

MANAGING WORD-OF-MOUTH COMMUNICATION IN MICHELIN STARRED RESTAURANTS IN THE NETHERLANDS

Sjoerd A. Gehrels

Programme Director of the CHN University, School of Graduate Studies,
MA in International Hospitality Management Programme
email: s.gehrels@chn.nl

Stephanie Kristanto

Assistant Manager Branch Operations in HSBC Bank, Surabaya
email: skristanto@hotmail.com

Klaes Eringa

Programme Director of the CHN University, School of Graduate Studies,
MA in International Service Management Programme
email: k.eringa@chn.nl

“Words are, of course, the most powerful drug used by mankind”
(Rudyard Kipling, 1923)

Abstract: This research attempts to investigate the effectiveness of word-of-mouth in the Michelin starred restaurants in the Netherlands. The research examined the management perspective of the restaurant owner's word-of-mouth communication. This study started with an explorative investigation and a pilot study, which aimed to discover the indications that encourage word-of-mouth. The indicators found were used to develop a conceptual model for the final research project. In the research project two instruments were used: expert interviews and a questionnaire to the restaurant owners. The results show that word-of-mouth is an effective tool in attracting new guests in Michelin starred restaurants. It also discovered that image is strongly related to word-of-mouth, as it influences the expectation by customers formed prior to the visit.

Keywords: word-of-mouth, promotion, restaurant.

Word-of-mouth communication constitutes as an emerging force in the marketing trend, which should not be underestimated by marketers (Mangold et al., 1999, p.73). Arndt (1967) has defined this type of communication as “oral, person-to-person communication between a perceived non-commercial communicator and receiver regarding a brand, a product, or a service” (cited by Gremler & Brown, 1999, p.273).

Furthermore, Lovelock (2001, p.298) claims that word-of-mouth is a form of marketing communication; however, it is not advertising, because customers provide it voluntarily. Kotler et al. (1998) also assert that word-of-mouth is a personal influence, which carries great weight for products that are expensive, risky or highly visible (p.769). It refers to an interpersonal communication and sharing of thoughts, ideas, and opinions based on people's own experiences. The perceived risk is expected to be reduced by asking recommendations from friends (Heskett, et al, 1997; cited by Gremler & Brown, 1999, p.273). Lovelock (2001) also accentuates word-of-mouth as the comments and recommendations that customers make about their service experiences, which will strongly affect the customers' decision or their purchasing behaviour (p.298). These definitions

highlight the power of word-of-mouth as to influence customers' perception and to shape their expectation.

Word-of-mouth has two potential effects, positive and negative. Solomon et al. (1999) say: “word-of-mouth is a two-edged sword that can cut both ways for marketers” (p.282).

Customers in the service context, especially in the restaurant, purchase a bundle of benefits to satisfy their needs (Brookes, 2004, p.115 edited by Sloan, 2004). If the meal experience is perceived as the benefits bundle, it enfolds both tangible and intangible elements. Some researchers may argue that the tangible aspect of food and beverage plays greater role in determining customer satisfaction (Clark and Wood, 1999 cited by Brookes, 2004, p.117). However, a meal experience involves a holistic abstraction of both tangible and intangible aspects. A restaurant having a great selection of wines without possessing a wine waiter who is knowledgeable would distort the meal experience. Furthermore, ambiance as the intangible element should not be underestimated in enhancing the meal experience. The lighting and interior design of the restaurant that correspond to the product concept augment the presentation and enjoyment of the food on plate.

A small and personalised company is characterised by the management of personal knowledge of the employees (Stokes, 2000, p.47). He also states that the owner-manager of small firms is typically involved in all management key decisions, which gives such a prevailing effect to the marketing management of the company.

Most owner-managers prefer the slow build-up of new business which word-of-mouth marketing implies because they would be unable to cope with large increases in demand for their services.

Privately owned restaurants are one of the common examples of entrepreneurship of family business. Family business is categorised as an enterprise that has two social systems of family and business (File et al., 1994, p.64). They also have a high degree of identity with other similar family businesses. They relate to each other through some organisation to support small business exchange, in which they share information about business practices, products and suppliers (File et al., 1994, p.66).

A small hospitality company can focus on stimulating word-of-mouth recommendation. A restaurant may personalise its service offering in order to initiate the "talking points" which encourage word-of-mouth (Callan and Fearon, 1997, p.172). Restaurant's business presents a more volatile, dynamic and fashion-prone than hotels or tourist attractions (Johns and Pine, 2002, p.120). The food service industry provides a rich meal experience that comprises of many other factors. There are several restaurant attributes that contribute to customer satisfaction. It starts with the choice and quality of food and drink, the price or value, service, atmosphere, location and convenience (Johns and Pine, 2002, p. 121). Riley (1994) claims that consumers are apt to evaluate their meal or dining experience based on the instant subjective affect and value for money (cited by Johns and Pine, 2002, p.127). Guests are willing to forfeit a premium price if they feel that they have had more than just a good meal and a pleasant wine experience (Aune, 2002, p.36).

MICHELIN GUIDE "NUNC EST BIBENDUM"

Michelin has originally been established as a tire-manufacturing company since 1891 by the Michelin brothers, Edouard and Andre Michelin from Clermont-Ferrand. The Red Guide was introduced in the year 1900 for the first time. It was initiated as a promotional tool to sell Michelin tires to the chauffeurs of the wealthy class. The famous mascot of Michelin, Bibendum was introduced to the crowds two years before the launching of the first guide. As

the road and road signs in the France provinces improved during the interwar years, the number of hotels, inns and restaurants increased, trying to accommodate the need of the travellers or drivers (Harp, 2001, p.245). Furthermore, travellers had more knowledge on repairing the tires and some parts of the automobiles. These led to the function alteration of the guide. It soon became the guide to hotels and restaurants.

The star system was being introduced approximately 30 years after its first launch. In 1931, Michelin instituted its three ranks of star system based on the quality of the food, ranging from cuisine of very good quality, cuisine of excellent quality, to fine and justly renowned cuisine (Harp, 2001, p. 248).

The Red Guide Benelux 2004 was released publicly in 31st January 2004. It lists 747 restaurants addresses. In the Netherlands itself, there are 60 one star restaurants, 6 two stars restaurants, and 2 three stars restaurants. A restaurant with one star Michelin indicates a very good restaurant in its category. Two-stars rating means the restaurant provides an exceptional cuisine and worth a detour. The restaurants in this category provide specialities and wines of first class quality, which will be reflected in the price. Three-stars rating indicates exceptional cuisine and worth a special journey since the establishment provides fine wine, faultless service and elegant surroundings. This highest rank ensures the guest that they will indeed pay accordingly. Michelin also introduced the Bib Gourmand, which represents good food at moderate prices of maximum 33 Euro. Bib Gourmand is given to the restaurant, which is less elaborate, serving carefully prepared meals and offering good value for money (Michelin, 2003, p.43).

Michelin has only one standard: What is being offered to the travelling guests? Before awarding two or three stars, the inspectors would have been travelling to the restaurant several times (ed. Jansen and Carou, 2003, p.33). They pointed out that the key to the star(s) is on the plate. The quality of the taste and its consistency are being judged as well.

ISSUES FOR INVESTIGATION

Two pilot studies were conducted before finalising the design of this research. The first pilot study was intended to gain preliminary knowledge required about the industry. The research was developed from a constructivist epistemological view. As Crotty (2004, p.42-43) defines 'meaning is not discovered but constructed...the world and objects in it are indeterminate and may be pregnant with potential meanings but actual meaning emerges only

when consciousness engages with them'. In this research on 'word-of-mouth communication in Michelin starred restaurants the authors/researchers have interpreted the respondents answers and attached meaning to it. A semi-structured open-response interview was used with the staff of these Michelin restaurants, in order to be able to identify similarity in responses and at the same time, obtaining different types of information on the current situation (Cassel & Symon, 1994, p.16-17). This first pilot study sampled interviews with senior staff of 5 Michelin starred restaurants, amongst 3 restaurants of ★ star and 2 restaurants of ★★.

The second pilot study was intended to get more insights from the fine-dining restaurant owners. Since, they have better understanding of the company's missions and current state. This specific pilot study aimed to learn and understand how owners tend to operate their restaurants.

Restaurants marketing efforts help to create the guests' perceptions and expectations towards the restaurants and eventually the image. Though it is not realised by all respondents, positive word-of-mouth can be managed and encouraged. The process of word-of-mouth does not start in the restaurant only but involves an endless loop from all the elements of the firms, involving company's policies, employees, food and wines, price, physical environment, service concept, and guests experiences ultimately. Maintaining good relationship with the journalists is also important in overcoming negative stories that may be published in the press releases (Lovelock, 1999, p.382).

Moreover, the pilot studies have managed to discover the common practice of promotion tools that are currently exercised in the restaurants industry in the Netherlands. The provisional findings also mention the significance of the following activities:

1. Publication in the Michelin Guide
2. Publication in the Lekker Gids
3. Direct Mail
4. Restaurant Group/ G-7
5. Free Publicity
6. Special Event
7. Internet website
8. Advertising
9. Merchandising

They also denote the importance of these elements in bringing up word-of-mouth of their business. Another issue that may raise word-of-mouth is the duration of existence of the restaurant. New and young restaurants will have to face a problem in getting started, which is also confirmed by the last

interview. Hence, word-of-mouth itself requires time to develop and spread, especially the positive ones. Disappointed customer will tell the others about their incidents more as a warning than anything else (Fram and Callahan, 2001, p.505). Avoiding the negative spread of information, management should remain aware of building long-term relationship with the guests since such behavioural commitment requires a process of establishing the favourable image in their mindsets. Guests have the tendency to recommend a firm with a favourable image, expecting that it will provide them an assurance of high quality food and services (Kandampully and Suhartanto, 2003, p.19).

Furthermore, the following research essences are formulated based on the rationale of the problem and the findings of the pilot studies. Therefore, the authors attempt to identify the problem statement, as: *'to which extent is word-of-mouth communication an effective marketing tool in promoting a restaurant to attract new customers in the fine dining restaurants of Michelin stars in the Netherlands?'*

Based on the findings at this stage, it is found that word-of-mouth is indeed an effective promotion tool. However, the indications are somewhat diverse since it appears that there are some restaurateurs who would not utilise and stimulate word-of-mouth. Word-of-mouth in some restaurants is not stimulated and these restaurants expect automatically get positive recommendation if they are able to just satisfy the guests. Conversely, some efforts were made to reach the market segment or the targeted guests in order to introduce the restaurant and maintain the relationship with the existing guests. Therefore, the first research question is formulated as follows:

Q1: Are there any clear indications amongst Michelin starred restaurants that they are currently relying on the word-of-mouth recommendation?

This is followed by the second research question in order to explore the rationale behind the first answer.

Q2: Which factors underline the purpose of these restaurants in capitalising on word-of-mouth as the promotion tool?

It appears from the literature review and the previous investigation that image has an influence in building the brand awareness, which can stimulate the interest among potential customers. Michelin has a distinctive image that carries certain weight of influence on the customers. Question 2 has been confronted in the preliminary investigation where it touches the issue that the image of Michelin generates more publicity and stimulates the "talking points".

However, this question was confronted again in the final study in order to obtain a grounded answer.

Q3: What impact does the image of Michelin bring in stimulating word-of-mouth?

If word-of-mouth is indeed considered to be an effective tool, the following question attempts to discover some indications of effectiveness, which can be reflected in the increase of the turnover or occupancy, image and media exposure or publicity.

Q4: How effective does word-of-mouth influence the business of the restaurants?

As the effectiveness of word-of-mouth is acknowledged, the next question attempts to discover on how the word-of-mouth process can be influenced within this particular group.

Q5: Do the restaurant owners understand the process of word-of-mouth?

As the process of word-of-mouth is clearly embedded, the next question is intended to identify the elements and parties that are involved within the process. This question endeavours to find out each critical role element of the people involved, especially the role of the guest. As indicated, word-of-mouth emerges from the customers who have perceived their experiences as being satisfied or dissatisfied.

Q6: Is the guest the only party involved in the stimulation of word-of-mouth?

Hence, this question is explored in order to define the elements in the guest's perceived experience. As described by the conceptual framework, as well as from the preliminary findings, the total perceived experience of guests comprises of three elements: the food and wines, service by the personnel, and the ambiance of the restaurant. Therefore, the following questions attempt to discover how restaurant owners can manage a positive word-of-mouth, through the perceived experience or any other stimulus.

Q7: What are the elements needed for guests spreading word-of-mouth?

Q8: How can the restaurant owners encourage the positive word-of-mouth?

FINAL RESEARCH DESIGN

The final research was designed from a qualitative approach in which the main data for analysis will be words instead of numbers and involved the use of interview and questionnaire. Word-of-mouth is shaped by a set of perceived

experience, specifically in the restaurant. Michelin tends to be discrete in revealing its star system in details.

1. Expert Interview

This study aims to gain an insight in the restaurant owner's perspective in managing word-of-mouth. Interviewing can extract things that cannot be observed directly by other means (Lindhof, 1995, p.166). This interview endeavours to obtain the perspective of the industry observer, who monitors intently the development of restaurants in the Netherlands. The researcher uses a combination of purpose sampling and the snowballing method in selecting the interviewees. In purpose sampling method combined with snowballing, the researcher chooses the closest unit to the research topic as the respondent while asking this respondent to refer to another candidate to be interviewed. There were 3 candidates interviewed from different fields of the hospitality sector.

2. Questionnaire

The term questionnaire is usually identified as an instrument for quantitative research; however, the questionnaire for this research was designed from a qualitative perspective. The qualitative questionnaires are self-administered as this would have a broader geographical reach than one-on-one interviewing (Salkind, 2000, p.136), which is the primary advantage of applying this methodology. The population scope of the research target covers the total Michelin starred restaurants in the Netherlands in the Michelin Guide for Benelux 2004. There are 68 restaurants with two of three-star restaurants, six of two-star restaurants, and sixty of one-star restaurants (Michelin, 2004). The generated response rate was 39.7%. This response could be considered high taking the busy nature of the restaurant involved and their owner's common reluctance to filling in paperwork.

FINDINGS AND DISCUSSIONS

Questionnaire

The questionnaire was designed under the subsequent 4 themes:

1. Current practice of promotions

Having identified the important marketing activities from the pilot studies, the respondents were asked to rank these activities based on its importance within their restaurants. Table 1 shows the top five answers:

Table 1. Top five's importance of promotional activities

Rank	Promotional Activity	Percentage ¹
1	Publication in the Michelin guide	53.84% ²
2	Free Publicity	30.77% ³
3	Internet website	19.23% ⁴
4	Publication in the Dutch national guide (Lekker)	23.07% ⁵
5	Restaurant group – G7	19.23% ⁶

source: questionnaire result

2. Word-of-Mouth

The respondents were asked to express their opinions on the definition and effectiveness of word-of-mouth as a promotion tool. Agreement was drawn on the definition of word-of-mouth from Lovelock (2001) that claims word-of-mouth as the comments and recommendations that customers make about their service experiences, which will strongly affect the customers' decision or their purchasing behaviour.

The answers have also indicated that word-of-mouth conveys the personal trust of guests. It was also mentioned that word-of-mouth was perceived by the restaurant owners as a specifically aimed advertisement and the best recommendation that a restaurant can get. It was also commented as effective as cutting down the advertising expenditure and delivering more than expensive advertising.

The process of word-of-mouth can be initialised through satisfying experiences, special promotion evenings, and newspapers articles. Moreover, a satisfying dining experience would start from the moment that guests step into the restaurant. The experience should be distinct and exceeding guests expectations. When the guests leave with a satisfied feeling, they would share it automatically with their friends or relatives. Word-of-mouth is also perceived as a social tool that they would talk about their previous dining experience, for instance, in a party or other social gathering.

¹ The rank was made based on the importance of each element in the first rank. Only the mostly selected elements in the first and second rank will be presented

² There were 53.84% respondents that rank "Publication in the Michelin guide" as the most important activity in the first rank

³ There were 30.77% respondents that rank "Free Publicity" as the most important activity in the first rank

⁴ There were 19.23% respondents that rank "Internet website" as the most important activity in the first rank

⁵ There were 23.07% respondents that rank "Publication in the Dutch national guide" as the most important activity in the second rank

⁶ There were 19.23% respondents that rank "Restaurant group" as the most important activity in the second rank

Word-of-mouth is also mentioned to be enhanced by the special culinary themed evenings and articles in the newspapers, which initialises the talking point.

Starting the talking point embeds the initiative of some restaurateurs to stimulate word-of-mouth. Furthermore, approximately 51.85% respondents believe that word-of-mouth can be stimulated by giving the guests something extra and special to talk about. Some of the respondents also mentioned that they could start it by spreading flyers in the near surroundings. By constantly informing guests about the current situation of the restaurants, also established a relationship. Some others even cited to ask directly to guests to refer the restaurants to their friends or relatives. In contrast, 48.15% respondents believe that word-of-mouth should not be actively stimulated. They believed that word-of-mouth should be an automatic process which takes its own path from the guests' initiatives.

In respect to the influence of word-of-mouth to the business elements of turnover, image and publicity, the restaurant owners commented that word-of-mouth was not always measurable. However, they recognised that there was a positive influence that word-of-mouth can increase the turnover. Similarly, they also denoted that positive word-of-mouth would bring a positive image to the restaurants. Image represented the stamp of the restaurant as the house of novelty. Corresponding to the impact towards the turnover, some respondents signified that guests came to the restaurant because they wanted to be seen, which would complement their self-image.

Moreover, word-of-mouth was said to incur 'some' chain effect influence towards future word-of-mouth. Word-of-mouth would stimulate the media or journalists to write about a restaurant.

3. The antecedents of word-of-mouth

Here, the respondents were asked to rank the influence of the above mentioned promotion activities towards word-of-mouth.

Table 1. The influence of promotional activities toward word-of-mouth

Rank	Promotional Activity	Percentage
1	Publication in the Michelin guide	30.77%
2	Free publicity	26.92%
3	Direct mail	19.23%
4	Publication in the Dutch national guide (Lekker)	7.69%
5	Restaurant group – G7	3.85%

source: questionnaire result

It was ascertained from the pilot studies that the age of existence of the restaurants played a significant role in determining the number of years of owning the star(s).

4. Michelin star(s) and word-of-mouth

Being asked what would be the meaning of Michelin star(s) for the restaurant owners, they stated that the star(s) indicated a strong recognition of quality with a reliable image that would boost up their popularity and therefore, be spoken about. The star(s) signified a certain status and pride for the guests who have been there. On the contrary, it would also raise the expectation level because guests have more knowledge and become more critical towards the quality. Correspondingly, a restaurant with a longer time of entitling the star(s) also indicated the trustable dedication towards quality that has survived one assessment by Michelin after another. Some of the respondents also recognised that these restaurants represented the well-established and mature premises that represented continuity and enlarged the network circle. However, the others also believed that young and newly-established restaurants also received the benefits of spoken about as the novel hot spot and the place to be.

Auxiliary information was found that none of the restaurants spent more than 6% of the total sales for their promotional expenditure. Most of the restaurants applied the costs at 0-1%, which was very low. Regardless their age of existence, it was also evidenced from this figure that these restaurants unconsciously survived each day after another for many years most presumably by managing word-of-mouth and publicity.

Expert Interview

The researchers interviewed three experts, which reconfirmed the definition and antecedents of word-of-mouth. Word-of-mouth is generated through a well-perceived service. It is treated as a part of socialisation tool, which is also emphasised by the comments made of one interviewee:

Word-of-mouth is also about making friends and keeping friends. If you are giving your friends or relations an advice that works out negative, it comes back on your own head ...

Social gatherings like parties would be an opportunity where guests tend to engage in word-of-mouth, as they like to share their experience, especially when they have been to restaurants at this level. The image of the restaurant as being distinct is passed on to the guests:

...they are very proud of it to talk about it to the friends, families, kids: We have been there. ...

Word-of-mouth communicates not only shared experience through message. It also converses the self-concept of the guests who identify themselves as congruent with the image of the star that belongs to the restaurant (Graeff, 1996).

Antecedents of Word-of-Mouth

Through both studies, there are several antecedents of word-of-mouth recognised. They are as follows:

1. Perceived experience

A well-perceived experience that exceeds the expectation pattern is considered to be a potential stimulus for a positive word-of-mouth. The respondents point out that the total dining experience counts as quoted:

... pleasant service and pleasant ambiance will make up a minor defect in the food.

...experience is very important element for the word-of-mouth.

A total dining experience does not only count the food on the plate and the wine in the glass. It searches for an excellent experience in the food, wine, service and ambiance that are offered. However, the experience needs to be special. Derbaix and Vanhamme (2003) also found that surprise would stimulate word-of-mouth communication. It gives an extra impression for the guests, which shows the care and attentiveness of the personnel. As quoted by the interviewees:

...the primary, total experience, unexpected service, surprises, extra service, extra quality, as long as you are surprised in the positive way.

...the waiter doesn't like his work, isn't attentive, then your whole evening is spoiled, it's not only the food.

...you can take care your people that they love their work.

...the only way to generate positive word-of-mouth in your operational excellence is never achieved without good human resource.

The respondents indicated that attention from the staff plays role in the process of word-of-mouth. They used the expressions such as:

...listen to guests, talk to them, solve the problem, personal contact. ...

This also suggests that it is significant to satisfy the needs of the employees or staff in the restaurant. Employees should be conversant and capable to

sell and serve. The professionalism of the employees will also be reflected during lunch or dinner.

2. Age of existence

The analysis demonstrates that there is a strong relationship between age of restaurant's existence and age of star(s). This is quite reasonable, as restaurants need to be established before they can get the star. However, the generated data is quite varying as some restaurants receive star(s) after having existed for some decades while some young restaurants get the first star after one or two years of operation. A common expression that can explain this issue is that the chef takes the star(s) with him. When the chef leaves a restaurant, and works for another restaurant, it is no wonder if the restaurant receives immediately a star. This produces a consistent indication of the question nr. 9 that asked about the meaning of the Michelin star for the restaurateurs. Although the image that stars create is much more holistic for the restaurants however it is an appreciation or recognition towards the work of the chef.

Both preliminary and primary investigations reveal that there is a relationship between the age of existence of the restaurant and the process of word-of-mouth, though this link is not always direct or observable. In the preliminary study, it showed that the young company or restaurant did not possess enough resources for investing in marketing that caused a limitedly defined market. It concluded that a new and young restaurant faces more challenges in establishing its market. This partially supports the later study that longer time of existence gives opportunities for a restaurant to define its market segments and gain its market share. Respondents in the primary study quoted this relationship as being an *old and trusted address*, which represents a *well-established and mature* company. They may also profit from 2nd generation guests who come to the restaurants to dine, as it has become familiar to them.

However, there are not so much inklings that show this relationship in the time length. Yet, it was affirmed that a new-existing restaurant would require word-of-mouth to expand and become the hot spot. Meanwhile, an old-existing restaurant represents many years of operation, devotion, and an enhanced level of the expertise that stimulate word-of-mouth.

A new restaurant is often a new hot spot and there's a lot of word-of-mouth, mostly in the positive way...A long existing restaurant has a know-how, a lot of experience...

Relating this concept to the other elements of word-of-mouth, it appears that the concept 'number of years' does not have significant influence on the

promotional budget, as both young and old restaurants indicate the similar range of promotional expense.

The result of the interviews signified that publication in the Michelin guide generates extra promotion for the restaurant, which they depend on. This also stimulates free publicity from the journals and articles.

... Michelin guide, they can't do it in the negative way, they depend on it.

The image of a Michelin star has the capacity to generate more publicity and eventually will increase the turnover. The star has its own meaning for both owners and customers. Restaurant owners perceive a star as a symbol or crowning of their work, which allows them to gain respect and a distinct position within the industry. As mentioned above, this distinct image is shared with the guests as a symbol of social status. While customers of Michelin starred restaurants use word-of-mouth as a socialising tool, they are not only sharing their experience, but for them it reveals also a certain status. This confirms the previous research of Mangold et al. (1999), which affirmed that recommendations for restaurants are usually mentioned during coincidental conversation. As quoted earlier, this is expressed in the pride of being known for having visited restaurants like that. One of the respondents confirmed this by using the expression of "*ego boost*" in describing the meaning of a Michelin star for the restaurant owner.

Furthermore, the star does not only give a prominence for the owner, but it also acts as a sign that they need to be vigilant in their work as the guest's expectation is increased whenever a restaurant possesses a Michelin star. This has caused a particular concern for the owners which they expressed in their answers:

Each fault is executed, risky performance, makes you sharp...

The star also invites some types of guests who travel and visit because of the star(s) or star searcher guests who want to test the restaurant.

Though publication in the Michelin guide cannot be categorised as an activity, which is controllable by the company, it signifies the promotional influence towards the mass for 53.84%. Not so surprisingly, free publicity is ranked at the second (30.77%) place for its importance. Internet website is recognised as the third most important element of promotional activities (19.23%). However, as indicated by the respondents an internet website has the least influence in relation to word-of-mouth. They perceive a website more as a business card and especially for guests with a specific aim that have limited preliminary knowledge about the restaurant.

Although word-of-mouth was not stated for many times, it appeared as the choice of others. The result of this section indicated that most restaurant owners agree upon the significance of the uncontrollable promotional exposure that represents the perceived risk.

Free publicity works similarly as word-of-mouth. The difference lies in the writers and the reach. Word-of-mouth works on smaller scale, while free publicity can reach a larger audience, especially when the writer or journalist is renowned for its expertise in reviewing the quality of food and wine of the restaurants.

As claimed by previous researches, word-of-mouth has a positive correlation with turnover. It invites more people to visit the restaurant. Through the approximate percentage figures and expressions given by the respondents, it appears that the impact of word-of-mouth to turnover is much more direct and vivid. Word-of-mouth does stimulate media to respond. When a well-known culinary journalist engages in word-of-mouth, s/he is recommending on a larger scale than the person-to-person's word-of-mouth, which is expressed in the media texts.

Most of these restaurants spend approximately 0-3% of their revenue for their promotional activities. Only few (14.81%) spend above 3%, yet less than 6%. There are indeed different reasons of allocating a certain budget for promotions. The experts confirmed that the decision or suggestion for the owners to increase this figure is quite subjective. Restaurateurs need to be alerted of their situation. They need to consider about the influence of the Dutch national economic situation to their business, which affects the sales, expense and capital. One of the experts indicated an example of a restaurant in the past that gave back his star, as the restaurant could not compete with the incurred costs of expensive ingredients and wines. One of the Michelin restaurants in the past gained a star just after several months of opening and suffered loss and bankruptcy 2 years later. Some restaurants may need to invest more, and some can harvest more guests from the current expense. However, as one of the experts indicated, it is not an urgent issue to raise the figure, as there is a lot of free publicity to obtain. Some questionnaire results and interviewees mention that journalists have to write something, which will create more publicity opportunities for the restaurants.

A star does not only boost sales, but it accelerates both word-of-mouth and free publicity. It stimulates people to talk more, which includes people who do not possess the guide. Extra publication is generated not only by the star, but also from being a member of a restaurant association. These associations produce extra promotion material like restaurant guides that act as a marketing tool. This restaurant guide follows the step of the initial Michelin guide in 1900, which was

given for free for any user of Michelin tire. These guides are made available at each table of the restaurants that are members of the association.

...I mean the restaurant guide that is one strong means of communication for these restaurants.

There is always a moment during the night or during the lunch, when you take the booklet... and see the booklet.

These promotional activities produce extra attention for the restaurants, which is quoted as follows:

All means of marketing used will have influence, at the end of the day, word-of-mouth communication...

This shows a further confirmation of the earlier result that implied the role of the marketing efforts in shaping the perceptions and expectations of the guests, which will eventually influence the image. Image is found to be the main element of the marketing and promotional activities. It is quoted as follows:

...there is a causal effect situation relating of free publicity and word-of-mouth...it creates a certain expectation.

Figure 2 is the conceptual framework that depicts the antecedents discovered through this study:

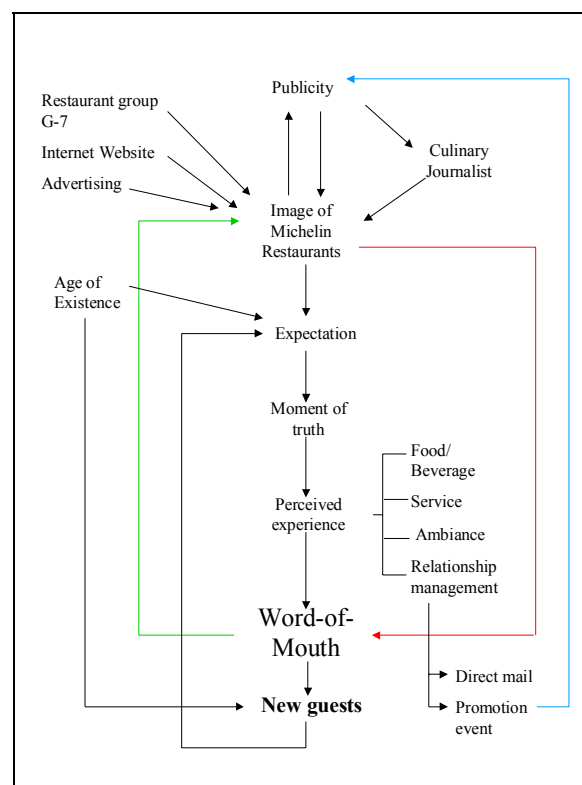


Figure 1. Conceptual framework

CONCLUSION

This study shows that the restaurants included in the research are relying on word-of-mouth. Although the indications are not always observable, it substantiates that these restaurants are enjoying word-of-mouth recommendation from their guests. Though some recommend that word-of-mouth is not manageable, it does not suggest that word-of-mouth is impermeable to be influenced.

There are six determining reasons for restaurateurs in capitalising on word-of-mouth:

- Word-of-mouth helps to build the image
- It stimulates publicity
- It saves advertising expenses and delivers more
- It is reliable and trusted
- It is more influential than the average magazine's column
- It shows a healthy development of business

The investigation also concludes that the image brings the following elements to the phenomenon word-of-mouth:

- It builds expectation
- It stimulates the talking point
- It stimulates media to generate publicity
- It motivates the guests to patronise the restaurant
- It transfers the star image to the (potential) guests, which makes people talk about it

The initial study suggests that there are three areas that word-of-mouth influences. Word-of-mouth influences the turnover, image and publicity of the restaurant. These three areas interrelate to each other. Word-of-mouth may seem to least affect publicity directly. The most evident effect of word-of-mouth is seen on the restaurant's turnover as it stimulates people to come. Meanwhile, there is a cause and effect relationship between word-of-mouth and image. As explained in the previous research question, image plays a distinct role in stimulating word-of-mouth. Word-of-mouth also stimulates free publicity. This happens for the new restaurant and can make it become the centre of attention.

The pilot study indicated that there are three different restaurant owners. This is further explored and investigated in the final study. These restaurant owners are well aware of the influence of word-of-mouth and they realise that it needs to have a perceived experience that excels the expectation pattern during the lunch/dinner experience. The experience should be special and guests should feel comfortable the moment they step into the restaurant. Restaurants at this level receive a lot of publicity as well as they are talked about. This is a fact that is not denied by the restaurant owners. If word-of-mouth helps creating image, so do the other exposures. However, not all restaurant owners acknowledge it.

Some of them mentioned that word-of-mouth takes its own path to start. An explanation to this statement is that word-of-mouth may seem to be generated explicitly from the perceived experience. Conversely, the experts indicate that there are other elements such as image involved in the process besides the total meal experience.

Word-of-mouth is identified as talking and passing on certain messages. These messages can derive either from direct experience or hearing from other sources. According to this definition, the assumption is confirmed that guests are the main party in the process.

Promotional activities will influence the customers' perception of the restaurant. Word-of-mouth is less controllable than other marketing efforts. Promotional policies established by the restaurant can be influenced and stimulated. Therefore, the answer within this perspective is to decline that the guest is not the only party involved. As the results suggest that it is the total experience that counts.

This research has found that word-of-mouth is not always manageable, or specifically measurable in terms of tracing the number of referrals made by the guests. This type of advertising is provided by the guests voluntarily and therefore, carries an uncontrollable character. The communicated message conveys personal weight, which is considered as a more trustworthy source of information than a salesperson (Lovelock, 2001, p.298). However, one should not deny that word-of-mouth is a powerful tool of promotion. It can be influenced and stimulated through a vast array of promotional policies of the restaurant. There are many other influencing factors to word-of-mouth besides perceived experience. Moreover, the communication process may be corresponded verbally or even in the language of writing.

REFERENCES

- Arndt, J. (1967). The role of product-related conversation in the diffusion of a new product. *Journal of Marketing Research*, 4 (August), pp. 291-295.
- Arndt, J. (1968) Selective processes in word-of-mouth. *Journal of Advertising Research*, 8, pp. 19-22.
- Aune, L. (2002) The use of enchantment in wine and dining. *International Journal of Contemporary Hospitality Management*, 14, (1), pp. 34-7.
- Brookes, M. (2004). Shaping culinary taste: the influence of commercial operators (We are what we eat, or what we are persuaded to eat?). In Sloan, D. (Eds.), *Culinary taste: Consumer*

- behaviour in the international restaurant sector*, Oxford: Elsevier Butterworth-Heinemann.
- Cassel, C. and Symon, G. (1994). *Qualitative methods in organisational research: A practical guide*, London: SAGE Publications Ltd.
- Callan, R. and Fearon, R. (1997). Town house hotels – an emerging sector. *International Journal of Contemporary Hospitality Management*, 9, (4), pp. 168-75.
- Clark, M and Wood, R. (1999). Consumer loyalty in the restaurant industry—a preliminary exploration of the issues. *International Journal of Contemporary Hospitality Management*, 10, (4), pp. 139-44.
- Crotty, M. (2004). *The foundation of social research – meaning and perspective in the research process*, London: Sage Publications.
- Derbaix, C. and Vanhamme, J. (2003). Inducing word-of-mouth by eliciting surprise – a pilot investigation. *Journal of Economic Psychology*, 24, pp. 99-116.
- File, K., Mack, J., and Prince, R. (1994). Marketing to the family firm: A new consideration for business-to-business marketers. *Journal of Business & Industrial Marketing*, 19, (3), pp. 64-72.
- Fram, E. and Callahan, A. (2001). Do you know what the customer you penalized yesterday is doing today? A pilot analysis. *Journal of Services Marketing*, 15, (6), pp. 496-509.
- Graeff, T. (1996). Using promotional messages to manage the effects of brand and self-image on brand evaluations. *Journal of Consumer Marketing*, 13, (3), pp. 4-18.
- Gremler, D. and Brown, S. (1999). The loyalty ripple effect: Appreciating the full value of customer. *International Journal of Service Industry Management*, 10, (3), pp. 271-91.
- Harp, S. (2001) *Marketing Michelin: Advertising & cultural identity in twentieth-century France*, Maryland: The John Hopkins University Press.
- Heskett, J., Sasser, W. Jr., and Schlesinger, L. (1997). *Service profit chain*. New York: Free Press.
- Johns, N. and Pine, R. (2002). Consumer behaviour in the food service industry. *International Journal of Hospitality Management*, 21, pp. 119-34.
- Jansen and Carou (2003). 9 Vragen aan Michelin, *Horeca Journal*, 19 December edition.
- Kandampully, J. and Suhartanto, D. (2003). The role of customer satisfaction and image in gaining customer loyalty in the hotel industry. *Journal of Hospitality and Leisure Marketing*, 10, (1/2), pp. 3-25.
- Kotler, P., Armstrong, G., Saunders, J., and Wong, V. (1998). *Principles of marketing*, (2nd European Ed), New Jersey: Prentice Hall.
- Lindhof, T. (1995). *Qualitative communication research methods*, California: SAGE Publications Inc.
- Lovelock, C., Vandermerwe, S., and Lewis, B. (1999). *Services marketing: A European perspective*, Hampshire: Prentice Hall.
- Lovelock, C. (2001). *Services marketing: People, technology, and strategy*, (4th ed), New Jersey: Prentice Hall.
- Mangold, W., Miller, F., and Brockway G. (1999). Word-of-mouth communication in the service marketplace. *The Journal of Services Marketing*, 13, (1), pp. 73-89.
- Michelin De Rode Gids Benelux (2003).
- Michelin De Rode Gids Benelux (2004).
- Riley, M. (1994). Marketing eating out: The influence of social culture and innovation. *British Food Journal*, 96, (10), pp. 15-18.
- Salkind, N.J. (2000). *Exploring Research*, (4th ed), New Jersey: Prentice Hall.
- Solomon, M., Bamossy, G., and Askegaard, S. (1999). *Consumer behaviour: A European perspective*, New Jersey: Prentice Hall.
- Stokes, D. (2000). Entrepreneurial marketing: A conceptualisation from qualitative research. *Qualitative Market Research: An International Journal*, 3, (1), pp. 47-54.