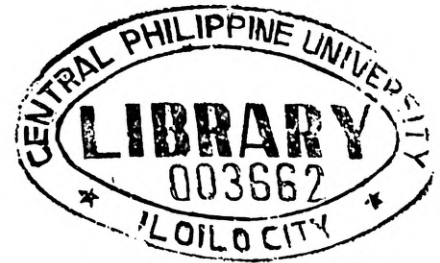


**GAINING CUSTOMER LOYALTY: INFLUENCES OF RESTAURANT
PERFORMANCE AT SMALLVILLE IN ILOILO CITY**

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by

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ABSTRACT

This study was anchored on Leaky Bucket Theory originally attributed to Dowling and Uncles (1997), Ehrenberg, which assumed that many marketing strategies seem to be designed to replace “disloyal” customers who leak away with new ones in order to keep the sales level steady. Therefore this study aimed to determine the customers’ loyalty as influenced by the restaurants’ performances. The research was conducted during the school year 2014-2015 at Smallville in Iloilo City. Specifically, the study determined the characteristics of the respondents, performance of restaurants, the level of customer loyalty to restaurants, determine if a significant difference exists in the customer’s rating for restaurant performance, when classified as to (a) gender, (b) marital status, (c) age, and (d) educational attainment; determine if a significant difference exists in the customer loyalty, when the respondents are classified as to (a) gender, (b) marital status, (c) age, and (d) educational attainment; and determine if there exists a significant influence between restaurant performance and customer loyalty. The descriptive-correlational design was employed in this study. This study employed a validated researcher made-questionnaire. Results revealed that among 290 respondents, the majority were female (67.9 percent), single (77.2 percent), with ages ranging from

29 years old and below (69.3 percent), and college graduates (49.7 percent). Majority of the respondents claimed that the quality of food, the quality of service, the ambiance, and overall comfort offered by the restaurants are “very good”. Results also revealed that the performance of the restaurants when taken as a whole is “very good”; Majority of the respondents responded “yes” when asked of their likelihood of dining again to the restaurants. There is no significant difference in the performance of restaurants when classified according to gender, marital status, age and educational attainment. There is no significant difference in the loyalty of customers in restaurants where they dine in when classified according to gender, marital status, age and educational attainment. There is a significant relationship between performance of restaurants in Iloilo City and loyalty of customers in restaurants where they dine in. Loyalty of customers in restaurants where they dine in does not vary in terms of gender, marital status, age and educational attainment as they have more likely to have the same degree of loyalty as restaurant customers. This study recommends that managers of restaurants are key persons for being aware about the output of their administration, so it is recommended that they should be more involved, say “hands-on” in terms of their internal operations and interaction between restaurant and customers so that they could provide what the customers are exactly looking for in their restaurant. Moreover, it is recommended that HR managers should look into the needs of their employees, since happy employees are appreciated more by the customers than those who are sulky. Furthermore, interested entrepreneurs may venture into restaurant business that is similar to those at Smallville, owing to the fact that this is most frequently the place where people flock to dine not only on special occasions, but regularly.