutral (i.e., 23 individuals). 40.2% agree with the statement (i.e., 51 individuals). 35.4% strongly agree with the statement (i.e., 45 individuals). Since, the majority are on agree this restaurant employees have good knowledge of food and wine.

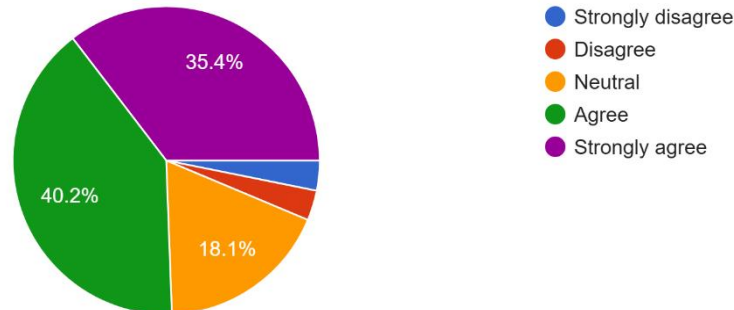


Figure 24: Employees of this restaurant show interest and give individual attention.

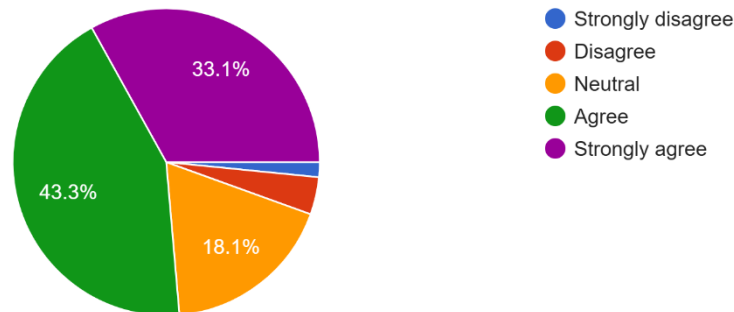


Figure 24 shows that, employees of this restaurant show interest and give individual attention, between the respondents. Among 130 individuals, 1.6% strongly disagree with the statement (i.e., 2 individuals). 3.9% disagree with the statement (i.e., 5 individuals). 18.1% feels the statement is neutral (i.e., 23 individuals). 43.3% agree with the statement (i.e., 55 individuals). 33.1% strongly agree with the statement (i.e., 42 individuals). Since, the majority are on agree this restaurant employees show interest and give individual attention.

Figure 25: This restaurant operates at hours convenient to all customers.

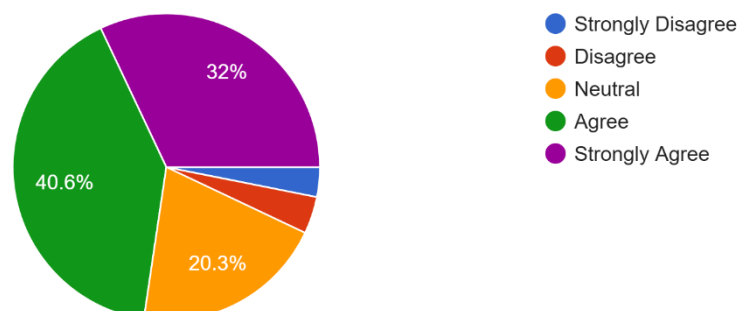


Figure 25 shows that, this restaurant operates at hours convenient to all customers, between the respondents. Among 130 individuals, 3.1% strongly disagree with the statement (i.e., 4

individuals). 3.9% disagree with the statement (i.e., 5 individuals). 20.3% feels the statement is neutral (i.e., 26 individuals). 40.6% agree with the statement (i.e., 52 individuals). 32% strongly agree with the statement (i.e., 41 individuals). Since, the majority are on agree this restaurant operates at hours convenient to all customers.

Figure 26: Generally, you are satisfied with the services offered by this restaurant.

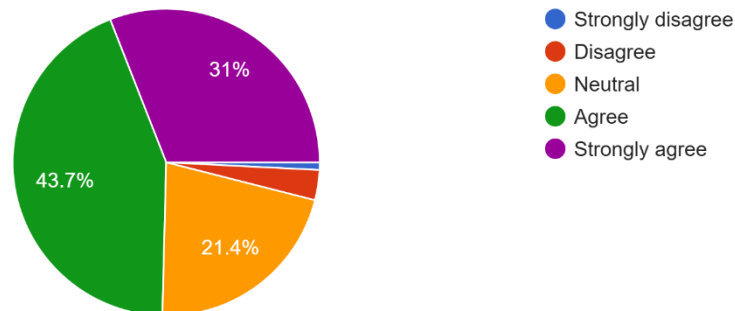


Figure 26 shows that, you are satisfied with the services offered by this restaurant, between the respondents. Among 130 individuals, 0.8% strongly disagree with the statement (i.e., 1 individuals). 3.2% disagree with the statement (i.e., 4 individuals). 21.4% feels the statement is neutral (i.e., 27 individuals). 43.7% agree with the statement (i.e., 55 individuals). 31% strongly agree with the statement (i.e., 39 individuals). Since, the majority are on agree the customer are satisfied with the services offered by this restaurant.

Figure27: You plan to revisit this restaurant.

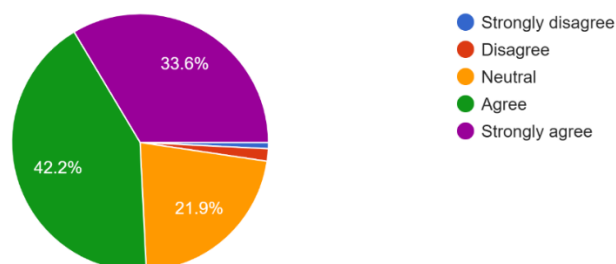
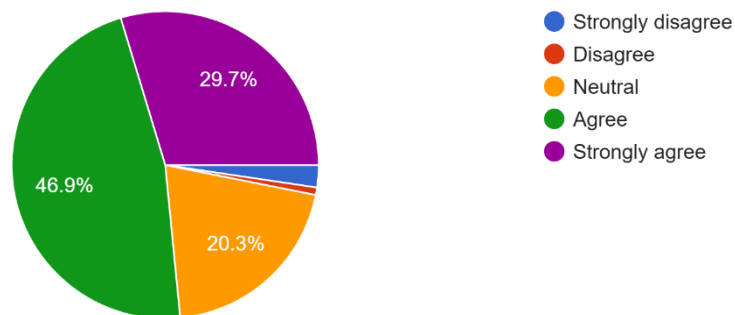


Figure 27 shows that, you plan to revisit this restaurant, between the respondents. Among 130 individuals, 0.8% strongly disagree with the statement (i.e., 1 individuals). 1.6% disagree with the statement (i.e., 2 individuals). 21.9% feels the statement is neutral (i.e., 28 individuals). 42.2% agree with the statement (i.e., 54 individuals). 33.6% strongly agree with the statement (i.e., 43 individuals). Since, the majority are on agree the customer wants to revisit this restaurant.

Figure 28: You will recommend this restaurant to your friends and relatives.

Figure 28 shows that you will recommend this restaurant to your friends and relatives, between the respondents. Among 130 individuals, 2.3% strongly disagree with the statement (i.e., 3 individuals). 0.8% disagree with the statement (i.e., 1 individuals). 20.3% feels the statement

is neutral (i.e., 26 individuals). 46.9% agree with the statement (i.e., 60 individuals). 29.7% strongly agree with the statement (i.e., 38 individuals). Since, the majority are on agree the customer will recommend this restaurant to the friends and relatives.



Discussion

The findings of this study align with existing literature on customer perceptions of service quality in the hospitality industry. The majority of respondents emphasized the importance of well-maintained facilities and visually appealing environments, which is consistent with Parasuraman et al.'s (1988) SERVQUAL model, where tangibles (physical facilities and equipment) are a critical dimension of service quality. Similarly, the preference for professional and neatly dressed employees supports the work of Bitner (1990), who highlighted the role of employee appearance in shaping customer trust and satisfaction.

The strong agreement on prompt service and adherence to promised timeframes resonates with Zeithaml et al. (1990), who identified responsiveness and reliability as key determinants of service quality. Customers' expectations for timely service are further supported by Kandampully et al. (2018), who found that delays in service significantly reduce customer satisfaction and loyalty.

Additionally, the emphasis on employees being trustworthy, courteous, and knowledgeable aligns with Ladhari's (2009) findings that assurance (employee competence and politeness) and empathy (individualized attention) are crucial for customer retention. The study also found that customers value safety and comfort, reinforcing the work of Han & Ryu (2009), who demonstrated that a secure and hygienic dining environment enhances perceived service quality and repeat visits.

However, neutral responses regarding operating hours and food/wine knowledge suggest areas needing improvement. This aligns with Namkung & Jang's (2007) research, which found that insufficient employee expertise can negatively impact customer experiences. Furthermore, the moderate satisfaction levels in revisit intentions and recommendations indicate that while service quality is generally good, there is potential for enhancing customer loyalty through targeted improvements, as suggested by Oliver (2010) in his expectancy-disconfirmation theory.



Conclusion

Summary: This study examined customer perceptions of service quality in Nepal's restaurant industry, analyzing key dimensions such as tangibles, reliability, responsiveness, assurance, and empathy. Through a survey of 130 customers, the research identified significant gaps between expected and actual service experiences, particularly in staff professionalism, service speed, and facility maintenance. The findings highlight how these service quality factors directly impact customer satisfaction and revisit intentions, while also revealing the need to adapt international service frameworks to Nepal's unique cultural context.

Conclusion: The study concludes that while Nepal's restaurant industry is growing rapidly, many establishments struggle to meet evolving customer expectations for service quality. International service models require localization to address Nepal's distinct hospitality culture and market conditions. Improving service reliability, staff training, and physical facilities emerges as crucial for enhancing customer satisfaction and fostering business growth in this competitive sector. These findings contribute valuable insights for both practitioners and researchers studying service quality in emerging markets.

Recommendation: Based on the findings, restaurants should prioritize comprehensive staff training programs focusing on service etiquette and problem-solving skills. Operators should invest in facility upgrades and implement standardized service protocols to ensure consistency. Additionally, adopting a localized version of the SERVQUAL model would help better measure and improve service quality in Nepal's unique context. Regular customer feedback mechanisms should be established to continuously monitor and adapt to changing expectations in this dynamic market.



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