



## The Effect of Restaurant's Physical Environment on Perceived Value, Customer Satisfaction and Loyalty: Case of Istanbul\*\*

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### Abstract

Global competition in 21st century has made essential firms to differentiate from their competitors. Physical environment elements in this needed differentiation have an important role. The physical environment, either in the differentiation of the atmosphere, changing the total perception of the product or creating the first impression in order to provide preferred, has become a strategic factor preferred by businesses.

This paper aims to examine the effects of the physical environment on perceived value, customer satisfaction and loyalty in the context of the first class restaurants. In this sense, the data were collected by survey from customers who prefer first class restaurants which have tourism establishment certificates in İstanbul. A total of 425 usable questionnaires were analysed with Structural Equation Modeling. According to findings, servicescape has a positive influence on perceived value and perceived value has a positive moderating effect on customer satisfaction. Also customer satisfaction has a positive influence on customer loyalty. The fact that this study is the first to measure the effects of physical environment on both hedonic and utilitarian approaches so it reveals the specificity of the study

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