

**EXPLORATORY STUDY OF CUSTOMER SATISFACTION AND CUSTOMER  
RETENTION**

**(A CASE STUDY OF JOFEL CATERING SERVICES – KUMASI)**

**BY:**

**AUGUSTINE OWUSU ANSAH**

**RICHMOND MENSAH DARFAH**

**STEPHEN OSEI AGYEKUM**

**GIFTY ADUSEI**

**YAA AMPOMAH AGYAKOMAA**

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## DECLARATION

We have read the University College's regulations relating to plagiarism and certify that this report is our own work and do not contain any unacknowledged work from any other source. We also declare that we have been under supervision for this report herein submitted.

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Certified by:

..... Supervisor	..... Signature	..... Date
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Certified by:

..... Head of Department (Business Studies)	..... Signature	..... Date
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## **ABSTRACT**

This study is aimed at assessing the effect of customer satisfaction and customer retention of Jofel Catering Service, Kumasi. The findings of the study are to bring into light the strong relationship between service quality and customer satisfaction on Customer retention and re-patronage intentions. To direct the collections of data, questionnaires were administered through convenience sampling.

The outcome shows that, there was lack of appropriate customer complaints channel; less incentives to motivate staff and that most customers of Jofel Catering services are not price sensitive as compared to quality of service. It is recommended that, Jofel Catering Service should be more customer focus and employee oriented in order to channel its product and services because if employees are well motivated it would automatically improve or reflect positively on their performance on customers. This would encourage re-patronage and customer retention.

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## **1.0 CHAPTER ONE**

### **1.1 BACKGROUND**

In today's fast-paced and increasingly competitive market, the bottom-line of a firm's marketing strategies and tactics is to make profits and contribute to the growth of the company. Customer satisfaction, service quality and customer retention are global issues that affect all organizations, either large or small, profit or non-profit oriented, global or local. Many companies are interested in studying, evaluating and implementing marketing strategies that aim at improving customer retention and maximizing market share, in view of the beneficial effect on the financial performance for the firm. There has been a strong advocacy for the adaptation of customer retention as one of the key performance indicators. Kaplan and Norton, (2001).

For instance, a study by Reihheld and Sasser (1990) reported a high correlation between customer retention and profitability in a range of industries. However, the fragmentation of the media choices and the dynamic nature of the market, coupled with an increased number of more demanding and affluent consumers, brought greater challenges to marketing practitioners in retaining their customers. Service quality and customer satisfaction have long been recognized as playing a crucial role for success and survival in today's competitive market. Not surprisingly, considerable research has been conducted on this concept. Notably, the service quality and customer satisfaction have been linked to customer behavior intentions like purchase and loyalty intention, willingness to spread positive word of mouth, referred and complaint intention by many researchers Kang, Nobuyuki and Herbert, (2004); Soderlund and Ohman, (2005). The most commonly found studies were related to the 'antecedent, moderating, mediating and behavioral consequences' and the relationships among these variables – customer satisfaction, service quality, perceived value and behavioral intentions.

However, in order to come out with findings of service quality and customer satisfaction, antecedents of customers' repatronage intentions, a restaurant in hospitality industry has been chosen as a case study.

When we think of hospitality industry, we usually think of hotels and restaurants. But the term has a broader meaning. According to the Oxford English Dictionary, hospitality means 'the reception and entertainment of guests, visitors, or strangers with liberality and good will'. The word hospitality is derived from 'hospice', a medieval 'house of rest' for travelers and pilgrims.

A hospice was also an early form of what we now call a nursing home and the word is clearly related to hospital. Hospitality then includes hotels and restaurants but it also refers to other kinds of institutions that offer shelter or food or both to the people away from their homes. Moreover, these institutions have more than a common historical heritage. They also share the management problems of providing food and shelter problems that include erecting a building, providing heat, light, cleaning and maintaining the premises and preparing selling food in a way that pleases the guest. The hospitality professions are among the oldest of human professions and they involve making a guest or customer resident welcome and comfortable.

JOFEL Catering Services Limited like many Institutions, started as a very small scale snack shop in 1982 at Roman Hill in Kumasi. After a short span of its inception, management had to include lunch and dinner services following persistent request by patrons.

The name JOFEL was derived from its directors' first names, JOSEPH & FELICIA. In the course of its operations, the new structures of the company were built after moving from Roman Hill to Bekwai Roundabout.

After a brief period of inactivity, the company rented premises at the Asokwa Residential Area. With determination and hard work, a parcel of land was acquired at its present location where through the help of friends and relatives, a multipurpose restaurant was put up near the Airport Roundabout, its present location.

It has a restaurant serving Continental and Ghanaian dishes where each course reflects the regent philosophy that food should be exciting as well as appetizing. Foods and beverages division is responsible for all operational areas of the restaurant that deals with eating and drinking. Their foods and beverages department provides a significant part of the JOFEL Catering Services Limited experience. They want their guests to have the finest dining experience possible without leaving the restaurant. Their Vision is to contribute to the promotion of tourism in Ghana, to win more international awards and become the leading restaurant in Ghana. Their slogan is leadership innovation and reputation.

## 1.2 STATEMENT OF THE PROBLEM

As many industries mature, competitive advantage through high quality service is an increasingly important weapon for business survival. The hospitality industry has certainly not been exempted from increased competition or rising consumer expectations of quality. In Ghana, the hospitality industry is undergoing a dramatic transformation and experiencing healthy competition. Restaurant service is an important sector within the hospitality industry but often a neglected area of study. The fact is that restaurant business is regarded as a low credence service and the quality of the services are difficult to prove until customers patronize the restaurant. Moreover, the quality of the service that customers encounter may be different each time they revisit that particular restaurant, thus influencing the level of satisfaction and eventually affecting customer retention.

However, despite the growing and working environment of Jofel Catering Services and their contribution to reshaping the hospitality industry, it still faces a number of problems such as the following;

- In spite of the effects on customer satisfaction, it is rather surprising that few empirical survey at Jofel restaurant indicates that customer satisfaction has up till now been based on individual staff experiences and expertise. It is reveal that customer complaint has been long standing and pointing to the fact that individual experiences and expertise of staff alone is not sufficient to meet the needs of customers.
- The prices of Jofel Catering Services are relatively high as compared to other restaurant services in Kumasi. For instance, Jofel Catering Services currently charges between GH¢6.00 to GH¢16.00 for a plate of rice while Mckeown Restaurant also charges between GH¢ 5.00 to GH¢ 12.00 for a plate of rice. Meanwhile, both Jofel and Mckeown Restaurant provide almost same services.

It is against this background that this research would be undertaken to find out the perception of customers about Jofel's quality of service and whether their customers' re-patronage intention is determined by the satisfaction they derive from that level of service quality or whether the views of customers and employees of Jofel restaurant could be used to improve customer satisfactions in the restaurant business.

### **1.3 AIMS AND OBJECTIVES OF THE STUDY**

The purpose of this study is to examine the effects of customer satisfaction and service quality on customer retention. The objectives are as follows:

- To find out perceptions of service quality.
- To examine the relationship between price and service quality.
- To find out the effect of customer feedback on service satisfaction.
- To know whether service quality or customer service provided by Jofel Catering Services leads to customer retention
- To examine the nature and strength of relationships between customer satisfaction, service quality and customers retention.
- To identify the perception on price on customer retention

### **1.4 RESEARCH QUESTIONS**

The study will be carried under these questions:

- What is the perception of staff and customers on service quality?
- Does customer feedback have effect on customer satisfaction
- Does service quality provided by Jofel Catering Services lead to customer satisfaction?
- Does service quality provided by Jofel Catering Services lead to customer retention?
- What is the nature of the relationship between customer satisfaction, service quality and customer retention?

### **1.5 SIGNIFICANCE OF THE STUDY**

This study is of relevance for the following reason:

- The results of the study add to the exciting literature on the topic. The study serves as a source of reference to researchers as well as students of marketing who want to research into similar problems and may use it as a source of secondary data.
- The significance of the study is to bring to light the strong relationship between service quality and customer satisfaction on customer retention.
- The study aims at bringing out new ideas and theories, which will widen our scope of understanding about the background of customer retention as related to service quality and customer satisfaction.

- It is expected that the research will benefit interested operators of restaurant services by exposing them to the relationship between service quality, customer satisfaction and customer retention and the amount of returns they should expect on investment made in these areas.

## **1.6 SCOPE OF THE STUDY (DELIMITATION)**

The study will attempt to determine the elements of customer satisfaction and service quality and examine the satisfaction level of customers. The study will not attempt to look at the entire range of services that Jofel Catering Services renders. The study will be limited to only restaurant services within the specified location of Jofel Catering Services at airport roundabout, Kumasi its current location and no other services rendered outside the location. The research would be carried out from February 2012 to June 2012

## **1.7 LIMITATIONS OF THE STUDY**

There were some limitations faced with the use of convenience sampling. However, some of the selected individuals were not willing to respond, as they were in a hurry to attend to their respective works. Moreover, there were problems with incomplete questionnaires, and we had no chance to give assistance to respondents. Also the interviews were more difficult to be administered due to the inconveniences they posed to people taking their meals or who have just finished their meals and want to leave the restaurant, and not all the respondents had sufficient knowledge about the type of questions being asked.

## **1.8 ORGANISATION OF THE STUDY**

The study will be organised into five different chapters of which chapter one comprises with the background of the study, statement of the problem, research objectives, research questions, significance of the study, scope of the study and the organization of the study. Chapter two will comprise of literature review which is classified into theoretical and empirical studies that are relevant to the topic. Chapter three covers the methodology of the study. The population covered, research instruments as well as the method of data gathering and analysis. Chapter four also entails the presentation and discussion of the findings. Chapter five will look at the summary of the finding, conclusions and recommendations made.

## **2.0 CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter presents a review of literature which relates to the project work. It covers articles, publication and what other writers have written about this topic. It also looks at the theories in the area of study.

#### **2.2 CUSTOMER SATISFACTION**

Joan L. Giese, Assistant Professor, Department of Marketing at the Washington State University, Pullman, state that a review of the existing literature indicates a wide variance in the definitions of satisfaction. The lack of a consensus definition limits the contribution of consumer satisfaction research. Without a uniform definition of satisfaction, researchers are unable to select an appropriate definition for a given context; develop valid measures of satisfaction; and/or compare and interpret empirical results. Consumer satisfaction researchers have contended that these problems are pervasive and important

There are many definitions of satisfaction in the literature. Kotler (2003) considers Satisfaction to be the feelings of pleasure or disappointment as a result of the comparison between perceived product performance and expectations. Anderson and Sullivan (2003) describe it as “a post purchase evaluation of product quality given pre-purchase evaluation of product quality given pre-purchase expectation”. Veloutsou et al. (2005) explains customer satisfaction to be context specific and is the meeting and or exceeding of customers expectations. It has also been described as the favorableness or emotion that is the result of the individuals’ subjective evaluations of the various outcome and experiences associated with buying or using a product Babin and Griffin (1998). Hallowell (1996) describes it as the ‘result of the customers perception of the value received in a transaction or relationship where value equals perceived service quality relative to price and customer acquisition cost relative to the value expected from transactions or relationships with competing vendors. Throughout these definitions and countless others, many authors implicitly or explicitly refer to expectations in their definition of satisfaction. This

highlights the key role that expectations plays in determining levels of satisfaction which has been proven in numerous satisfaction research. More importantly, these ‘definitions refer to satisfaction as process Parker and Mathews (2001), which is under constant t academic scrutiny by researchers.

Moreover, many researchers Oliver, 1981; Brady and Robertson, (2001); Lovelock, Patterson and Walker, (2001) conceptualize customer satisfaction as an individual’s feeling of pleasure or disappointment resulting from comparing a product perceived Performance or outcome in relation to his or her expectations. Generally, there are two general conceptualizations of satisfaction, namely, transaction-specific satisfaction and cumulative satisfaction Boulding et al., 1993; Jones and Suh, (2000); Yi and La, (2004).

Transaction-specific satisfaction is a customer’s evaluation of his or her experience and reactions to a particular service encounter Cronin and Taylor, 1992; Boshoff and Gray, (2004). and cumulative satisfaction refers to the customers overall evaluation of the consumption experience to date Johnson, Anderson and Fornell, (1995).

### **2.2.1 MODELS OF CUSTOMER SATISFACTION**

The concept of customer satisfaction has attracted much attention in recent years. Organizations that try to analyze this concept should begin with an understanding of various customer satisfaction models. Such models clarify various theories about customer satisfaction making research and analysis in this topic more focused on less wasteful of research resources.

### **2.2.2 MODEL OF SOURCES OF CUSTOMER SATISFACTION**

The model below shows sources of customer satisfaction and how satisfaction result from a comparison between expected service quality and perceived quality. This depicts explicitly the cyclical feedback loop that affects satisfaction. In this Model, the other data input that shape current customer satisfaction implies word of mouth, past experiences and impact of advertising.

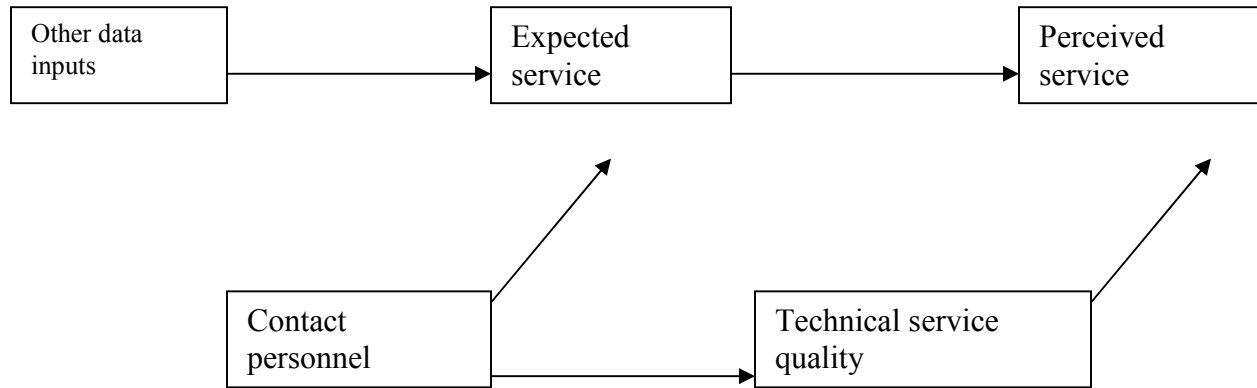


Fig. 2.3

Source: Model of source of customer satisfaction, Adopted from Bateson (1991)

### 2.2.3 TRADITIONAL MACRO-MODEL OF CUSTOMER SATISFACTION

The model underlies much of the research in customer satisfaction over the past decades. Figure 2.4 below depicts one of the oldest and traditional macro models of customer satisfaction.

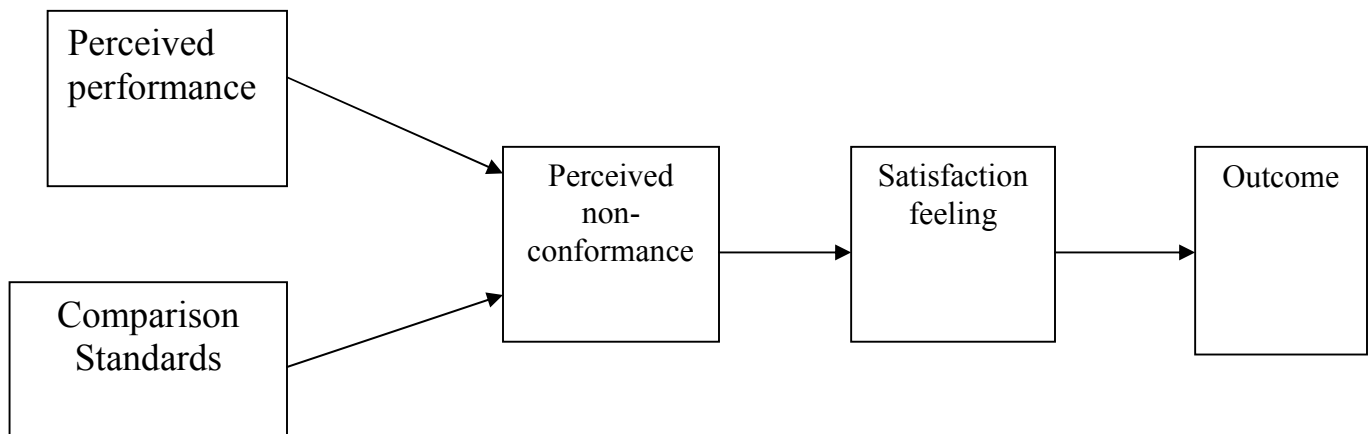


Fig. 2.4

Source: Traditional macro-model of customer satisfaction, Adapted from Woodruff and Gardia, (1996).

The following points have to be noted in this model:

- Perceived performance often differs from objective or technical performance especially when the product or service is complex or intangible and consumer is not very familiar



- Comparison standards vary from numerous sources, individuals, situations and by the type of product or service.
- Perceived non-conformance is the evaluation of perceived performance by one or more comparison standards. It can have a positive effect (results satisfactory), negative effect (for dissatisfying results) or a null effect.
- Mixed feelings also come into picture here, as a consumer may have different levels of satisfaction for different parts of a product/service.
- Outcomes satisfaction /dissatisfaction include intent to repurchase, word-of mouth, loyalty and complaints. Certain other variable moderated these outcomes for instance; utter dissatisfaction does not necessarily lead to complaining, especially if the consumer believes that complaints evoke poor response.

### **2.3. SERVICE QUALITY**

There are a number of different “definitions” as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customers needs or expectations Lewis and Mitchell, (1990); Dotchin and Oakland, 1994a; Asubonteng et al., (1996); Wisniewski and Donnelly, (1996). Service quality can thus be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs Parasuraman et al.(1985); Lewis and Mitchell, (1990).

Moreover, there are many researchers who have defined service quality in different ways. For instance Bitner, Booms and Mohr (1994) define service quality as ‘the customers overall impression of the relative inferiority / superiority of the organization and its services; While other researchers e.g. Cronin and Taylor, (1994) view service quality as a form of attitude representing a long-run overall evaluation, Parasuraman, Zeithaml and Berry (1997) define service quality as ‘a function of the differences between expectation and performance along the quality dimensions’. This has appeared to be consistent with Roest and Pieter’ (1997) definition that service quality is a relativistic and cognitive discrepancy between experience–based norms and performances concerning service benefits.

### **2.3.1 MODELS OF SERVICE QUALITY**

Early quality models concentrated on goods. The enormous growth of the service sector in Western economies since the Second World War has resulted in a growing literature on service quality. Defining and modeling the quality of services is generally acknowledged to be more difficult than modeling the quality of goods due to the intangible nature of services themselves Bergman and Klefsjö, (1994). There are two popular models of service quality in use.

### **2.3.2 GRONROOS'S SERVICE QUALITY MODEL**

In Grönroos' Perceived Service Quality model, expectations are a function of market communications, image, word of mouth, and consumer needs and learning, whereas experience is a product of a technical and functional quality, which is filtered through the image. Gronroos more clearly shows the existence of a perception gap, although there is no suggestion of “delighting” only of narrowing the gap. However, the model has more practical application as it shows the factors that contribute to each side of the gap. It demonstrates that the supplier can affect both sides of the gap- most notably by managing customer expectations. In addition it illustrates that the customer experience is a product of the image of the supplier quality, not just the actuality. Clearly marketing as well as process and technical quality has an effect on the perception gap. The model created by Gronroos (1984b) attempts to understand how the quality of a given service is perceived by customers. It divides the customer's perception of any particular service into two dimensions:

1. Technical quality: what the customer receives, the technical outcome of the process.
2. Functional quality: How the consumer receives the technical outcome, what Gronroos calls the “expressive performance of a service” Gronroos (1974). Gronroos (1984) suggested that, in the context of service, functional quality is generally perceived to be more important than technical quality, assuming that the service is provided at a technically satisfactory level. He also points out that the functional quality dimension can be perceived in a very subjective manner.

### Gronroos's service Quality Model

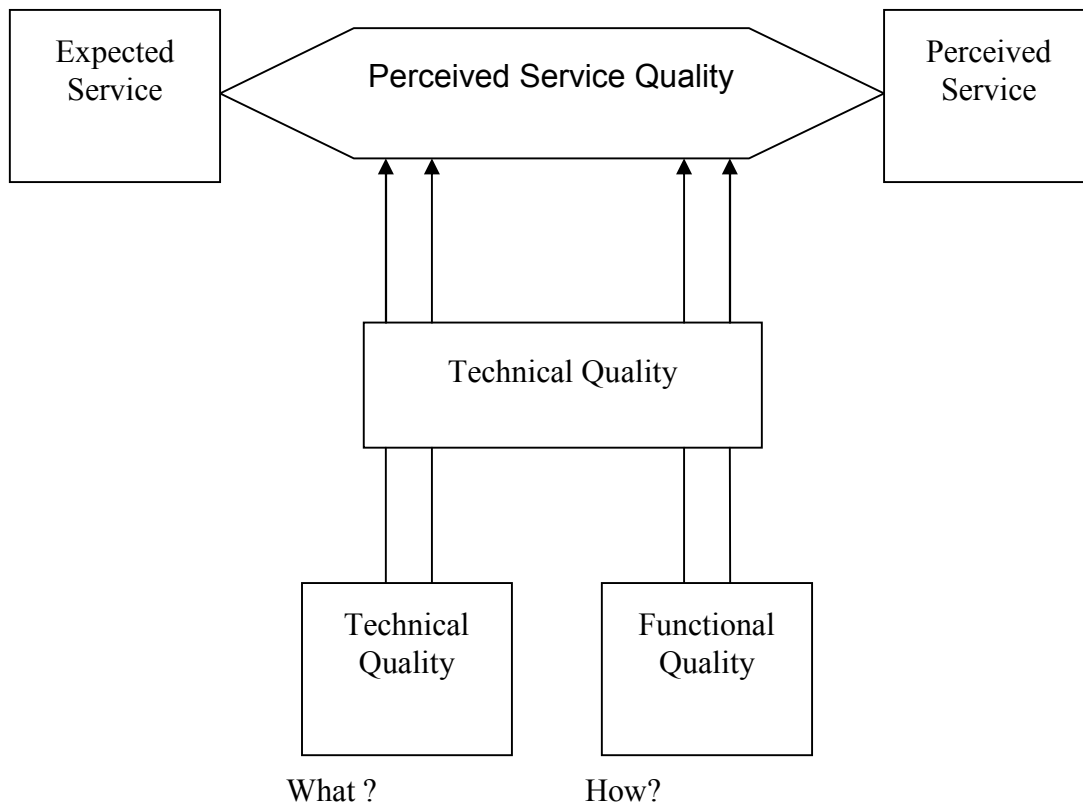


Fig. 2.1

Source: Gronroos (1984)

Gronroos model is important because it reminds us that service quality must include the manner in which it is delivered.

### 2.2.3 GAP MODEL OF SERVICE QUALITY

The figure 2.2 below shows the “GAP” model of service quality from Parasuraman et al., Zeithaml and Bitner (1996). This model offers an integrated view of the consumer – company relationship. It is based on substantial research amongst a number of service providers. In common with the Gronroos model it shows the perception gap (Gap5) and outlines contributory factors. In this case expected service is a function of word of mouth communication, personal need and past experience, and perceived service is a product of service delivery and external communications to consumer.

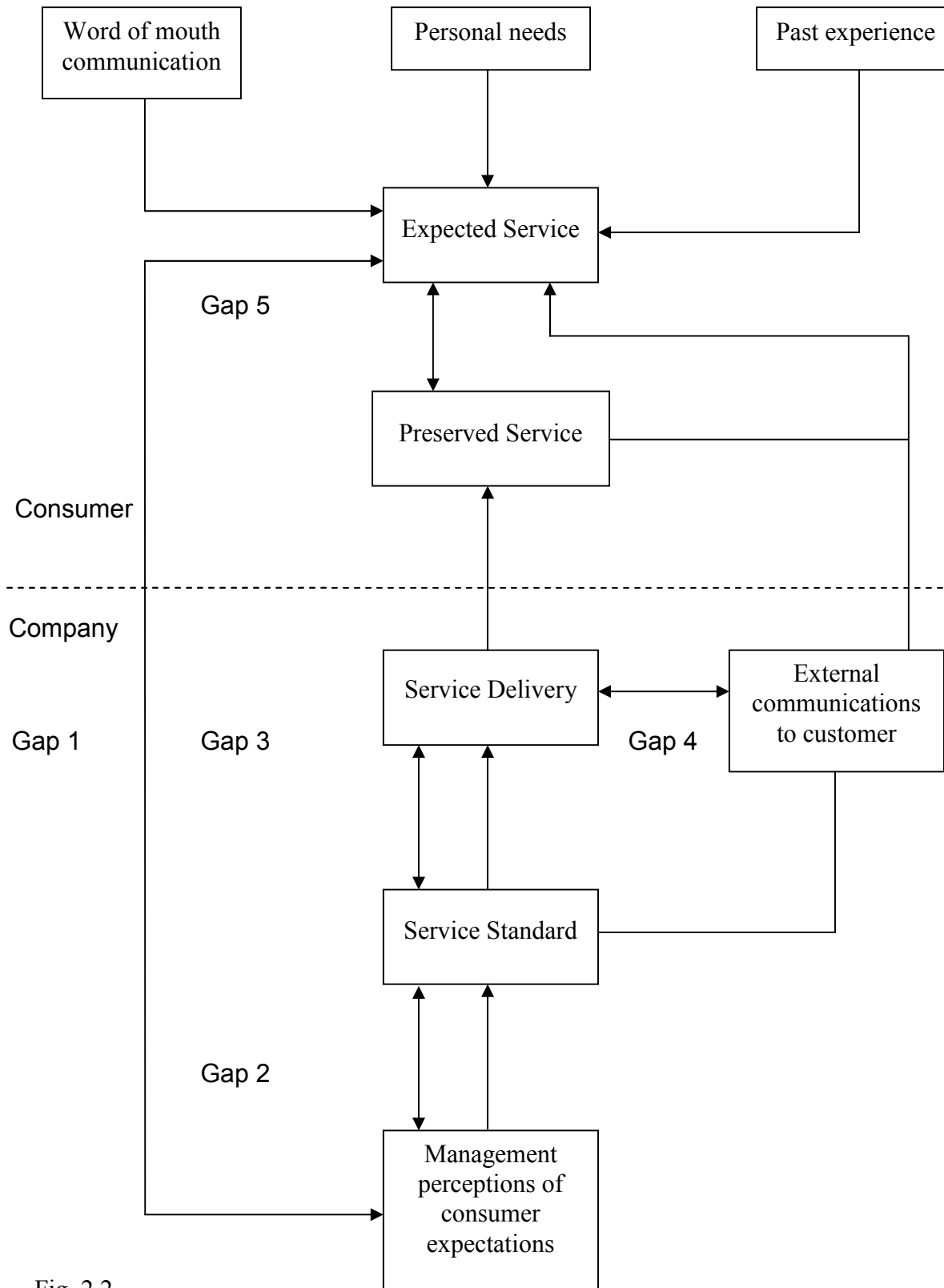


Fig. 2.2

Source: Parasuraman et al model (Zeithaml 1996)

The key features of Gap Model of Service Quality are:

1. The identification of key attributes of service quality from a management and a customer perspective.
2. Highlighting the gaps between consumers and service providers with particular reference to perception and expectation.
3. Understanding the implications for service management of closing the gaps.

The service quality model was; developed from research undertaken by the authors. The most important insight obtained was that;

A set of key discrepancies or gaps exist regarding executive perceptions of service quality and the tasks associated with service delivery to the consumers. These gaps can be major hurdles in attempting to deliver a service which consumers would perceive as being of high quality.

The following is a brief account of the gaps:

Gap 1- This is the overall gap between service quality and consumer. It states that many organizations just do not understand what consumers expect in a service. Strategies for closing these gaps include improving market research, fostering better communication between management and its contacted employees, and reducing the number of levels of management that distance the customer.

Gap 2- Service organizations often experience great difficulty in even meeting far less exceeding consumer expectations. This is invariably attributed to a number of factors but the authors cite three in particular, absence of total management commitment to service quality, lack of resources and excessive demand. However, setting goals and standardizing service quality tasks can close these gaps.

Gaps 3- Its referred to as the service performance gap because actual delivery of the service does not meet the specifications set by management. Gaps 3 can arise for a number of reasons, including lack of teamwork, poor employee selection, inadequate training and inappropriate job design. Customer expectations of the service are formed by media advertising and other communications from the firm.

Gap 4- Advertising and other forms of communication by a service organization can affect consumer expectations. The danger is that promises made are not kept. Many service organizations use the brochure or prospectus (some very glossy) for communicating with potential customers. It should be a statement of what the customer

will receive, not an attractive set of promise that cannot be delivered.

Gap 5- This gap represents the key challenge to ensure good service quality the provider must meet or exceed customer expectations perceived service quality is the result of the consumers comparison of expected service with perceived service delivery. Mudie and Cottam, (1993).

### **2.3.3 CUSTOMER SATISFACTION AND SERVICE QUALITY**

In discussing overall judgments of service quality, we presented a definition of service quality as a judgment about a service overall excellence or superiority. Customer satisfaction on the other hand, has been defined as “a judgment that a product or service feature or the product or service itself, provided (is providing) a pleasurable level of consumption – related fulfillment, including levels of under or over fulfillment” Oliver, (1997). That is service quality is a consumer’s judgment about the service itself, while satisfaction is more a judgment of how the service emotionally affects the consumer. Oliver (1997) explicates this distinction nicely by introducing the idea that a product must be experienced to make a satisfaction judgment, but that is not the case for determine quality judgments. For example, people might be able to state whether they think a particular restaurant is of high or low quality based solely on perceptions that have of it formed from advertising or word of mouth, but they will not be able to state if they are satisfied with it without actually experiencing dining at the restaurant. The interest in studying satisfaction and service quality as the antecedents of customer behavioural intentions in this paper has been stimulated, firstly, by the recognition that customer satisfaction does not, on its own, produce customer lifetime value Appiah-Adu, (1999). Secondly, satisfaction and quality are closely linked to market share and customer retention Fornell, (1992); Rust and Zahorik, (1993); Patterson and Spreng, (1997). There are overwhelming arguments that it is more expensive to win new customer than to keep existing ones Ennew and Binkds. (1996); Hormozi and Giles, (2004). This is in line with Anthanassopoulos, Gounaris and Stathakopoulos’s (2001) arguments that customer replacement costs, like advertising, promotion and sales expenses, are high and it takes time for new customers to become profitable. And lastly, the increase of retention rate implied greater positive word of mouth Appiah-Adu, (1999), decrease price sensitivity and future transaction costs Reichheld and Sasser, (1990) and finally, leading to better business performance Fornell, (1992) Ennew and Binks, (1996) Bolton, (1998); Ryals, (2003).

From the literature that has been reviewed so far, customer satisfaction seems to be the subject of the considerable interest by both marketing practitioners and academics since 1970s Churchill and Surprenant, (1982); Jones and Suh, (2000). Companies and researchers first tried to measure customer satisfaction in the early 1970s, on the theory that increasing it would help them prosper Coyles and Gokey, (2002). Through out the 1980s researchers relied on the customer satisfaction and quality rating obtained from surveys for the performance monitoring, compensation as well as resource allocation Bolton, (1998) and began to examine further the determinants of customer satisfaction. Swan and Trawick, (1981); Churchill and Surprenant, (1982); Bearden and Teel, (1983). In the 1990s however, organizations and researchers have become increasingly concerned about financial implication of their customer satisfaction Rust and Zahorik, (1993); Bolton, (1998).

While satisfaction has been examined by many researchers in different industries (Fornell, 1992; Anderson and Sullivan, (1993); Bolton, (1998); Caruana, 2002; Ranaweera and Prabhu, (2003), service quality is also likely to influence customer behavioural intentions Bitner, (1990); Cronin and Taylor, (1992), (1994); Choi et al; (2004). Cronin, Brady and Hult (2000) stated that examining only one variable at a time may confound the understanding of consumer decision making and this may lead to inappropriate marketing strategies. This view is supported by Caruana (2002) and it is crucial to study the effect of other constructs such as quality on behavioral intentions in additions to customer satisfaction. Hence, this study incorporated service quality into the model in examining customers repatronage intention in the restaurant context.

Moreover, the mixed findings of service quality research suggest that we should examine the pathways of service quality directly and indirectly to satisfaction and repurchase intentions. Brady and Robertson (2001) have shown that the relationship of service quality to repurchase intention is mediated through customer satisfaction. Others such as Henning, Thuran and Klee (1997) suggest three potential relationships: (1) Service quality as an antecedent to customer satisfaction.(2) Customer satisfaction as an antecedent to service quality and (3). The two construct as one and the same. Bahia Paulin and Perien (2000) support the first two of these causal relationships but argue that service quality and customer satisfaction are clearly two distinct constructs. The lack of consensus on these relationships suggests that it would be useful to split core service quality and supplementary service quality.

#### **2.4.1 SERVICE QUALITY AND CUSTOMER SATISFACTION IN THE RESTAURANT CONTEXT**

As consumers are increasingly interested in higher quality food preparation and taste, healthier food choices, better physical eating conditions, and superior customer service, they are willing to pay a higher price. As a result, fast – casual dining segment has been one of the biggest trends in the food service industry now. The rapid growth in the number of the “fast – casual” restaurants (eg. Penera Bread) has a significant impact on the overall quick service sector. Fast – casual restaurants offer foods and décor more in consistent with the casual dining experiences.

However, research shows that few things are significant to restaurant customers as good service. Service quality and customer satisfaction are identified as factors of utmost importance for restaurant customers Soriano, (2002); Perdraja and Jague, (2004). Experts affirm that the level of service can even impact the way food tastes waters, (1998). Customers’ evaluation of services, such as restaurants, is usually described as a cognitive process where customers evaluate their perceived performance, or compare the performance of the service against expectations. Consequently, the experience is as important as the cognitive evaluation of service quality. The service is supposed to elicit an emotional reaction without which we can’t entirely understand the customer satisfaction process. Cognitive and emotional outcomes can be seen as distinct and having each an important influence on the formation of satisfaction Oliver, (1989); (1993).

Moreover, the topic of restaurant service quality has been addressed in several studies. Sariano (2002) studied the specific attributes of restaurants, which influence customers to return for another meal. The quality of food (menu variety, innovative food presentation of food, fresh ingredients and food consistency) was the most important attributes, followed by quality of service, cost/value of the meal and ambience/place of the restaurant. Quality of the service includes the equipment and appearance of employees, courtesy of employees, waiting- time before being seated, before food arriving, and before paying the bill. Miguel et al (2005).

#### **2.4.2 THE DISTINCTION BEEWEEN SERVICE QUALITY AND CUSTOMER SATISFACTION**

Previous reference has been to the concept of customer satisfaction in the context of customer - perceived service quality. Indeed, a review of the literature will reveal that both terms are quite



often used interchangeably, which has caused confusion, while better concepts are related and appear to be merging, there are still gaps in the understanding of the two constructs, their relationship to each other and their antecedents and consequences Gwynne, Devlin and Ennew, (1998). A distinction needs to be made between both. According to Cronin and Taylor (1992), “this distinction is important to both managers and researchers alike, because service providers need to know whether their objective should be to have consumers who are satisfied with their performance or to deliver the maximum level of perceived service quality”. Oliver (1981) takes the view that satisfaction is “the emotional reaction following a disconfirmation experience”. Getty and Thompson (1994) defined it as a “summary psychological state experienced by the consumer when confirmed or disconfirmed expectations exist with respect to a specific service transaction or experience”. In fact, the most commonly used presentation of customer satisfaction is the disconfirmation approach Ramaswamy, (1996), in which satisfaction is related to the variation between a customer’s prepurchase expectations and their post purchase perception of the actual service performance. According to disconfirmation theory, the extent of satisfaction or dissatisfaction that a customer has with a particular service encounter is determined by the difference between customer’s expectation of performance and the actual perceived performance of the service Oliver, (1996). Any difference between them is referred to as disconfirmation. If the service experience is better than expected, then positive disconfirmation or high levels of satisfaction will result. If however, the service performance falls short of what was expected, then negative disconfirmation or dissatisfaction will result. Confirmation or zero disconfirmation results when perceived performance just meet the customer’s expectations or when service experience is much as expected. Moreover, one of the main debates on the service quality literature is about the similarities and differences between service quality and customer satisfaction constructs Cronin and Taylor, (1992); Bolton and Drew, (1991); Oliver, (1993); Zeithaml, kind of consensus that satisfaction is a result of individual transactions and global service, whereas service quality is the general impression of the relative superiority inferiority of the organization and its services Bitner and Hubbert, (1994). In other words, service quality is a general attitude before the services. Most researchers in the services field have maintained that these constructs are distinct (Bitner, 1990; Carman, 1990; Boulding et al, 1993; Spreng and Mackoy, 1996). Table 2.0 identifies a number of key issues that distinguish customer satisfaction from service quality.

### 2.4.3 THE DISTINCTION BETWEEN CUSTOMER SATISFACTION AND SERVICE QUALITY

CUSTOMER SATISFACTION	SERVICE QUALITY
Customer satisfaction can result from any dimension whether or not it is quality related.	The dimensions underlying quality judgments are rather specific.
Customer satisfaction judgments can be formed by a large number of non-quality issues, such as needy, equity, perceptions of fairness.	Expectations for quality are based on ideals or perceptions of excellence.
Customer satisfaction is believed to have more conceptual antecedents.	Service quality has less conceptual antecedents.
Satisfaction judgments do require experience with the service or provider.	Quality perceptions do not require experience with the service or provider

**Table 2.0**

Source: Adapted from various sources Taylor, (1993); Rust and Oliver, (1994); Spreng and Mackoy, (1996); Choi et al, (2004); Grace and O’Cass. (2005)

## 2.5 CUSTOMER RETENTION

Customer retention according to businessdictionary.com is an assessment of the product or service quality provided by a business that measures how loyal its customers are. Customer retention statistics are typically expressed as a percentage of long term clients, and they are important to a business since satisfied retained customers tend to spend more, cost less and make valuable references to new potential customers.

In today's competitive environment, restaurant industry needs to keep up with current and potential customers if they are to survive, grow and continue to prosper Mohebi and Hechter, (1993). This finding is supported by Holliday (1996) where the hospitality industry is vulnerable to a changing environment for example loyal customers can be stolen away through an aggressive marketing campaign. Thus, product and service differentiation and marketing campaigns are important factors to sustain competitive advantage in the industry. This is

supported by Mylonakis et al.'s (1998) findings that showed that restaurant today are focusing most of their competitive efforts on physical presence and promotion, as well as offering supplementary services to differentiate themselves from others Mylonakis et al., (1998).

The homogeneity of services offered and competition within the hospitality industry have put added pressure on restaurants to achieve competitive differentiation, which has led to an emphasis on service quality. Restaurants use service quality as a means of gaining competitive advantage. This practice is perceived to be a prerequisite for achieving high quality customer service, which is seen as the only mechanism for achieving differentiation and retaining customers in a highly competitive and homogenous industry Ioanna, (2002).

Chang et al. (1997) further identified a need for bank managers to look into the quality aspects of their products and to establish quality control systems for providing services that are consistent and at levels exceeding customers' expectations. Most of the research in Volume: 01, Number: 03, July-2011 [www.theinternationaljournal.org](http://www.theinternationaljournal.org)

Customer retention and customer exit investigates the processes separately without linking the two processes together Colgate and Norris, (2001). Based on the previous literature, this study developed a customer retention model linking the two major constructs that are proposed to impact a customer's decision to stay with, or leave, his or her current bank.

Chong et al. (1997) found that both customer satisfaction and customer perceptions of service quality were important predictors of attitudinal loyalty, but that satisfaction had the strongest relationship with the loyalty construct. Thus, satisfaction is only of value to firms if it elicits some kind of positive financial outcome. Furthermore, Colgate and Danaher (2000) examined the effects that implementation of a relationship strategy can have on overall customer satisfaction and loyalty. Indeed, it was found that service organisation employee's form particularly close relationships with customers because employees and customers often work together in the creation of many services, where services are produced by employees and consumed by customer's simultaneously Lovelock, (1981); Berry, (1980). In addition, because of the intangibility of services, customers often rely on employees' behavior in forming opinions about the service offering Gronroos, 1984; Shostack, (1977). Because of these functions, employees actually become part of the service in the customer's eyes (Lovelock, 1981).

The literature suggests that there is a positive relationship between consumers' behavioural intentions and customer loyalty and customer retention in the choice of where they eat. Furthermore, there is a positive relationship between customer satisfaction and service quality and customer retention. Repurchase intentions, word of mouth publicity; loyalty, price sensitivity and complaining behavior are major components of Repatronage Intentions (RI) Zeithaml, Berry, Parasuraman, (1996). Zeithaml, Berry and Parasuraman also reiterate that high service quality leads to positive behavioral intentions and vice-versa. They also point out to the intention to stay with a brand or to defect as one the barometric indicators of Behavioural Intentions. Burton et al. (2003) support the view that customers' experience dictates Behavioural Intentions and that a positive experience would prompt a satisfied customer to reuse the brand.

## **2.6 REPATRONAGE INTENTION**

Repurchase intentions is the individual's judgment about buying a service again, the decision to engage in future transactions Hellier et al 2003, Zeithaml, Berry, and Parasuraman (1996). Narrower than behavioral intention, repurchase intention is seen as the more appropriate

outcome variables in this research project as the performance art objective is to maximize repeat purchase. Intentions are subjective judgment about how a person will behave in the future and usually service as dependent variables in many service research and satisfaction models Boulding et al, 1993; Soderhund; and Ohman, (2003). Rust, Zathork and Keiningham (1995) argues that repurchase intentions and actual repurchase patterns are not necessarily the same.

Butcher (2005) agreed that repurchase intention is measurable. Repurchase behavior is seen as a form of loyalty, which according to Law, Hui and Zhao (2004) and Oliver (1997) is a deeply held commitment to consistently repatronise a service in the future. Repurchase intentions have a powerful effect on potential business profit with some reports arguing as much as 95% of profit arises from repeat purchases Hoffman et al, (2003). As such, loyal customers are valuable marketing tools, telling friends and families of their positive experiences and creating new business and increased revenues for successful service organizations. According to Schneider and White (2004), satisfied customers must likely become loyal which can then translate into higher profits organizations.

However, recognition of the importance of repeat purchase has led to increase examination of determinants of repurchase behavior. Most research on factors affecting repurchase behavior has focused on consumer (dis) satisfaction and complaints behavior; consumers who are less satisfied complain more and are less likely to repurchase the product Cronin and Morris 1989; Folkes, Koletky, and Graham 1987; Gilly (1987). Much of the work on consumer (dis) satisfaction and complaint behavior has been based on expectancy theory Tse and Wilton (1988). The basic premises of this approach id that consumers from prepurchase expectations regarding product and form post - purchase evaluation based on these expectations. Products which do not meet expectations generate dissatisfaction and complaints and reduce repurchase behavior. In its simplest form expectancy theory focuses on the degree to which product quality meets prepurchase expectations.

## **EMPIRICAL REVIEW**

### **2.7.0 THE DIRECT EFFECT OF SERVICE QUALITY ON REPATRONAGE INTENTIONS**

Substantial empirical and theoretical evidence in the literature suggests that there is a direct link between service quality and behavioural intentions Bitner, (1990), Bolton and Drew, (1991). Among the various behavioural intentions, a considerable emphasis has been placed on the impact of service quality in determining repeat purchase and customer loyalty Jones and Farquhar, (2003). As pointed out by Bolton (1998), service quality influences a customer's subsequent behaviour, intentions and preferences. When a customer choose a provider that provides service quality that meets or exceeds his or her expectations, he or she is more likely to choose the same provider again. Besides, Cronin and Taylor (1994) also found out that service quality has a significant effect on repurchase intentions. Other studies which support that repurchase intentions are positively influence by service quality include Zeithaml, Berry and Parsuramam (1996), Cronin and Taylor (1992,1994),Cronin, Brady and Hult (2000), and Choi et al.(2004). Moreover, Patrick (2002) tested three models to see whether satisfaction, value or service quality had the stronger effect on repurchase intention. This work in a cruise ship environment suggests that service quality was the stronger predictor with both moderated and direct effects on repurchases intention. Palmer and O'Neill (2003) found similar results and suggested that separating out service attributes, examining frequently and non-frequently consumed services and different consumer characteristics would further support this relationship.

### **2.7.1 THE DIRECT EFFECT OF CUSTOMER SATISFACTION ON REPATRONAGE INTENTIONS**

Many researchers provided empirical evidence of a positive relationship between customer satisfaction and behavioral intentions. For instance, in their empirical investigation of the link between dining satisfaction and post – dining behavioral intentions, Kivela, Inbakaran and Reece (1999) found that dining satisfaction significantly influences behavioral intentions. These findings all support the significant link between customer satisfaction and behavioral intentions in restaurant industry. A wider variety of studies has been done to support the link between customer satisfaction and behavioral intentions Fornell, (1992); Rust and Zahorik, (1993); Taylor

and Baker, (1994); Patterson and Spreng, (1997). Bearden and Teel (1983) argue that customer satisfaction is important to the marketer because it is generally assumed to be a significant determinant of repeat sales, positive word of mouth and customer loyalty. Similarly, Anderson and Sullivan (1993) have also argued that more satisfied the customers are, the greater is their retention. This view is also supported by Ranaweera and Prabhu (2003) study that the effects of customer satisfaction on customer retention are found to be significant and positive. Specifically, the levels of customer satisfaction will influence the level of repurchase intentions and this is supported by past research in a wide variety of studies Rust and Zahorik, (1993); Taylor and Baker, (1994); Patterson and Spreng, (1997); Bolton, (1998), Hellier et al; (2003). Moreover, satisfaction increases a firm's profitability through developing customer retention Hening-Thuram and Klee, (1997) and has direct effects on repurchase intention Bahia, Paulin, and Perrien (2000). Early research Patterson and Spreng (1997) identified the main predictor of repurchase intention as customer satisfaction, yet several other factors have received attention in recent years. These include mood and past experience Liljander and Mattsson, (2002), effect and value Caravan et al.; (2000), convenience (Butcher, Sparks, and O'callaghan, (2002); Ryan, Rayner, and Morrison, (1990) and customer familiarity Soderlund, (2002) While each of these was shown to have some influence on re-patronage or repurchase intention, none however, were shown to be as strong as satisfaction Sweebey et al., (1999).

## **2.7.2 THE RELATIVE IMPORTANCE OF SERVICE QUALITY AND CUSTOMER SATISFACTION FOR THE PREDICTION OF CUSTOMER REPATRONAGE INTENTIONS**

Both service quality and customer satisfaction have been widely recognized as antecedents of repurchase intentions. However, it is believed that restaurant owners would like to know which of these variables exerts the strongest influence on re-patronage intentions. A recent study reveals that customer satisfaction is a better predictor of intentions to repurchase than service quality Raval and Groonon's, (1996). Evidence is provided by Cronin and Taylor (1992) who found a much stronger relationship between service qualities and repurchase intentions. Academically, from a practitioner's point of view, customer satisfaction is deemed to be more influential on repurchase intention Dabholkar, (1995). Parasuraman, Zeithaml and Berry (1994) also revealed in their analyses that, customer satisfaction is likely to achieve a greater level of

statistical significance when both service quality and customer satisfaction have a significant effect on repurchase intentions.

### **2.7.3 RELATING SERVICE QUALITY, CUSTOMER SATISFACTION AND CUSTOMER RETENTION**

Service quality has remained one of the important issues in both the marketing literature generally, and the service marketing literature specifically Jamal & Naser (2003). It has been considered to be a critical measure of organisational performance. Practitioners and academics often tried to develop a measure of service quality in order to better understand its essential antecedents and consequences and to achieve a competitive advantage and build customer loyalty Alexandris, Dimitriadis & Markata (2002). Excellent service quality has been considered an important prerequisite for establishing and having a satisfying relationship with customers Lassar, Manolis & Winsor (2000). Achieving customer satisfaction has also been considered a vital target for most service firms today.

Increasing the level of customer satisfaction has been found to lead to improved profits, word-of-mouth recommendation and less marketing expenditure Beerli, Martin & Quintana (2004). As a result, the relationship between service quality and satisfaction was therefore considered an important topic and strategic concern in this research Lee, Lee & Yoo (2000). In general, the research in this area suggested that service quality should be considered an important indicator of customer satisfaction. Therefore, it is expected that all service quality factors have a positive influence on customer satisfaction.

Similarly, Anderson and Sullivan (1993) found that repurchase intentions were positively influenced by satisfaction across product categories, and that customers were more likely to be retained as satisfaction increased. The positive effect of customer satisfaction on brand loyalty is also noted by LaBarbera and Mazursky (1983) and Kasper (1988). Oliver (1999) found that when satisfaction with services went above a critical point, customer loyalty also increased.

The major approach to predict customer loyalty draws from the evaluative judgement of variables, especially the satisfaction-loyalty model Loveman, (1998). This standard approach posits that increased loyalty results from higher levels of customer satisfaction. While some authors claim that customer satisfaction is not enough to drive customer loyalty, other scholars argue that the solution is to add value to the transaction (Stum and Thiry, 1991). Customer



loyalty is earned by consistently delivering superior value Reichheld, (1993). Few studies have been conducted that link value for money with service outcomes. However, in a retail service, Sweeney et al. (1997) found that value for money had a significant and positive effect on the customer's willingness to buy an electrical appliance.

Butcher et al. (2001) support the efficacy of customer satisfaction as the major predictor of service loyalty. Loyal clients are believed to be less price-sensitive Clark et al., (1995) but these conflicts with Abratt and Russell (1999) findings where the authors found that reasonable prices are rated as an important requirement for consumers to stay loyal. This is also supported by Fisher (2001), who identified that a key factor in loyalty to any brand is price. As consumers are given more choices, they appear to be more willing to try new brands, especially if they do not feel 'rewarded' for remaining loyal, and they perceive many brands to be equal in terms of quality and value received Schriver, (1997). More importantly, their study shows that satisfaction with a single service encounter is critical to loyalty formation. However, friendship between customers and particular service employees also has a major influence on the development of loyalty. It also appears that value for relationship and service quality are the major variables in forming customer loyalty.

One school of researchers believes that Customer satisfaction is antecedent to Service quality. Whereas the other group of researchers argued that Service quality is antecedent to Customer satisfaction and that a positive Service quality perception can lead to customer satisfaction which then results in positive Repatronage Intentions (Brady and Robertson, 2001). Interestingly there is a third perspective forwarded by Taylor and Cronin, 1994, who opine that neither of the above two constructs is an antecedent of the other. However, Dabholkar (1995) reiterates that the antecedent role of each construct is consumer specific.

Customer retention has been shown to be a primary goal in firms that practice relationship marketing Gronroos, (1991); Coviello et al., (2002). While the precise meaning and measurement of customer retention can vary between industries and. There has been a strong advocacy for the adoption of customer retention as one of the key performance indicators e.g. Kaplan and Norton, (2001). For instance, a study by Reichheld and Sasser (1990) reported a high correlation between customer retention and profitability in a range of industries.

Aspinall et al. (2001) investigated the issue of definition and measurement of customer retention. They found that customer retention was particularly an issue in larger companies, and those

serving business-to-business markets, but that "relatively few respondents [whatever their served markets] claimed to have an agreed definition of customer retention" Aspinall et al., (2001). Nonetheless, more than half the respondents in their survey stated that they measured customer retention. Clearly the absence of measurable indicators makes it harder to gauge the impact of strategy implementation. Buttle (2004) found that companies can employ one or more of several types of retention-related KPIs - raw, sales-adjusted, or profit-adjusted customer retention metrics. Companies that adopt raw customer retention metrics focus on the retention of a given percentage or number of customers, regardless of value. Companies that use sales- or profit-adjusted retention metrics will focus their efforts on customers that generate higher levels of sales or profit. Coyles and Gorkey's (2002) research also notes the significance of focusing on the retention of profitable customers, rather than all customers. They suggest that it may be more important for companies to focus on managing the overall downward migration of customer spending than customer retention in its own right. They note that "many more customers change their behavior than defect, so the former typically account for larger changes in value" Coyles and Gorkey, (2002). They report the case of one bank that lost 3 per cent of its total balances when 5 per cent of checking account customers defected in a year, but lost 24 per cent of its total balances when 35 per cent of customers reduced the amounts deposited in their checking accounts. The need to manage migration rather than defection is particularly true when customers engage in portfolio purchasing by transacting with more than one supplier.

Another question that researchers have attempted to answer concerns the focus of companies' customer retention efforts (Koch, 1998; Ganesh et al., 2000). Should retention of every customer be the goal, or should retention efforts be focused on subsets or even individuals? A report by PricewaterhouseCoopers (2002) observes that poor management of customer churn is a major value destroyer and that the key to prevention is to predict and avert attrition of the "right customers". The "right customers" are those that contribute most significantly to the achievement of the company's objectives. The implication of there being "right" and "wrong" customers to retain is that companies are advised to segment their customer base for retention efforts in much the same way that they would segment the market for acquisition efforts Weinstein, (2002). Evans (2002) suggests that the right customers are those with the highest residual lifetime value. Notably, the quality and satisfaction concepts have been linked to customer behavioural intentions like purchase and loyalty intention, willingness to spread positive word of mouth,

referral, and complaint intention by many researchers Olsen, 2002; Kang, Nobuyuki and Herbert, 2004; Söderlund and Öhman, 2005. The most commonly found studies were related to the „antecedents, moderating, mediating and behavioral consequences“ relationships among these variables – customer satisfaction, service quality, perceived value and behavioral intentions. However, there have been mixed results produced.

In India, the banking industry is undergoing a dramatic transformation and experiencing heightened competition. Moreover, the quality of the service that customers encounter may be different each time they re-visit that particular restaurant, thus influencing the level of satisfaction and eventually affecting their re-patronage intentions. Given these important issues that need to be addressed, the main purpose of this study was to examine the factors that affect customers“ repatronage intentions in the restaurant context.

Specifically, this paper aims to examine the nature and strength of relationships between customer satisfaction, service quality and customer“s repatronage intentions. The predictive ability of satisfaction and service quality on repatronage intention will also be analyzed.

#### **2.7.4 CUSTOMER RETENTION - A STRATEGIC PROCESS TO RETAIN EXISTING CUSTOMERS**

[\(www.managementstudyguide.com/customer-retention\)](http://www.managementstudyguide.com/customer-retention).(11/04/2012)

It is difficult to exactly define customer retention as it is a variable process. A basic definition could be ‘customer retention is the process when customers continue to buy products and services within a determine time period’. However this definition is not applicable for most of the high end and low purchase frequency products as each and every product is not purchased by the customer. For example in the stock brokerage industry, a customer may not buy a particular scrip in the given period of time but is tended to buy the same when the conditions to buy the scrip becomes favorable and when the customer evaluates that now this scrip could be profitable to buy. In this case the definition of customer retention could be ‘customer retention is the process when customer is intended to buy the product and services at next favorable buy occasion’. These products are called as long purchase cycle products.

In some scenarios customer’s buying intentions cannot be determined with respect to financial aspects. For example, some magazines are available online for free and there are no intended

charges to read these magazines. A reader who is frequently reading every edition of magazine online could be considered

as retained customer as through his intentional behavior he shows the magazine company that he likes the magazine content and he tends to maintain a valuable relationship with the company. Hence this magnifies one more aspect in customer retention definition that revenue is not the deciding criteria that indicates that the customer is retained or not.

Customer retention highly depends on attrition and silent attrition rates. Attrition is the process when customers no longer want to use product and services provided by the supplier and breaks the relationship bond by informing the supplier that he will be no more a customer. Most of the defecting customers don't even intimate the supplier that they are defecting. This process is called silent attrition where the customer stops purchasing the product and services and divert to other suppliers without even informing them. During attrition, organization should prepare serious customer retaining strategies to save the customer to defect. It is often seen that if these corrective measures are implemented successfully to save defection then retention level increases to a much higher level as compared to a normal retention process. Silent attrition causes the real damage to the organizations because they do not even know when the customer defected. They find no time to implement the corrective measures to try retaining that particular customer or even determine if the customer can be retained or not.

Customer retention does not make sure that the customer is loyal. For example, a brokerage firm has both traditional trading platform and online trading platform. A customer has his trading account in traditional platform but after some time he feels to switch to online trading platform. Now in this situation, the customer is not considered to be loyal to the given services, but the customer is said to be retained by the same organization.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 INTRODUCTION**

In this chapter, the methodology that was used to conduct the research is discussed. The following areas were critically looked at to enable the research to be done successfully. Thus, area of study, population, sample size, sampling technique, research instruments and data collection procedure, distribution of the instrument, primary and secondary data and the method of data analysis.

#### **3.1 AREA OF STUDY**

As it has already been said in chapter one of this study, we confined our study to Kumasi Metropolis. There are a number of companies that offer restaurant services in that Metropolis. These include JOFEL Catering Services Limited, McKeown Catering Service, Las Palmas Food Center, Golden Tulip Hotel, Kumasi etc, but for the purpose of the study, responses to questionnaire by the management, staff and customers of JOFEL Catering Services Limited located at airport roundabout will be used.

#### **3.2 POPULATION**

All those who gave us the necessary information needed for the research constituted our population. The target population of the study is One Hundred and fifty (150) customers. We came by the estimated number of customers by considering the average daily patronage of the restaurant. The management and staff of JOFEL Catering Services number about thirty (30) in total.

#### **3.3 SAMPLE SIZE**

A sample is a subset of the population of interest. The sample used here was the management, staff and customers of JOFEL Catering Services Limited. The data was collected by administering questionnaire for the research work to the respondents. In all, One Hundred and Twenty-five (125) respondents were sampled. The breakdown is as follows: One Hundred (100) customers of the company services and Five (5) management and (20) working staffs will be contacted.

### **3.4 SAMPLING TECHNIQUE**

For the purpose of getting information of the state of affairs of the restaurant we used convenience sampling which involves selecting those cases which were easiest to obtain for our sampling. Hence, we went there during breakfast, lunch and supper to administer the questionnaire. During these times we also distributed the questionnaire to the management and staff that were available through convenience sampling. This is because it provided an objective measure of the reliability of sample estimates. It also ensured that every possible sample of the given sample size had an equal chance of being selected.

### **3.5 RESEARCH INSTRUMENTS AND DATA COLLECTION**

The research tool used for the research work was questionnaires. A set of questionnaires contains logically structured questions that were related to the researcher's topic were written and handed to respondents to provide relevant answers. Close ended and open ended questionnaires were used to make it easier for respondents to answer and express any idea that they considered was important. Questionnaire was used as it is cheaper than other forms of data collection and has quick response. The questionnaires were categorized under three sections since data was gathered from three categories with different roles. Separate questionnaire for these three categories were designed and was administered. The first category involved questions meant for the Management staff. The second category was meant for the Restaurant staff and the last category of questionnaires was meant for the customers.

### **3.6 DISTRIBUTION OF THE INSTRUMENT**

Questionnaires meant for all the respondents were handed to them personally by the researchers. This offered the researchers the opportunity of establishing a relationship with the management and staff and hastened the rate of return of the questionnaire from them. In the case of the customers, the researcher hand over personally the questionnaire to them and encourage them to fill them there and then for collection.

#### **3.6.1 PRIMARY DATA**

These include data collected from the field directly by the researchers for the investigation. It was carried out through the administration of questionnaires to get original data for the purpose of answering the research problem.

### **3.6.2 SECONDARY DATA**

Our extensive library work in chapter two enabled us to gather secondary data. Secondary data was obtained from already existing data. For the completeness of the research work, some published records were consulted, which informed our Literature Review. Secondary data used for the research work was collected from different sources including articles and reports from management of JOFEL Catering Services Limited, internet sources, magazines and CSUC and Kumasi Polytechnic library.

### **3.7 METHODS OF DATA ANALYSIS**

This involves the analysis, interpretation and the processing of the research work, and includes editing the questionnaire, data extraction and the compilation of the research results. This also involves looking carefully at the questionnaire and other tools used in the data collection to ensure accuracy and consistency. The data collected was analyzed, using percentages and was then presented using tables, pie charts and histogram with the assistance of the Microsoft Excel software.

## **4.0 CHAPTER FOUR**

### **PRESENTATION AND DISCUSSION OF FINDINGS**

#### **4.1 INTRODUCTION**

This chapter deals with the presentation, analysis and discussion obtained from the questionnaire which was administered to obtain the views of staff, management and customers. The management and staff of Jofel Catering Service together with the customers were contacted. In all, one hundred and fifty (150) questionnaires were sent out but, one hundred and twenty five (125) respondents were sampled. The breakdown is as follows. One hundred (100) Customers of Jofel Catering Service were contacted, five (5) management staff and twenty (20) Working Staff.

#### **PRESENTATION AND DATA ANALYSIS,**

##### **4.1. SUMMARY OF THE NUMBER OF RESPONDENTS AND NON RESPONDENTS.**

Out of the one hundred (100) questionnaires administered to customers, Ninety–Seven (97) were returned representing 97% and all the five (5) questionnaires given to management representing 100% were received. Out of the twenty (20) questionnaires given out to the working staff of Jofel, seventeen (17) were received representing 85%. There was a higher response rate.

##### **4.2 SUMMARY OF RESPONSES FROM MANAGEMENT OF JOFEL CATERING SERVICE**

The responses obtained from the Management of Jofel Catering Service were analyzed and are presented below. The gender distribution of Management staff was both males and females. Two (2) respondents representing 40% were males whiles Three (3) respondents representing 60% were females. The percentage of the females is higher than that of males due to the fact that females are generally involved in the hospitality industry.



#### 4.2.1 AGE DISTRIBUTION OF RESPONDENTS.

The various ages of respondents are shown in table below. From table 4.1.0, it is observed that out of the Five (5) respondents, one (1) of them representing 20% were between the age of 21-30 and 41-50 years respectively, two (2) representing 40% were aged between 31-40 years, one (1) representing 20% were aged 50 and above and none was below 20 years.

#### 4.2.1 AGE DISTRIBUTION OF RESPONDENTS

**TABLE 4.1**

Age	Frequency	Percentage (%)
<b>Below 20</b>	-	-
<b>21 - 30</b>	1	20
<b>31 - 40</b>	2	40
<b>41 - 50</b>	1	20
<b>50 and above</b>	1	20
<b>Total</b>	5	100

Source: Field survey (June, 2012).

#### 4.2.2 EDUCATIONAL DISTRIBUTION OF RESPONDENTS

The summary of responses on education distribution of Management staff.

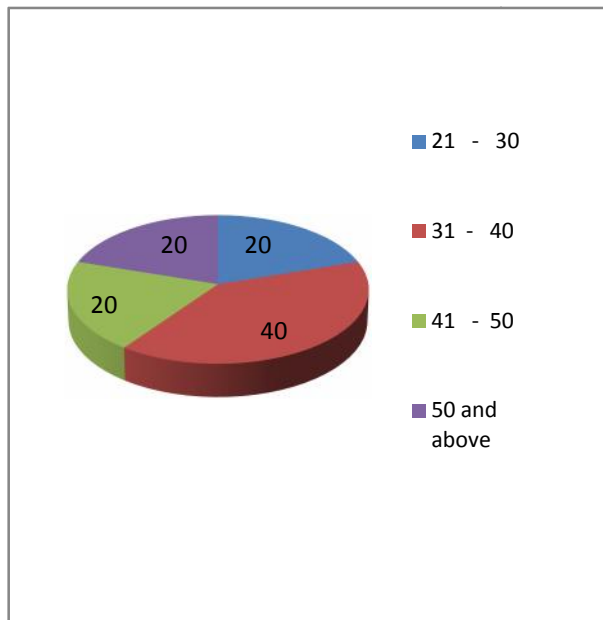
From figure 1 below shows that one (1) respondent representing 20% had 'A' level education, two (2) respondents representing 40% had a degree, while two (2) respondents representing 40% had Higher National Diploma (HND) education, none of them had SSCE/O' level education. This means that more respondents had First degree and H.N.D.

## EDUCATION DISTRIBUTION OF RESPONDENTS

**TABLE 4.2**

Age	Frequency	Percentage (%)
Below 20	-	-
21 - 30	1	20
31 - 40	2	40
41 - 50	1	20
50 and above	1	20
<b>Total</b>	<b>5</b>	<b>100</b>

**Figure 4. 1**



### 4.2.3 MANAGEMENT MEETINGS WITH ORGANIZATION STAFF ON EFFECTIVE CUSTOMER SERVICE

From the table 4.3 below, it is observed that out of the Five (5) respondents, three (3) respondents, representing 60% stated that they meet with staff once in every week for effective customer service. One (1) respondents representing 20% stated they have meeting after every two weeks for effective customer service. While one (1) respondent representing 20% indicated that they meet staff after every month for effective customer service. This can be concluded that, there is frequent ( weekly) meetings with staff, on the need to ensure that customers were served for the expected satisfaction.

**TABLE 4.3 RATE OF MEETINGS OF MANAGEMENT AND EMPLOYEES  
ON EFFECTIVE CUSTOMER SERVICE**

Times	Frequencny	Percentage (%)
Weekly	3	60
Every two weeks	1	20
Monthly	1	20
Total	5	100

Source: Field survey (June, 2012)

#### 4.2.4 THE ORGANIZATION'S REMUNERATION

The organisations remuneraion is presented in the figure below.

**HISTOGRAM SHOWING THE RATINGS OF THE ORGANISATION'S  
REMUNERATION**



**Figure 4. 2**

Figure 4.2 shows how respondents rate the company's remuneration. One (1) respondents representing 20% chose excellent, two (2) respondent representing 40% chose very good. Two (2) respondent representing 40% chose good. This implies that most management members are satisfied with their remuneration.

#### **4.2.5 INCENTIVE PACKAGE FOR MOTIVATING MANAGEMENT STAFF**

It is believed that other incentives aside salary are given to staff for motivation and productivity. From the incentive package for motivating Management staff, it is observed that, out of the Five (5) respondents, Two (2) respondents representing 40% indicated that they have other incentive apart from normal salary. While Three (3) respondents representing 60% disagreed that they do not have other incentive in addition to normal salary.

#### **4.2.6 NUMBER OF HOURS WORK**

The responses of working hours indicated that out of five (5) respondents, four (4) respondents representing 80% indicated that they exceed their normal working hours, while one (1) respondent representing 20% also said that they do not exceed their normal working hours.

#### **4.2.7 INTERPERSONAL RELATIONSHIP BETWEEN STAFF AND MANAGEMENT**

The level of interpersonal relationship was assessed between employees and management. The results are as follows: From table 4.4 below, it can be seen that out of the five (5) respondents representing 100% chose 'yes' which means the interpersonal relationship between staff and management are extra ordinary.

**TABLE 4.4 RELATIONSHIP BETWEEN STAFF AND MANAGEMENT**

Rating	Frequency	Percentage (%)
<b>Yes</b>	5	100
<b>No</b>	0	0
<b>Total</b>	5	100

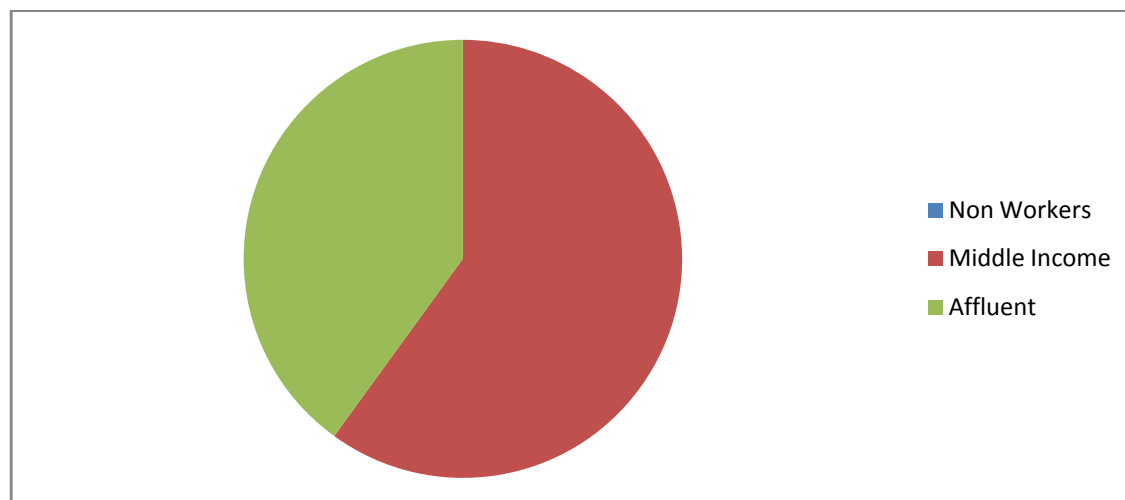
Source: Field survey (June, 2012)

#### **4.2.8 REGULAR CUSTOMERS**

Figure 4.3 below shows the category of regular customers to the restaurant on daily basis. From figure 4.3, it can be observed that three (3) respondents representing 60% claimed that middle income are their primary customers. Two (2) respondents representing 40% indicated, the affluent are their secondary customers.

## PIE CHART SHOWING THE CATEGORY OF REGULAR CUSTOMERS

**Figure 4.3**



### 4.2.9 CUSTOMER WAITING TIME

The hours spent to be served were assessed to determine whether they waste time unnecessary. The responses are shown in the table 4.5 below indicated that, out of the five (5) respondents, One (1) respondent representing 20% indicated it takes less than five (5) minutes to serve a customer at a time. Three (3) respondents representing 60% also said that it take more than five (5) minutes to serve a customer at a time. While one (1) respondent representing 20% indicated that it take More than ten (10) minutes to serve a customer at a time. This implies that more people indicated that, customers spent more time to be served and this would have direct effect on service quality and customer satisfaction in leading to customers retention. This information above can be presented in the form of a pie chart as follows.

**TABLE 4.5 TIME SPENT BY CUSTOMERS.**

Time	Frequency	Percentage (%)
Less than 5 minutes	1	20
More than 5 minutes	3	60
More than 10 minutes	1	20
<b>Total</b>	<b>5</b>	<b>100</b>

Source: Field survey (June 2012).

#### 4.2.10 ADVERTISING OF SERVICE

From the responses of the advertising of service, it is observed that out of the five (5) respondents, all respondents representing 100% indicated that the company do advertise its services to enhance awareness.

#### 4.2.11 COMPLAINTS HANDLED

In the study, the manner in which customers complaints are handle by the restaurant was also investigated. The results are shown in the table below. The observation from table 4.6 shows that, out of the five (5) respondents, all five (5) respondents representing 100% said that one to five (1-5) customer complaints are handled weekly

**TABLE 4.6 HANDLING OF CUSTOMER COMPLAINTS.**

Complaint	Frequency	Percentage (%)
None	0	0
1-5	5	100
6-10	0	0
Above 11	0	0
Total	5	100

Source: Field survey (June, 2012)

#### 4.3.0 SUMMARY OF RESPONSES FROM STAFF OF JOFEL CATERING SERVICE

The responses obtained from the staff were analyzed and are presented below. The gender distribution of staff was both males and females. Seven (7) respondents representing 41.2% were males whiles ten (10) respondents representing 58.8% were females. The percentage of the females is higher than that of males due to the fact that females generally dominate in the restaurant industry than males.

##### 4.3.1 AGE DISTRIBUTION OF RESPONDENTS.

The various ages of respondents are shown in table 4.7 below. From table 4.7, it is observed that out of the Seventeen (17) respondents, nine (9) of them representing 52.9% were between the age of 21-30. Five (5) of them representing 29.4% were between 31-40 years, two (2) representing 11.8% were aged below 20 years and one (1) representing 5.9% was aged between 41-50 years. None of them were above 50 years.

**TABLE 4.7**  
**AGE DISTRIBUTION OF RESPONDENTS**

Age	Frequency	Percentage (%)
Below 20	2	11.8
21 - 30	9	52.9
31 - 40	5	29.4
41 - 50	1	5.9
50 and above	0	0
<b>Total</b>	<b>17</b>	<b>100</b>

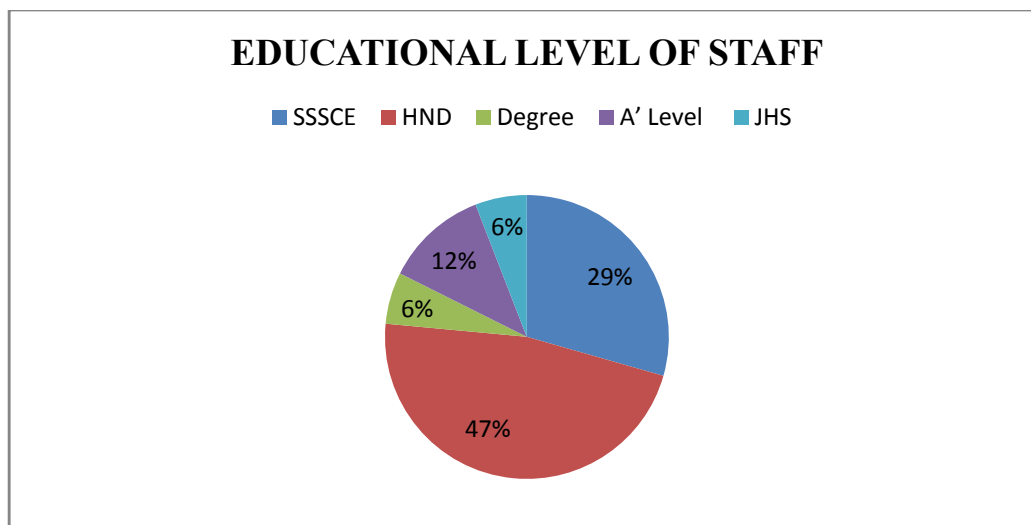
Source: Field survey (June, 2012).

#### 4.3.2. EDUCATIONAL DISTRIBUTION OF RESPONDENTS

The summary of responses on education distribution of staff.

From figure 4.4 below shows that Eight (8) respondents representing 47.1% had Higher National Diploma (HND) level of education, five (5) respondents representing 29.4% had SSCE level of education, One (1) respondent representing 5.9% had a Degree whiles two (2) respondents representing 11.7% had A' Level and one (1) respondent representing 5.9% had JHS level of education.

#### PIE CHART SHOWING EDUCATION DISTRIBUTION OF RESPONDENTS



**Figure 4.4**

#### **4.3.3 SPECIAL STAFF TRAINING BEFORE EMPLOYMENT**

It is observed that out of the Seventeen (17) respondents, Twelve (12) respondents, representing 70.5% stated that they undergo special training before they started working at Jofel. While Five (5) respondents representing 29.5% indicated that they do not undergo any special training before starting work with Jofel. This can be concluded that, there is frequent staff training before employment. On the need to ensure that customers were served for the expected satisfaction.

#### **4.3.4 INCENTIVE PACKAGE FOR MOTIVATING MANAGEMENT STAFF**

It is believed that other incentives aside salary are given to staff for motivation and productivity. From the incentive package for motivating Management staff, it is observed that, out of the Seventeen (17) respondents, twelve (12) respondents representing 70.6% indicated that they have other incentive apart from normal salary. While Five (5) respondents representing 29.4% disagreed that they do have other incentives in addition to normal salary.

#### **4.3.5 NUMBER OF HOURS WORK**

The responses of working hours indicated that out of Seventeen (17) respondents, Fourteen (14) respondents representing 82.3% indicated that they exceed their normal working hours, while three (3) respondents representing 17.7% also said that they do not exceed their normal working hours.

#### **4.2.6 INTERPERSONAL RELATIONSHIP BETWEEN STAFF AND MANAGEMENT**

The level of interpersonal relationship was assessed between employees and management. The results are as follows: From table 4.8 below, it can be seen that out of the Seventeen (17) respondent representing 100%, two (2) respondents representing 11.8% chose 'poor' which means they have a problem communicating with each other. This can have effect on service quality of the company. Four (4) respondents representing 23.5% chose satisfactory which means that the interpersonal relationship between staff and management is somehow okay. Six (6) respondents representing 35.3% also chose 'very satisfactroy' which means that most of the managers and staff relate well, and this will have a positive impact on service quality and customer satisfaction. Five (5) respondents representing 29.4% chose 'excellent' which means the interpersonal relationship between staff and management are extra ordinary.



**TABLE 4.8**  
**RELATIONSHIP BETWEEN STAFF AND MANAGEMENT**

Rating	Frequency	Percentage (%)
Poor	2	11.8
Satisfactory	4	23.5
Very satisfactory	6	35.3
Excelent	5	29.4
<b>Total</b>	<b>17</b>	<b>100</b>

Source: Field survey (June, 2012)

#### **4.4 SUMMARY OF RESPONSES FROM CUSTOMERS**

The study also solicited responses from customers on their expectations on the satisfaction level from the services provide. This section present the analysed results.

##### **4.4.1 GENDER DISTRUBUTION OF RESPONDENTS**

The customer gender distribution is observed that, out of the one hundred (100) questionnaires given out Ninty–Seven (97) were returned, out of this seventy-one (71) respondents representing 73.2% were males. Whiles twenty-Six (26) respondents representing 26.8% were also females. This implies that men mostly pertronised resturant services in the Ghanaian society.

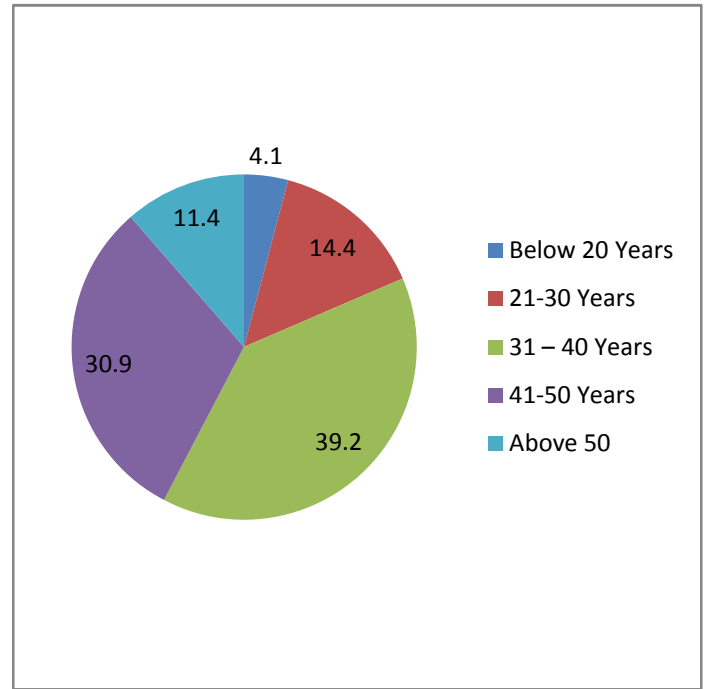
#### 4.4.2 AGE DISTRIBUTION OF RESPONDENTS

The age group of respondents are shown in figure 4.5 below.

**TABLE 4.9**

Age	Frequency	Percentage (%)
Below 20 Years	4	4.1
21-30 Years	14	14.4
31 – 40 Years	38	39.2
41-50 Years	30	30.9
Above 50	11	11.4
<b>Total</b>	<b>97</b>	<b>100</b>

**Figure 4.5**



From figure 4.9 it can be seen that respondents aged from 31-40 years has the highest percentage, thus 39.2% representing the highest with a frequency of thirty eight (38) in the pia chat. This followed by those aged from 41-50 years which represents 30.9% with a frequency of thirty (30). Those aged from 21-30 years representing 14.4% were the third highest with a frequency of fourteen (14) in the pia chat. Those aged above 50 being fouth from the pia chat with 11.4% with frequency of eleven (11). Last age group shows a percentage of 4.1% with a frequency of four (4). From the above results people aged between 31-40 years are the people that petronised jofel's resturant services.

#### 4.4.3 SOURCE OF CUSTOMER AWARENESS

The medium through which customers obtained information on the existance of the services of the restaurant was investigated. The results are shown in the table 4.3.0 below.

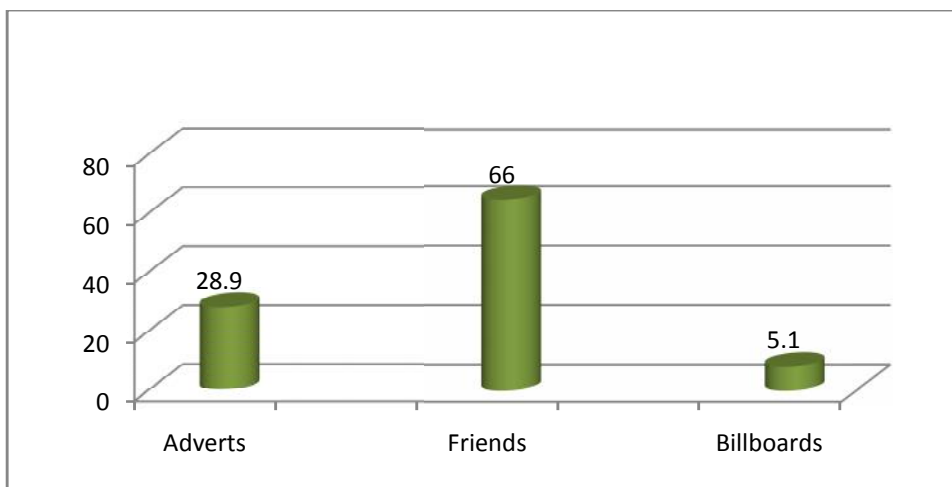
## SOURCES OF CUSTOMER AWARENESS

**TABLE 4.10**

Source of awareness	Frequency	Percentage (%)
Adverts	28	28.9%
Families & Friends	64	66%
Billboards	5	5.1%
<b>Total</b>	<b>97</b>	<b>100%</b>

Source: Field survey (June 2012)

**Figure 4.6**



From table 4.10, It can be seen that out of the Ninty -Seven (97) respondents, Twenty – Eight (28) indicated, advert as their source of awareness about the company and its services which represents 28.9%. Sixty - Four (64) respondnets chose families and friends as their source of awareness about the company and its service which represents 66%. Billboards had Five (5) respondetns, representing 5.1%. This implies that most of the customers got to know about Jofel restaurant through word of mouth from families and friends.

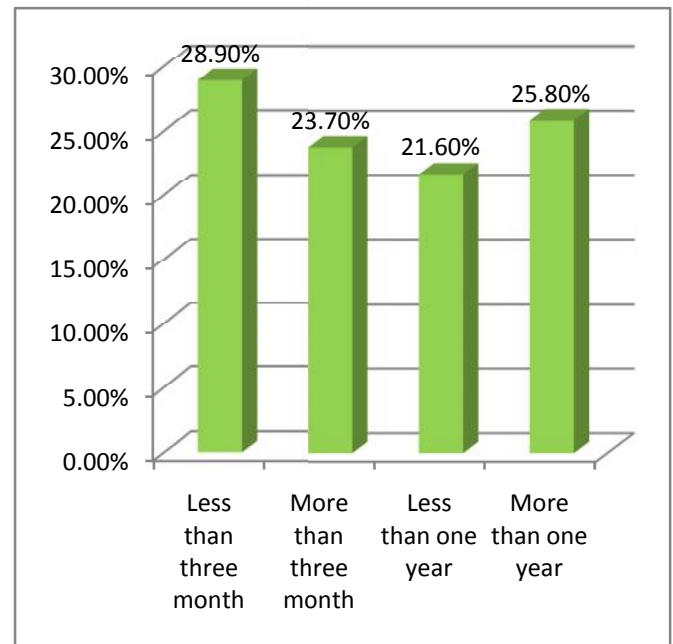
#### 4.4.4 THE TIME PERIOD OF BEING A CUSTOMER OF JOFEL CATERING SERVICES

The time period in which the customers have been with the restaurant is presented in the figure 5 below. From figure 4.7 it is observed that, Twenty-Eight (28) respondents have been a customer for less than three months, thus 28.9% representing the highest bar in the histogram. This followed by Twenty - Five (25) respondents for being customer for more than one Year which represent 25.8% whiles Twenty-Three (23) respondent also indicated that they have been a customer of Jofel catering services for more than three months representing 23.7%. The least being Twenty-one (21) respondent indicated that they have also been a customer of Jofel catering services for less than a year. The above range of customers shows that Jofel has all the range of customers base on the time period being a customer, this shows that Jofel are able to attract new customers at the same time being able to retain existing customers.

**TABLE 4.11**

Source of awareness	Frequency	Percentage (%)
Less than three month	28	28.9%
More than three month	23	23.7%
Less than one year	21	21.6%
More than one year	25	25.8%
<b>Total</b>	<b>97</b>	<b>100%</b>

**Figure 4. 7**



#### 4.4.5 CUSTOMER RATING OF SERVICE QUALITY OFFERED BY THE ORGANISATION

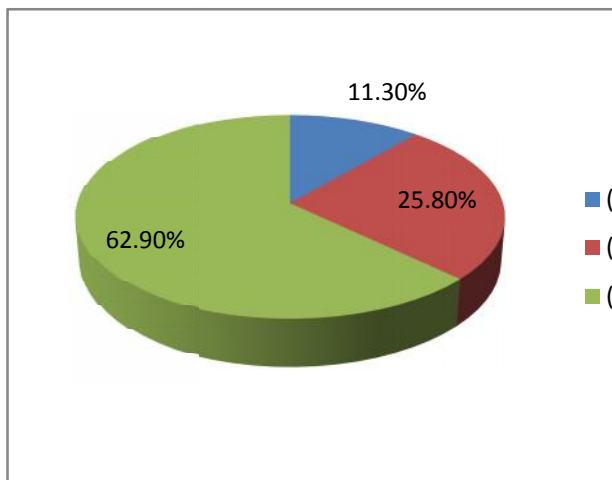
Rating of quality service by customers, it is observed that out of the Ninty - Seven (97) respondents, Sixty - one (61) respondents representing 62.9% indicated between 7 – 10 which according to the scale, are satisfied with the service of Jofel restaurant. Twenty- Five (25) respondents representing 25.8% also indicated 3-6 which according to the scale,it is avarage in terns of satisfaction. Eleven (11) respondents representing 11.3% also indicated 0-2 which according to the scale,shows dissatisfaction.

**TABLE 4.12**

SERVICE QUALITY	Frequency	Percentage (%)
0-2	11	11.3%
3-6	25	25.8%
7-10	61	62.9%
<b>Total</b>	<b>97</b>	<b>100%</b>

Source: Field survey (June 2012)

**Figure 4.8**



#### 4.4.6 EVALUATION OF SERVICE QUALITY IN RELATION TO OVERALL CUSTOMER SATISFACTION

The observation of service quality in relation to overall customer satisfaction indicated that, out of the Ninty-Seven (97) respondents, Seventy-six (76) respondents representing 78.3% indicated that service quality evaluation had direct relation to overall customer satisfaction, whiles Twenty-three (21) respondents representing 21.7% also argued that service quality evaluation had no direct relation to overall customer satisfacton. This means that more customers confessed that service quality evaluation had direct relationship with customer satisfacation.

#### 4.4.7 THE OVERALL CUSTOMER'S RE-PATRONAGE INTENTIONS.

The responses obtained from the overall customer satisfaction is presented in figure 4.9

From figure 4.9 below, it can be observed that Sixteen (16) respondents representing 16.5% indicated that service quality is the result of overall customer re-patronage intentions. Thirteen (13) respondents representing 13.4% also confessed that customer satisfaction is the result of customer's repatronage intentions, while sixty eight (68) respondents representing 70.1% indicated that, both service quality and customer satisfaction are the result of overall customers repatronage intentions.

#### A PIE CHART SHOWING THE OVER ALL CUSTOMERS RE-PATRONAGE INTENTIONS.

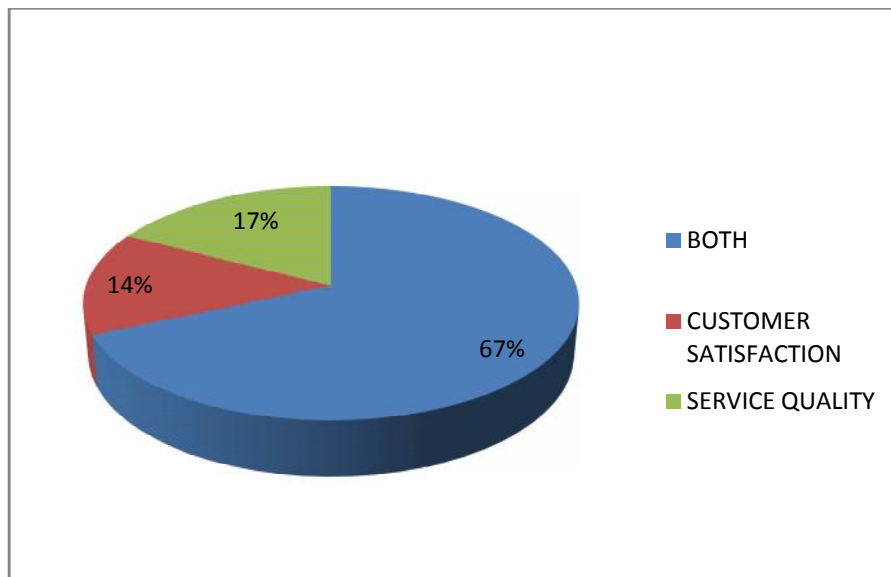


Figure 4.9

#### 4.4.8 EVALUATION OF SERVICE QUALITY IN RELATION TO PRICE

The observation of service quality in relation to price indicated that, out of the Ninety-Seven (97) respondents, Seventy-One (71) respondents representing 73.2% indicated that service quality evaluation is more of important to customer as compared to price.

#### 4.4.9 DEALING WITH CUSTOMER COMPLAINTS

The responses from complaints dealing show that, out of the Ninty-Seven (97) respondents, Twenty-One (21) respondents representing 21.7% indicated ‘yes’ which means there is appropriate staff in Regent restaurant to deal with customer complaints. Whiles Seventy-six (76) respondents representing 78.3% indicated ‘no’ which means that there is no appropriate staff who deals with customer complaints. The implicaton deduced from the above is that more customers indicated that there is no appropriate staff to handle customer complaints.

#### 4.4.10 DESCRIBING THE SERVICES OF JOFEL CARTERING SERVICES

From table 4.13 below, it is observed that, out of the Ninty - Seven (97) respondents, eight (8) respondents representing 8.2% indicated that they would describe the services of Jofel restaurant as poor to someone who has never been there. Thirty - Nine (39) respondents representing 40.2% also said that the services of Jofel restaurant is satisfactory, Twenty – Eight (28) respondents representng 28.9% indicated that the services of Jofel Catering Service is very satisfactory. Again, Twenty-Two (22) respondents representing 22.7% also confessed that the services of Jofel restaurant is excellent. This implies that more customers are describing the services of Jofel restaurant as satisfactory.

#### CUSTOMERS DESCRIBING THE SERVICE OF JOFEL CARTERING SERVICES

**TABLE 4.13**

Describing	Frequency	Percentage (%)
Poor	8	8.2
Satisfactory	39	40.2
Very satisfactory	28	28.9
Excellent	22	22.7
<b>Total</b>	<b>97</b>	<b>100</b>

Source: Field survey (June 2012)

#### **4.4.11 RESPONSES OF RECOMMENDING JOFEL CARTERING SERVICES TO A FRIEND**

The responses of recommendations show that, out of the Ninety-Seven (97) respondents, Eighty - Nine (89) respondents representing 91.8% indicated 'yes' which means they would recommend Jofel restaurant to friend whiles Eight (8) respondents representing 8.2% also indicated 'no' which means, they would not recommend Jofel catering services to a friend. The implication deduced from the above is that, more customers indicated that they would recommend Jofel catering services to a friend.

#### **4.4.5 DISCUSSION OF RESULTS**

The objectives of the research work was to know whether customers satisfaction or service quality provided by Jofel catering services leads to Customer retention and also examine the nature and strength of relationship between customer satisfaction, service quality and Customer retention. Furthermore, the research questions of the study was to determine if service quality and customer satisfaction positively relate to repatronage intentions. It was also to determine if service quality or customer satisfaction appears to be a stronger predictor of the customer repatronage intention.

However, the objectives of the study were achieved. Thus, the study established that both the service quality and customer satisfaction lead to the overall customer repatronage intention and customer retention. This implies that there is a strong relationship between customer satisfaction, service quality, repatronage intention and customer retention. This can be said that, customer satisfaction alone without service quality cannot result in repatronage intention and vice versa. In addition, the researcher found out that the service quality and customer satisfaction provided by Jofel catering services consequently lead to customer retention. This is because, it was found that the restaurant is encountering an increased in patronage beside high price of product as compared to McKeon and others due to service quality and customer satisfaction.

Moreover, the research questions were also answered. It was realised that both customer satisfaction and service quality positively relate to repatronage intentions and customer retention. It was also found that, customer satisfaction cannot be a stronger predictor of the customers retention intention than service quality and vice versa. Customers answered that, service quality evaluation have direct relationship with customer satisfaction.



However, the researchers expected results were obtained. This is because, before setting the objectives, the researcher expected that both service quality and customer satisfaction would lead to repatronage intentions and customer retention. Hence the results of the findings supported the researcher's expected result.

The findings revealed that both service quality and customer satisfaction are the result of overall customers repatronage intentions as suggested in the literature. Hence, the result supports Parasuraman, Zeithaml and Berry (1994) argument that, customer satisfaction is likely to achieve a greater level of statistical significance when service quality and customer satisfaction have a significant effect on repurchase intention. On the other hand, the results differs from Cronin and Taylor (1994) study in which they found that service quality has a significant effect on repurchase intentions, and Patterson and Spreng (1997) which also identified that customer satisfaction is the main predictor of repurchase intention.

Nevertheless, a number of marketing implication can be drawn from this study. The result revealed that Jofel cartering services is performing well but there is no proper channel of handling customer complains. The staff may well be trained to be responsive and sensitive to customer need, thus providing service that is efficient and effective. In addition incentive package can be given to staff as a way of motivating them to deliver service quality to meet its customer expectations. Customer satisfaction is also very crucial for marketing planning since satisfaction does influence customers intention to repatronage the restaurant in future. Thus, customer expectations are changing over time. Practitioners are advised to meet their customer expectation and satisfaction regularly and handle complaints timely and effectively. From the study, the knowledge that the researcher has been able to add is that; Service quality and customer satisfaction can be obtained when factors like motivation, training etc. is been given adequate attention.

## **5.0 CHAPTER FIVE**

### **CONCLUSION & RECOMMENDATION**

#### **5.0 INTRODUCTION**

This chapter presents a summary of the project work. It consists of the major findings as well as the conclusions arrived at and the recommendations made.

#### **5.1 SUMMARY OF MAJOR FINDINGS**

This research was to assess the effect of service quality and customer satisfaction on retentions with special reference to Jofel Catering Service. The research depended heavily on both primary and secondary data sources. After carefully examining and analyzing the data collected from respondents, the study came out with the followings findings:

1. The research established that the level of education goes a long way to affect the services of the restaurant. Thus it was found that more respondents from Higher National Diploma (HND), 'A' Level and Degree holders are the management staff of Jofel Catering Service.
2. The findings of the research revealed that management normally meets other staff once a week for effective customer service.
3. The finding also suggested that the company's salary is good since most people confessed that.
4. The findings indicated that the staffs do not get other incentive apart from normal salary.
5. It was also found out that the staffs of Jofel Catering Service do undergo special training before employment.
6. The research also revealed that the staff of Jofel Catering Service exceed their normal working hours, but do not get paid for that.
7. The study suggested that interpersonal relationship between management and staffs are very satisfactory.
8. The finding revealed that middle income earners are the organization's regular customers.
9. Moreover, it also came out that customers spent more than five minutes to be served
10. It was found out that the companies do advertise its services. But also have other means of reaching its target customers through word of month.

11. The management also stated that one to five (5) customers' complaints are handled weekly.
12. The finding established that most of the customers got to know about Jofel Catering Service through friends and family members.
13. Most of the customers of Jofel Catering Service have been with the company for more than a year.
14. However, most of the customers indicated that they are satisfied with the services of Jofel Catering Service.
15. The finding of the research revealed that there are no specific personnel to handle customer complaints.
16. The customers also confessed that service quality evaluation had direct relationship with customer satisfaction.
17. The research revealed that customers of Jofel Catering Service are not price sensitive as compared to the quality of food and service.
18. The finding indicated that both service quality and customer satisfaction are the result of overall customer's re-patronage intentions and customer retention. However, most of the customers indicated that the services of Jofel Catering Service are satisfactory and they would recommend the company's services to a friend and family members.

The results of this project work with respect to the research question, objectives and aims led the researcher to conclude that:

- Even though Jofel Catering Service is performing quite well in the area of service quality to satisfy its customers in order to affect repeat purchase, conversely the restaurant has no specific channel of handling complaints.
- The performance of the Jofel Catering Service would improve if staffs are well motivated as revealed by the study. This in accordance with Maslow's theory of motivation cited in Kotler (1997) which states that a motivated person is always ready to act.
- Therefore when employees are well motivated it would automatically improve or reflect positively on their performance.
- Moreover, the findings also suggested that Jofel Catering Service could use service quality to attract and retain more customers. It is therefore evidence that improving upon service

quality would help Jofel Catering Service to make its customers satisfied and hence, could encourage repeat purchases which leads to customer retention. This is because delivering up to its customer's expectations would mean increase in sales and hereafter leads to high profit.

- It can also be concluded that the staff of Jofel Catering Service exceeds their normal working hours, but do not get pay for that but do undergo special training before employment. This could therefore have a negative and positive impact on service quality respectively.
- The research also indicated that customers of Jofel Catering Services are not too pricing sensitive as compared to quality service.

## **5.2 CONCLUSION**

From the study, it can be concluded that Jofel Catering Services is following organized and well established customer management practices and the findings brought to light the strong relationship between customer satisfaction and Customer retention at Jofel Catering Services. On the other hand it realizes that a happy and satisfied customer is a retained customer.

## **5.4 RECOMMENDATIONS**

Based on the findings from the study and the conclusion drawn from it, the following recommendations are spelt out by the researcher.

- There is the need for management of the company to sustain the special training of staff before employing them. Also, motivational variables such as allowances, very good salary, bonuses and instituting best staff award scheme can be considered as a way of motivating them to deliver service quality in meeting customer's expectations.
- It is also recommended that customers' complaints should be handled with total satisfaction. Due to the competitive environment in which we are now, least mistakes in handling customers' complaints can cause a switch to a competitor. Subsequently there should be a complaint desk to handle all challenges that would arise as a result of poor service or staffs miss conduct.
- The company should intensify adverting in the print and electron media to create awareness of services they offer. The company should also sponsor educational programmes such as

health and sports programmes through Television or radio stations, in order to assist the company to publicize itself at a reduced cost.

- The company should provide recreational facilities such swimming pools, tennis court, gymnasium and others as a means of attracting more customers. However, Jofel Catering Service should have marketing and customer service department to ensure effective customer service by utilization of marketing strategies that are more customer focus or oriented.
- It is further recommended that two different case studies can be used for the same topic.
- It is therefore recommended that others who are interested in researching into the topic further could go into specific areas not tackled. These include :
  1. Attempting to measure the satisfaction level of customers of Jofel Catering Service.
  2. Attempting to assess the entire services that Jofel Catering Service renders (e.g. accommodation, conference hall etc.)

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## *Appendix one*

# CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

## DEPARTMENT OF BUSINESS STUDIES

## BACHELOR OF BUSINESS ADMINISTRATION

### MARKETING OPTION

### CUSTOMER QUESTIONNAIRE

#### **TOPIC: *THE EFFECTS OF CUSTOMER SATISFACTION ON CUSTOMER RETENTION***

**PURPOSE:** This research is purely for academic purpose and it is aimed at researching into the effect of customer satisfaction on customer retention. The study will remain confidential to the researcher and the university collage and will never be handed on to any third party. Please answer the questions by ticking ☒ in the boxes provided and comment in the space where appropriate.

#### **SECTION A: BIOGRAPHY DATA OF RESPONDENTS**

1. Gender of respondents (a) Male ☐ (b) Female ☐
2. Age of respondents (a) Below 20 ☐  
(b) 21-30 ☐  
(c) 31-40 ☐  
(d) 41-50 ☐  
(e) 50- and above ☐
3. Nationality Ghanaian ☐  
Foreigner ☐
4. Marital Status (a) Married ☐  
(b) Single ☐  
(c) Divorced ☐
5. Number of children (a) Nil ☐  
(b) One ☐  
(c) Two ☐  
(d) Others, specify .....

**SECTION B: DATA ON THE EFFECTS OF CUSTOMER SATISFACTION ON CUSTOMER'S RETENTION**

6. How did you get to know about JOFEL Catering Services?

(a) Adverts

(b) Friends

(c) Billboards

(d) Others, please specify.....

7. How long have you been a customer of JOFEL Catering Services?

(a) Less than one month

(b) More than one month

(c) Less than six months

(d) More than six months

8. On a scale of 1 – 10, how would you rate the quality of service of Jofel Catering Services where 1 rates it Very Poor and 10 rates it Excellent? (please circle only one number)

**Very Poor**

1

2

3

4

5

6

7

8

9

**Excellent**

10

9. On a scale of 1 – 10, how would you rate your Customer Satisfaction with of Jofel Catering Services where 1 rates it Very Dissatisfied and 10 rates it Very satisfied? (please circle only one number)

**Very Dissatisfied**

1

2

3

4

5

6

7

8

9

**Very satisfied**

10

10. On a scale of 1 – 10, how likely are you to keep returning to patronize the service Jofel Catering Services where 1 means Never Return and 10 means Always Return? (please circle only one number)

**Never Return**

1

2

3

4

5

6

7

8

9

**Always Return**

10

11. What reason will you give for either choosing to Never Return or Always Return to Jofel Catering Services?

- (a) Service Quality
- (b) Customer Satisfaction
- (c) Both
- (d) Others (Specify).....

12. Which of the following variables will make you always return to Jofel Catering Service?

- (a) Quality of Service
- (b) Price
- (c) Others (Specify).....

13. On a scale of 1 – 10, how professional do you consider the services Jofel Catering Services gives you where 1 rates them Very Unprofessional and 10 rates them Very Professional? (please circle only one number)

<b>Very Unprofessional</b>											<b>Very Professional</b>
1	2	3	4	5	6	7	8	9	10		

14. How would you describe the services of JOFEL Catering Services to someone who has never been there?

- (a) Poor
- (b) Satisfactory
- (c) Very Satisfactory
- (d) Excellent

15. Would you recommend JOFEL Catering Services to a friend?

- (a) Yes
- (b) No

(a) If yes, why.....

(b) If no, why.....

14. What are your suggestions/comments/ reservations about JOFEL Catering Services?

.....

.....

**Thanks for giving us your time**

*Appendix two*

CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES

BARCHELOR OF BUSINESS ADMINISTRATION

MARKETING OPTION

QUESTIONNAIRE FOR MANAGEMENT OF JOFEL CATERING SERVICES

**TOPIC: *THE EFFECTS OF CUSTOMER SATISFACTION ON CUSTOMER RETENTION***

**PURPOSE:** This research is purely for academic purpose and it is aimed at researching into the effect of customer satisfaction on customer retention. The study will remain confidential to the researcher and the university collage and will never be handed on to any third party. Please answer the questions by ticking ☒ in the boxes provided and comment in the space where appropriate.

**SECTION A: BIOGRAPHY DATA OF RESPONDENTS**

1. Gender of respondents (a) Male ☐ (b)Female ☐
2. Age of respondents (a) Below 20 ☐  
(b) 21-30 ☐  
(c) 31-40 ☐  
(d) 41-50 ☐  
(e) 50- and above ☐
3. Nationality Ghanaian ☐  
Foreigner ☐
4. Marital Status (a) Married ☐  
(b) Single ☐  
(c) Divorced ☐
5. Number of children (a) Nil ☐  
(b)One ☐  
(c)Two ☐

(e) Others, specify.....

**SECTION B DATA ON THE EFFECTS OF CUSTOMER SATISFACTION ON CUSTOMER'S RETENTION**

6. What is the minimum academic qualification of your management staff?

(a) SSCE/O' Level

(b) A' Level

(c) HND

(d) Degree

(e) Others, please specify.....

7. What position do you currently hold in the company? .....

8. How often do management hold meeting with employees on effective customer service?

(a) Weekly

(b) Every two weeks

(c) Monthly

(d) Others, please  
specify.....

9. How would you describe the organization's remuneration?

(a) Poor

(b) Good

(c) Very Good

(d) Excellent

10. Do you have other incentive apart from your normal salary?

(a) Yes  (b) No

11. In terms of restaurant services, do you think your customers are satisfied with the Current services of JOFEL Catering Services?

(a) Yes ☐ (b) No ☐

(a) If yes, comment.....

(b) If no, why.....

12. Do you have managers for each of the various departments?

(a) Yes ☐ (b) No ☐

13. Which category of people are your regular customers?

(a) Students ☐

(b) Middle Income ☐

(c) Affluent ☐

(d) Others (Specify).....

14. Do you advertise your services?

(a) Yes ☐ (b) No ☐

14 (a) If yes why? .....

14 b) If no why? .....

15. How many customer complaints do you handle in a week?

(a) None ☐

(b) 1-5 ☐

(c) 6-10 ☐

(d) 11 and above ☐

16. How would you rate your organization in terms of percentage as compare with Competitors with regards to service quality and customer satisfaction?

(a) 40% ☐ (c) 70% ☐

(b) 50% ☐ (d) Above 80% ☐

17. Do top managers and staff relate well?

(a) Yes

(b) No

17 (a) If yes, how does it affect customer retention?

17 b) If no, why?

.....

18. How many hours does each staff work in a day?

(a) Less than 8 hours

(b) 8 hours

(c) More than 8hours

19 What are the problems faced by the company in terms of complains handling?

.....  
.....

20. What is your personal reservation and suggestions about JOFEL Catering Services?

.....  
.....  
.....  
.....

**Thanks for giving us your time**



### *Appendix three*

## CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

### DEPARTMENT OF BUSINESS STUDIES

### BARCHELOR OF BUSINESS ADMINISTRATION

### MARKETING OPTION

### QUESTIONNAIRE FOR STAFF

#### **TOPIC: *THE EFFECTS OF CUSTOMER SATISFACTION ON CUSTOMER RETENTION***

**PURPOSE:** This research is purely for academic purpose and it is aimed at researching into the effect of customer satisfaction on customer retention. The study will remain confidential to the researcher and the university collage and will never be handed on to any third party. Please answer the questions by ticking ☒ in the boxes provided and comment in the space where appropriate.

#### **SECTION A: BIOGRAPHY DATA OF RESPONDENTS**

- |                          |                   |                          |            |                          |
|--------------------------|-------------------|--------------------------|------------|--------------------------|
| 1. Gender of respondents | (a) Male          | <input type="checkbox"/> | (b) Female | <input type="checkbox"/> |
| 2. Age of respondents    | (a) Below 20      | <input type="checkbox"/> |            |                          |
|                          | (b) 21-30         | <input type="checkbox"/> |            |                          |
|                          | (c) 31-40         | <input type="checkbox"/> |            |                          |
|                          | (d) 41-50         | <input type="checkbox"/> |            |                          |
|                          | (e) 50- and above | <input type="checkbox"/> |            |                          |
| 3. Nationality           | Ghanaian          | <input type="checkbox"/> |            |                          |
|                          | Foreigner         | <input type="checkbox"/> |            |                          |
| 4. Marital Status        | (a) Married       | <input type="checkbox"/> |            |                          |
|                          | (b) Single        | <input type="checkbox"/> |            |                          |
|                          | (c) Divorced      | <input type="checkbox"/> |            |                          |
| 5. Number of children    | (a) Nil           | <input type="checkbox"/> |            |                          |
|                          | (b) One           | <input type="checkbox"/> |            |                          |
|                          | (d) Two           | <input type="checkbox"/> |            |                          |

(e) Others, specify.....

**SECTION B: *THE EFFECTS OF CUSTOMER SATISFACTION ON CUSTOMER RETENTION***

6. Which academic requirement does one need to be employed as a staff of JOFEL Catering Services?

(a) JHS

(b) SSCE

(c) HND

(c) First Degree

Others, please specify.....

7. Did you undergo any special training before employment?

(a) Yes  (b) No

8. Is there any incentive apart from your salary as a way of motivation?

(a) Yes  (b) No

9. Do you exceed your normal working hours?

(a) Yes  (b) No

10 (a) If yes, do you get paid for that? .....

10 b) If no how do you get motivated to do that? .....

11. How would you describe the interpersonal relationship between staff and management?

(a) Poor

(b) Satisfactory

(c) Very satisfactory

(d) Excellent

12. How does interpersonal relationship between management and staff impact on service quality and customer satisfaction?

.....  
.....

13. Do you serve more than necessary?

(a) Yes  (b) No

If yes, how does it affect your performance?

.....  
.....

14. How many customer complaints do you handle in a day?

(e) None

(f) 1-5

(g) 6-10

(h) 11 and above

15. How long does it take a customer to be served at a time?

(a) One to five minutes

(b) Five to ten minutes

(c) Ten to twenty minutes

(d) More than twenty minutes

16. What is your personal reservation and suggestions about services of JOFEL Catering Services?

.....  
.....  
.....

**Thanks for giving us your time**