

**UNIVERSITI TEKNOLOGI MARA
CAWANGAN TERENGGANU
KAMPUS DUNGUN**

FACULTY OF HOTEL & TOURISM MANAGEMENT

THE FACTORS INFLUENCE CUSTOMER'S RETENTION AT RESTAURANT

NUR FASIAH BINTI MOHD SABRI (2015298734)

This undergraduate report (HTM655) submitted in partial fulfillment of the requirements for the degree of

**BACHELOR OF SCIENCE (HONS) IN
FOODSERVICE MANAGEMENT – HM242,
Universiti Teknologi MARA (UiTM), MALAYSIA**

JULY 2018

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Abstract

The aim of this research is to study and identify why people keep coming back to the restaurants. And what the factors that influence their decisions. The results of this study can be used by marketers or individuals especially that involves in restaurants industry in order to get deep understanding what are the factors that influence customer's retention and the reasons why they keep coming back to the service provider. It is also beneficial as a tool to make improvements to the restaurant operator and food caterer as well as findings to add some spices to service elements that already existed.

Keyword: customer retention, food quality, restaurant industry

Acknowledgements

Assalamualaikum Warrahmatullahi Wabarakatuh.

Firstly in the name of Allah who is the most magnificent and the merciful, He is the only one who grant us with knowledge and give the strength and healthy to accomplished this undergraduate project. We are grateful to Allah that finally we can complete the tasks given.

We would like to express our deepest appreciation and gratitude to all those who contributed their time and ideas in helping us to complete this assignment. A special gratitude I want to give to my supervisor, Miss Lily Nurainul Ashikin bt Ishak for guiding me until I managed to accomplished this task successfully. Within her kindness and willingly was helped me to complete this task.

In addition, thanks to our family that always keeps supporting in morale and finance, especially both of our lovely parents. Next, a million thanks to all lecturers, our friends that always helping whether directly or undirectly explaining to us and give inspiration to us regarding to this course. Without them, probably might impossible to make it.

Lastly, it can be concluded that everyone who involved in helping us to settle this task were given, lots of thank you and hopefully I can apply it wisely in the predicament of future.

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CHAPTER 1 : INTRODUCTION

1.1 Overview

This section consists of 4 chapter overall. The first sub-chapter, 1.2 will talk about background of this study. Next is, sub-chapter 1.3, those overviews about problem statement regarding to this study. Then in sub-chapter 1.4, will discuss about research objectives. In other words, the aim of the study. On sub-chapter 1.5, will review about research questions, the questions that want to be answered. Next, significance of study that will further explain in sub-chapter 1.6. While, in sub chapter 1.7, will review on limitation of this study. Last but not least, explanation of the definition of key terms will be in sub-chapter 1.8.

1.2 Background of the study

According to Kotler (2011), “The key to customer retention is customer satisfaction”. In the highly competitive restaurant industry nowadays, satisfying consumers is one of the critical objective of business that wish to build repeat purchase from them (John & Tyas, 1996; Kivela, Inbakaran, Reece, 1999; Sulek & Hensley, 2004). Since food is a fundamental component of the restaurant experience there can be no doubt that the food has, and will continue to have, a main impact on customer satisfaction and revisit patronage. A crucial challenge that most restaurant industries facing is to provide quality food that is not compelling for the customers but also can be superior to business competitors. Hence, quality of food is one of the best means to maximize success in the restaurants field. Generally, food quality has been accepted as a fundamental element most of restaurant experience (Kivela et al, 1999; Sulek & Hensley, 2004). According to (Peri, 2006), food quality is a necessary condition to satisfy the needs, wants and expectation of customers. Sulek & Hensley (2004) investigated the relative importance of food quality, physical settings, and service in a full-service restaurant and reported that food quality appeared as the most significant predictor of customer retention. Susskind and Chan (2000) also found food quality was one significant determinant of customer assessments of restaurant in Toronto, Canada. In the Sulek studied, she was said all food attributes into only