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IMPACT OF CUSTOMER SATISFACTION ON CUSTOMER LOYALTY IN A FAST FOOD CHAIN IN THE PHILIPPINES

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Abstract

The association between customer satisfaction and customer loyalty is one of the most important relationships in business, especially in the fast food industry. Using the correlational descriptive research design, this study analyzed the impact of customer satisfaction on customer loyalty in a fast food chain in the Philippines. A survey questionnaire was distributed to 400 respondents.

Respondents were generally satisfied, especially with the good taste of food, but were dissatisfied with the physical environment. Food quality ranks first, followed by price, service quality and physical environment as indicators of customer satisfaction. Among the three indicators of customer loyalty, repurchase intention ranks first which means customers will be returning to dine in the fast food restaurant. This is followed by word-of-mouth marketing and first-in-mind. Customers had shown loyalty to the fast food store.

Food quality, service quality, physical environment, and price/perceived value for money are significantly correlated with repurchase intention, word-of-mouth, and first-in-mind. Using regression analysis, it was found that food quality, service quality, and price have significant impacts to repurchase intention. Moreover, food quality, service quality, and physical environment have significant effects on both word-of-mouth and first-in-mind indicators of loyalty. Using the optimal model, age and service quality appeared to have significant impacts on customer loyalty.

Managers of any fast food restaurant should be cognizant of the needs and wants of the customers and offer them quality in all aspects of the business. Enhanced policies and guidelines should be designed to improve the service quality and physical environment of the store.

Keywords: Customer Satisfaction, Fast food Chain, Philippines, Customer Loyalty.
